



JF6751

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response

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PRIME MINISTER

ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS

I made an interim report to you on 6 February, on the review which David Trippier has been carrying out on the scope for further reductions in administrative and legislative burdens on small firms. Your Private Secretary's letter of 9 February expressed your wish that the momentum of the review should be maintained. This further report is to bring you up to date on progress.

Not another progress report!

2 A range of burdens which affect small firms has been identified and David has pursued particular areas in bilateral meetings with Ministerial colleagues. As you know, officials here have prepared flow charts outlining the procedures to be followed when starting a business or taking on an employee. (Copies are attached; you saw these at Sir Robin Ibbs' Cabinet presentation). David has written to colleagues in charge of appropriate Departments, enclosing copies of the charts, to ask for their help in reducing burdens for which they have responsibility.

Colleagues have been broadly sympathetic, but I should like to seek your support in encouraging them to take positive action to reduce requirements on small firms.



3 The following is a summary of progress on the main fronts.

#### EMPLOYMENT LEGISLATION

4 John Selwyn Gummer has been considering the scope for extending the two-year exemption from unfair dismissal legislation to a larger number of small firms, and the possibility of exempting all new firms for a fixed period. He has, however, yet to reach a decision on this.

#### PLANNING AND LOCAL AUTHORITY REGULATIONS

5 Neil Macfarlane has agreed to consider the idea of a DOE Small Firms Circular, which would encourage local authorities to provide positive assistance to businesses in complying with the regulations for which the authorities are responsible. I would also like to see DOE use their position to urge authorities to establish 'one-stop shops' where a firm could complete all necessary local formalities.

This would immediately halve the number of stages to be gone through on the 'Setting up in Business' chart.





## PROCEDURES

6 PAYE and VAT compliance procedures are acknowledged to be a proportionally greater burden on small firms, but it seems that procedures cannot be simplified further without a substantial shift in the balance of taxation. I am therefore pleased to learn that Inland Revenue are beginning to revise the 'starter package' of documents sent to a new employer. I hope that they will be able to devote increased resources to this activity so that procedures at least are made easier to understand in the near future.

## STATUTORY SICK PAY (SSP)

7 Although SSP was introduced for good reasons, and monitoring of the scheme by DHSS has revealed no major problems, it must be recognized that many small firms see it as an additional burden and a further case of the businessman being expected to carry out unpaid work for Government.

## CONCLUSIONS

8 The introduction of SSP and the absence of further reductions of burdens in other areas have shaken the small



firms lobby's confidence in the Government's commitment to the small firms sector. This is borne out by the increasing number of calls, both from lobbyists and from within the Party, for an Enabling Bill to exempt small firms from large areas of legislation. I do not believe this to be the right approach - it would act as a disincentive to growth and increase bureaucracy - but such calls can only be resisted if we are seen to be committed to further reductions in unnecessary burdens.

9 This is not an area where the DTI can act alone. My own major contribution to reducing burdens is the current exercise on the repackaging of DTI schemes. We are also closely examining statistical demands placed on business, although earlier reductions have limited the scope for further cuts if the quality of information is to be maintained. In comparison with other Departments, however, my responsibility for administrative burdens is very limited.

10 The improvements for small firms in the field of public procurement encourage me to believe that inter-Departmental agreement on the reduction of burdens on small firms should also be possible. Obviously I am not suggesting exemptions for the whole small firms sector - thresholds would need to be determined on a case-by-case

*When it  
has been done  
let?*





basis - but we should act to relieve burdens from the most vulnerable. Cabinet colleagues have seen the scale of the burdens facing small firms from the flow charts. If no action is taken to reduce burdens, the charts will lengthen further with the introduction of new legislation, and the deterrent effect on business can only increase.

11 I hope I can have your support in asking colleagues now to set in hand necessary work in their own Departments and to indicate how soon they can bring about real progress, particularly on the issues I have indicated above.

12 I am sending copies of this minute to Quintin Hailsham, Nigel Lawson, Patrick Jenkin, Norman Fowler, Tom King, Grey Gowrie, and to Sir Robert Armstrong and Sir Robin Ibbs.

