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PRIME MINISTER

ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS: PROGRESS
ON REDUCTIONS

You asked me to summarise actions in hand, and those proposed, to
reduce burdens on small firms in preparation for your meeting on
24 July.

DEPARTMENT OF ENVIRONMENT

Current Action

Local authorities' controls have already been relaxed,
particularly in respect of planning, where circular 22/80 has
undoubtedly improved the climate for and flexibility towards
small firms' developments.

Patrick's circular on industrial development to be issued
shortly, reinforces the need for flexibility and includes
specific references to small firms where appropriate.

Proposed Action

A further circular to local authorities specific to small firms
and the requirements authorities place upon them has been agreed.
This will encourage the "one-stop shop" philosophy and suggest
alternative approaches to smaller authorities. This can be put
in hand right away.



DEPARTMENT OF TRADE AND INDUSTRY

Current Action

As you requested, I have made arrangements to announce the results of the repackaging exercise before the Recess. I do not see the announcement which I want to make (copy attached) as having any public expenditure consequences which need cause Nigel concern or justify delay. The repackaging of existing schemes is designed to keep within public expenditure ceilings. The increased users' contributions which I want to include in my announcement are designed with the same aim in mind.

David Trippier has reviewed the statistical requirements of the Department and I am pleased that we have been able to identify where further reductions can be made.

Proposed Action

I shall maintain close liaison with small firms organisations and represent their reasonable requests in reducing disproportionate burdens. Also I will continue to seek to influence legislation and procedures which may increase burdens, whether domestic or EC based.



LORD CHANCELLOR'S OFFICE

Current and continuing action

Work on amendment to the High Court and County Court costs regulations is in hand, with a consultation paper planned before Christmas.

From 1 September money judgments of the county courts above £2,000 will be able to be transferred to the High Court for enforcement, increasing the choice available to judgement creditors seeking to enforce judgments.

Quintin's overall review of civil procedure will address the question of delay in all courts. Any streamlining or simplification which results will, of course, benefit small firms but it is unreasonable to seek different treatment from other litigants.

TREASURY

Current Action

A leaflet explaining what is involved in employing people has recently been published and the "starter package" of documents sent to new employers is being revised with a planned publication



date of the end of September. This could be announced as part of a current package.

Proposed Action

Documents and guidance for employers will continue to be revised and simplified. The greater burden perceived by employers is that of taxation itself and the costs of compliance with PAYE, VAT and so on. The reduction of burdens of taxation remain of course, central to the Government's overall fiscal policy.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Current Action

Changes in the collection arrangements for national insurance contributions have simplified procedures for employers since the Social Security Act 1975. The self employed have been relieved of some procedural requirements.

DHSS leaflets are included in the Inland Revenue "starter pack", the guide to National Insurance is being revised and the Statutory Sick Pay guide is also included and will be regularly updated.

Proposed Action

The Government's proposals on personal pensions have been published. These proposals provide the opportunity for employees



in a small business to choose a personal pension and contract out of the state earnings related scheme without extra work for employers.

The efforts of DHSS have clearly helped employers implement Statutory Sick Pay (SSP) with the minimum of teething troubles. I have to say that the lobby groups I have recently met do regard SSP as a burden and a further case of the businessman carrying out unpaid work for Government.

DEPARTMENT OF EMPLOYMENT

Current Action

There are of course exemptions for the smallest firms from some areas of employment legislation, and issues under review (such as Wages Councils) have important implications for small firms.

Tom King has given careful consideration to extending the exemptions from unfair dismissal requirements but has reluctantly had to conclude that, for the present, the political and practical disadvantages outweigh the potential benefits.

Proposed Action

Further simplification of forms and guidance notes to employers is in hand and I am aware that apparent anachronisms in the



Factories Act are also being reviewed to identify any case for exemption or amendment.

HOME OFFICE

Current Action

Some small data users, including small businesses using personal data only for payroll and trading account purposes have been exempted from the Data Protection Bill.

