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Ref. A083/3448

MR BUTLER

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Prime Minister

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This is one of the remits from the Chequers seminar which is not on the agenda for Friday's meeting.

Do you want to express a view at this stage on the two approaches at A and B?

Do you agree that a decision on the means of pursuing this remit should be taken when Mr. Trippier's report is available at the end of the year?

Employment Seminar: Burden of Regulations on Small Firms

One of the points which emerged from the employment seminar at Chequers on 6 and 7 September was the need to "consider setting up a scrutiny (or unit) to review the burden of central and local government regulations affecting industry and to suggest possibilities for alleviating it" (item 7 of the checklist). The Department of the Environment is conducting a review of planning regulations and the Department of Transport has been asked to identify where there is still extensive regulation in that field.

2. The conclusion of the Chequers meeting was, however, primarily directed at the burden on small firms and the obstacles to the creation of new businesses. Since then the Prime Minister has agreed (Mr Turnbull's minute of 7 November to Mr Tebbit's Private Secretary) to a proposal from the Secretary of State for Trade and Industry for a study to identify a number of specific burdens in particular Departments under the direction of Mr Trippier which will report by the end of the year. Although it seems sensible to await the outcome of this study before reaching decisions on how to take this forward, I have been giving the matter some thought and have also consulted Sir Robin Ibbs.

3. The Small Firms Division of the Department of Trade and Industry is currently responsible for monitoring the small firms sector, providing advice to small firms on taxation, money, training and similar matters and, specifically policy on legislative and administrative burdens. It may therefore well be best, both presentationally and in efficiency terms, to base any special effort or scrutiny on that Division rather than create a new unit. This is also Sir Robin Ibbs's initial view.

4. A review which attempted to take in the whole range of central and local government regulation might be too broad to be effective. The study being carried out by Mr Trippier should help to narrow the target. But a major difficulty in selecting

particular regulatory areas for scrutiny is that, almost by definition, the regulations will not have been designed to bite on small firms as such but to apply generally for other good reasons of policy. In many such cases it may be difficult to justify a special exemption for small firms. For this reason Sir Robin Ibbs takes the view that we should concentrate on the burdens rather than the small firms and he suggests that we should consider asking appropriate Ministers to conduct Rayner-type scrutinies on what their Departments are doing to implement the Manifesto commitment to clear away existing regulatory obstacles to expansion and to control new regulations.

5. Alternatively, or in addition, we might undertake a central exercise to see what additional assistance can be provided to small firms to help them to cope with the regulations affecting them, building on the existing expertise in the Small Firms Division but perhaps also bringing in outsiders (eg the banks) who have experience in this area.

6. I suggest that this is not an item which the Prime Minister will wish to address at the forthcoming follow-up to the seminar; but once Mr Trippier has completed his report I will discuss the matter further with Sir Robin Ibbs and make recommendations.

REA

ROBERT ARMSTRONG

13 December 1983

SECRET AND PERSONAL



10 DOWNING STREET

*From the Principal Private Secretary*

Sir Robert Armstrong

Employment Seminar: Burden of Regulations on Small Firms

The Prime Minister has seen your minute of 13 December to me (A083/3448). She is content that you should discuss this matter further with Sir Robin Ibbs, and make recommendations, once Mr. Trippier has completed his report on burdens on small firms at the end of this year, but her initial reaction is to favour the suggestion that appropriate Ministers should be asked to conduct Rayner-type scrutinies on what their Departments are doing to clear away existing regulatory obstacles and to control new ones, rather than the second approach of providing additional assistance to small firms to help them to cope with regulations.

E. E. R. BUTLER

16 December, 1983.

SECRET AND PERSONAL

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