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27 June 1984

Department of Trade & Industry

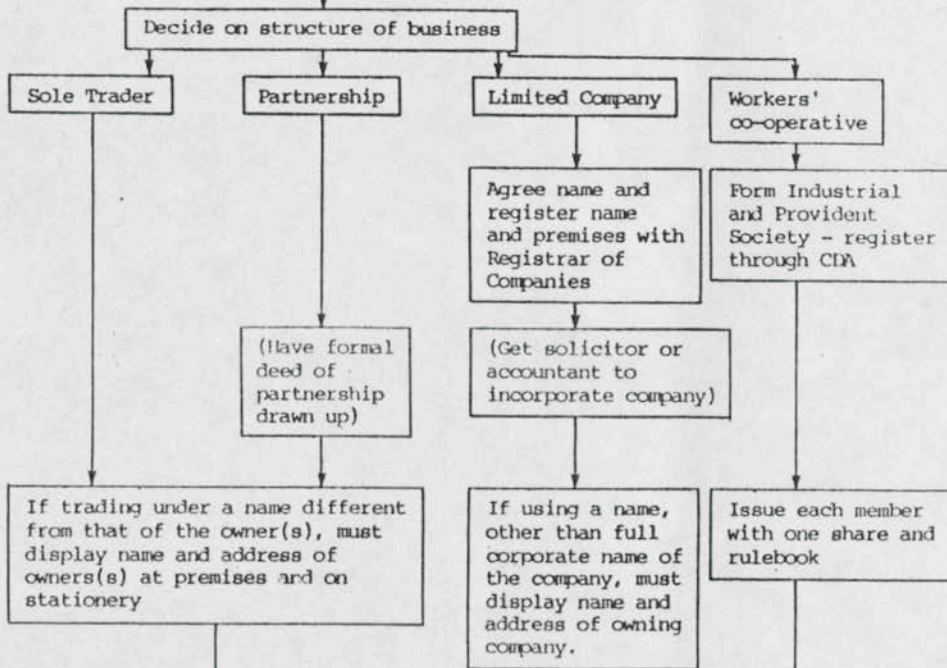
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SETTING UP IN BUSINESS

(Optional but recommended procedures are in brackets)

Contact/Advice

NAME



Solicitor/Accountant/  
Small Firms Service/  
Co-operative Development  
Agency

Registrar of Companies  
CDA

Solicitor/Accountant

AI

TRANSFER OF UNDERTAKINGS

If taking over an existing business, must maintain employees' existing terms and conditions of employment

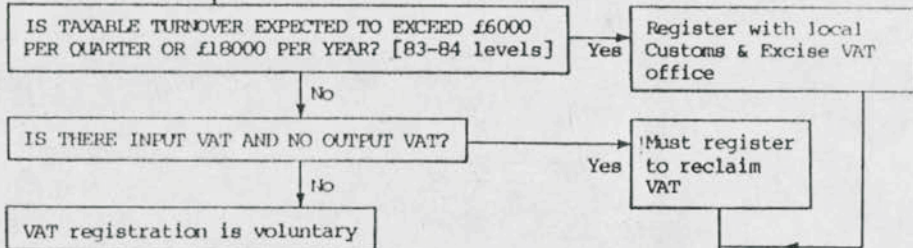
(Dept of Employment  
Booklet No. 10)

TAX

Notify local Inland Revenue Inspector of Taxes on form 41G and send in P45 from previous employment if appropriate. (Establish tax status with Inland Revenue in writing.)

Local Inland Revenue  
Office

VAT



Local Customs & Excise  
VAT Office (form VAT 1)