The recent Code of Practice on employment from the Commission for Racial Equality stresses that small employers may not reasonably be expected to carry out all its recommendations.

Other burdens have been eased via simplification in contract and reporting procedures applied to independent local radio stations; in line with Government policy, access has been improved to Government contracts; licensing of some small cable systems are to be abolished.

Proposed Action

Leon, will, of course, help in keeping to a minimum additional burdens which new legislation may impose but he sees little scope for exempting small firms from legislation for which the Home



Office is responsible, since the public health and protection issues covered apply irrespective of size.

COMMENTS

I do not believe there is enough in the current and proposed actions to make a major announcement before the Summer Recess. I do not underestimate the value of the progress we are making, but it is a slow process and there are insufficient new developments to expect other than a lukewarm response from the small firms lobby. It may therefore prove counterproductive to make an announcement about current activities.

We can consider at Tuesday's meeting whether we should set up a stronger unit to follow up the burdens outlined on the flow charts with a view to reducing them further, and also to "vet" all new legislation from the small firms' standpoint. This requires strong commitment from colleagues to consult and inform such a unit and respond to its recommendations. Patrick suggests such an approach and that it should be based in my Department. My officials seek to monitor in this way but to do so comprehensively and pro-actively would require fuller consultation from all Departments and, of course, raises resource implications.

You asked also that the prospect of an Enabling Bill should not be ruled out and I am writing to you separately on the implications of this.



I am copying this minute to Quintin Hailsham, Leon Brittan, Nigel Lawson, Patrick Jenkin, Norman Fowler, Tom King and Grey Gowrie and to Sir Robert Armstrong and Sir Robin Ibbs.

Andrew Hensley

pp N T

19 July 1984

(Approved by the Secretary of State and signed in his absence)

Department of Trade and Industry



Answer

I have decided to bring together all the DTI's schemes under just four headings. There will be a Business and Technical Advisory Service; Support for Innovation; Support for National and Regional Investment; and BOTB Support for Exports. This regrouping is a major recasting of the schemes of assistance operated by the DTI. It will harmonise the criteria used to judge applications for assistance; and it will simplify the procedures used in the Department.

To further help firms in their dealings with my Department I plan to set up new central contact points in the DTI Headquarters and in each of the DTI's regional offices. I shall announce later the date on which the new arrangements come into effect, but intend that this should be achieved within six months.

In the meantime, the existing schemes continue to operate. So that the funds available can be used to help a greater number of firms, I have decided to increase the contributions made by those who take advantage of the DTI's advisory services and technical consultancy schemes. These revised contribution rates will be applied to all requests for assistance for these schemes received after 31 July.

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Small Army

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WSPM

AT 19/7

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19 July 1984

18 JUL 1984

David Wainman

ADMINISTRATIVE AND LEGISLATIVE BURDENS ON SMALL FIRMS

Thank you for your letter of 11 July.

will request if required.

I have been reviewing employment protection legislation both in the context of the small firms exercise and more generally. I have two main possibilities that might be considered, both of them changes to our unfair dismissal provisions. The first would be to exempt employers of 5 or less employees completely from those provisions. The second would extend to two years the qualifying period for employees - a change which would affect companies of all sizes, but might be of particular benefit to small firms.

However, I see very great difficulties in making these changes at present. Both involve withdrawing established rights from employees, and would be strongly opposed. It seems to me that against the background of GCHQ the political and presentational difficulties of proposing these changes now outweigh by far any advantages they may bring in terms of assisting small firms. I would be happy to discuss this further at the Prime Minister's meeting on 24 July.

I am copying this letter to Quintin Hailsham, Leon Brittan, Nigel Lawson, Patrick Jenkin, Norman Fowler and Grey Gowrie; also to Andrew Turnbull, Sir Robert Armstrong and Sir Robin Ibbes.

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Leon for small firms

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