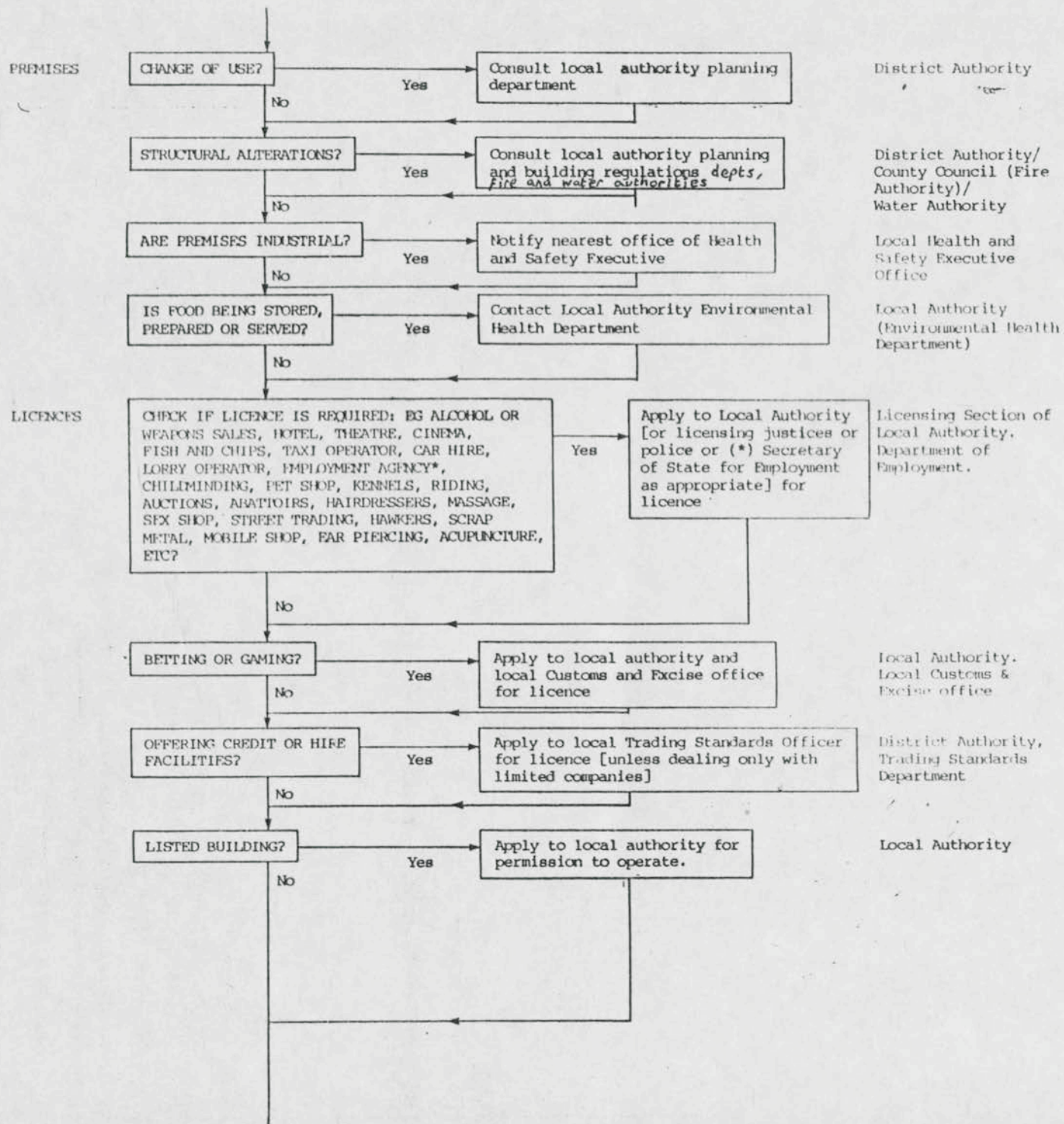
NATIONAL INSURANCE

Contact local DSS office for details of National Insurance contributions

Local DSS Office



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FIRE  
CERTIFICATE

CHECK IF 'NOTIFIABLE RISK': EG HIGH FIRE RISK OR  
LARGE QUANTITIES OF HIGHLY FLAMMABLE MATERIALS  
STORED?

Yes

Apply for Fire  
Certificate from  
Fire Authority

County Council  
(Fire Authority)

No

FACTORY WITH MORE THAN 20 EMPLOYEES, OR MORE THAN  
10 NOT AT GROUND LEVEL?

Yes

No

HOTEL WITH SLEEPING ACCOMMODATION FOR MORE THAN  
6 GUESTS, OR ANY GUESTS OR STAFF SLEEPING ABOVE  
FIRST FLOOR OR BELOW GROUND LEVEL?

Yes

No

NURSING HOME?

Yes

No

INSURANCE

(Take out Personal, Third Party, Buildings and Contents, Loss of Profits  
and Product Liability Insurance)

Insurance Broker  
or Company



TAKING ON AN EMPLOYEE

RACE

Jobs must be open to all, regardless of ethnic origin

SEX

6 OR MORE EMPLOYEES?

Yes

Jobs must be open to both sexes

No

Sex Discrimination Rules and disabled quota do not apply

DISABLED

20 OR MORE EMPLOYEES?

No

Disabled quota does not apply

Yes

Employ at least 3% registered disabled

YOUNG PEOPLE

EMPLOYING UNDER 18s IN A FACTORY?

Yes

Give written notice to Careers Office within 7 days

No

WRITTEN STATEMENT OF MAIN TERMS AND CONDITIONS OF EMPLOYMENT

EMPLOYEE WORKS AT LEAST 16 HOURS PER WEEK?

Yes

Must provide written statement of main terms and conditions of employment within 13 weeks of employment

No

EMPLOYEE WORKS 8-16 HOURS PER WEEK?

Yes

Must provide written statement after 5 years

No

No obligation to provide statement

WAGES

Men and women must get same pay for equivalent work

DO WAGES COUNCILS OR AGRICULTURAL WAGES BOARD APPLY?

Yes

Minimum rates payable

No

Wage rates uncontrolled, but have regard to any collective agreement

Notes

Exemptions: Genuine occupational qualifications, private households, training in skills to be used abroad, seamen recruited abroad, Northern Ireland

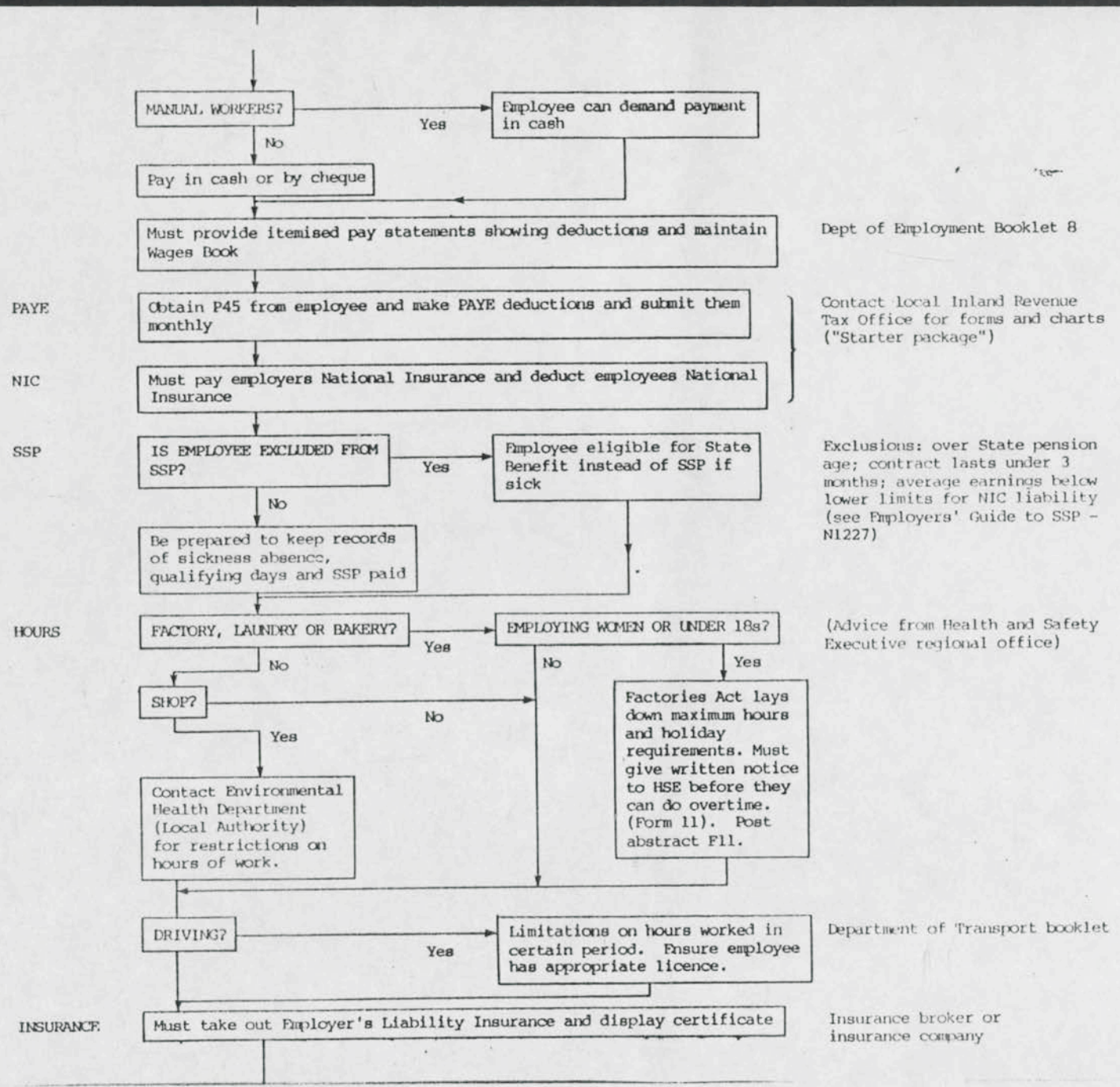
Exemptions: only if worker's sex can be shown to be a genuine occupational qualification eg acting role

Consult Jobcentre if unable to do so

To include main terms and conditions, pay, holidays, details of notice and discipline procedures (seek help from ACAS)

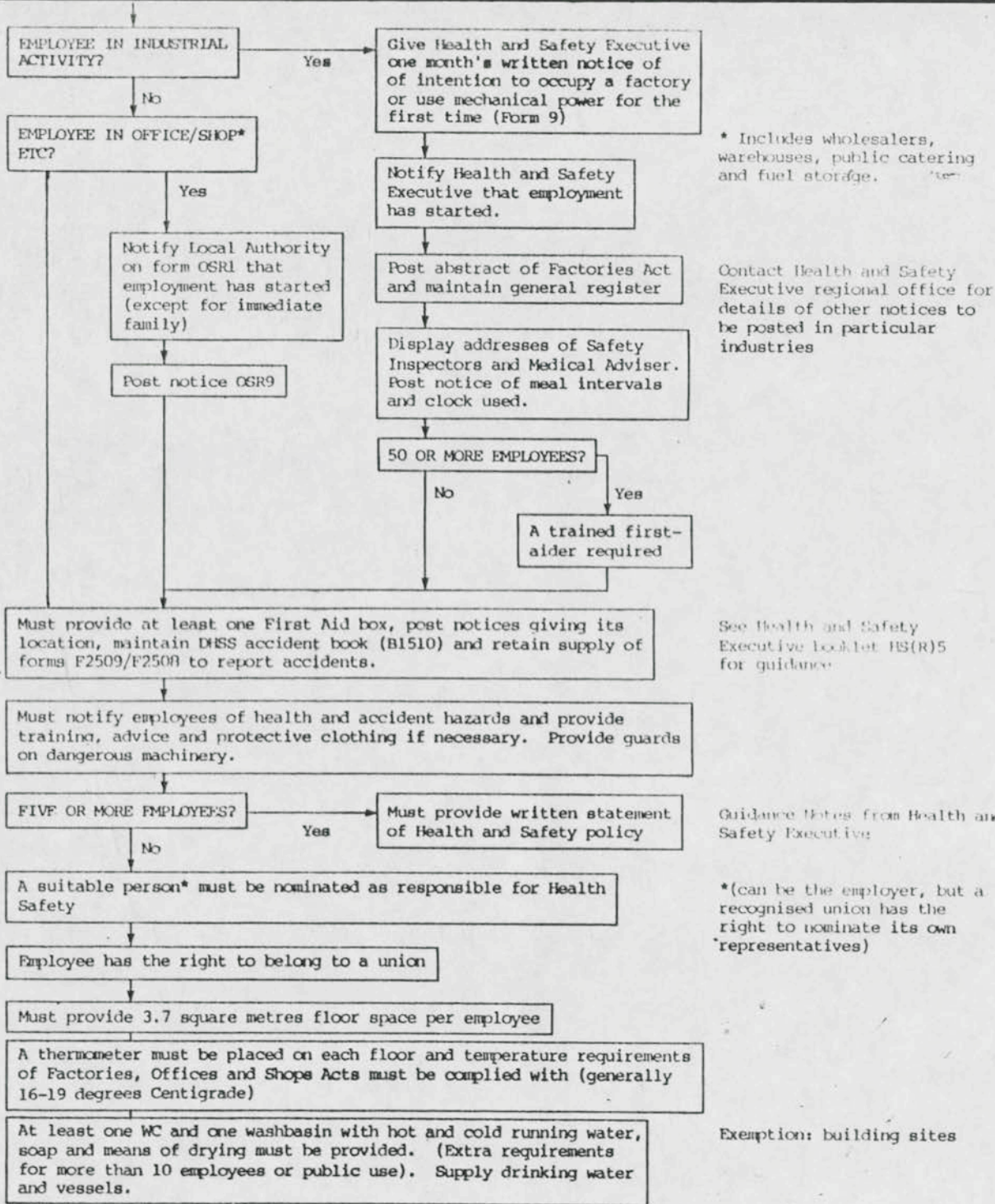
Ask at Jobcentre: rates from Secretary of appropriate Wages Council (Steel House, 11 Tothill St, London SW1) or of Agricultural Wages Board (Eagle House, 90-96 Cannon St, London EC4)

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HEALTH AND SAFETY



\* Includes wholesalers, warehouses, public catering and fuel storage.

Contact Health and Safety Executive regional office for details of other notices to be posted in particular industries

See Health and Safety Executive booklet HS(R)5 for guidance

Guidance Notes from Health and Safety Executive

\*(can be the employer, but a recognised union has the right to nominate its own representatives)

Exemption: building sites

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