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CENB

Ref. A085/481

PRIME MINISTER

 S/3abc
with VAT?
Deregulation

The Minister without Portfolio's minute of 11 February makes proposals for carrying forward work arising from the report of the scrutiny of burdens on business. This is an important report, and decisions on it could have far-reaching effects on a wide variety of people. Eventual decisions (eg on simplifications of planning procedures, or the health and safety at work legislation) will need careful presentation if they are to secure the support of the general public; and it will be important, in seeking to make public regulation more "business-friendly", to minimise the additional burdens which could arise for Government (notably in the areas of VAT and national insurance contributions and benefits). I therefore agree with the Minister's proposals for the follow-up study of the scrutiny recommendations, and in particular I agree that it would be sensible for Lord Young's Group to plan on putting recommendations to E(A) by the end of June.

2. The first step will be to arrange a meeting under your chairmanship to give a general steer to the work of the new Group, which would be formally established immediately after that meeting. I agree that the membership of the Group should be as proposed by Lord Young, covering the Departments which took part in the scrutiny.

3. As to the terms of reference, I think it would be helpful if this Group concentrated on minimising the burden of regulation on business, leaving it to the further Group Lord Young might chair within the E(CP) ambit (where he has been asked to put forward a programme of studies of possible action by the Government in the general area of improving competition - see E(CP)(85) 1st meeting minutes, item 3) to cover promoting competition by removing obstacles to enterprise. This would suggest somewhat simpler terms of reference for the scrutiny Group, which would nevertheless give them scope for a general review of the burden of regulation



and of possible action to keep that burden to the minimum. On that basis I suggest that the terms of reference should be:

"To consider the Central and Departmental Reports of the Scrutiny of Administrative and Legislative Burdens on Small Firms; to consider what follow-up action should be taken; to prepare a timetable for action, to accelerate and to monitor progress thereafter; more generally to consider how the burden of regulation on the economy can be kept to a minimum; and to make recommendations to the Ministerial Sub-Committee on Economic Affairs (E(A))."

4. Lord Young proposes that the Efficiency Unit and the Department of Trade and Industry should prepare a version of the central scrutiny report for publication around the end of this month. It would be sensible for officials concerned to begin work on this; but I think Ministers may find it desirable to think further about the timing of publication. The recommendations are not entirely straightforward, and not all of them may in the end be judged acceptable; but publication in the near future of a report by a selected group of officials could lead to heavier pressure on the Government to follow their recommendations at the first opportunity. I suggest that your meeting should address this question, if possible on the basis of a version of the report prepared for publication.

5. If you are content on this basis, I suggest that your Private Secretary might write to Lord Young's office on the lines of the --- attached draft. Following your initial meeting we shall take the formal steps to establish the new MISC Group.

ROBERT ARMSTRONG

13 February 1985

~~DRAFT~~ LETTER FROM THE PRIME MINISTER'S PRIVATE SECRETARY TO THE PRIVATE SECRETARY TO THE MINISTER WITHOUT PORTFOLIO

~~copies to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, the Parliamentary Under Secretary of State, Department of Trade and Industry (Mr David Trippier) and Sir Robert Armstrong, and to I B Beesley Esq, Cabinet Office (Efficiency Unit)~~

DEREGULATION

The Prime Minister has seen the minutes of 11 February from the Minister without Portfolio and 6 February from Sir Robin Ibbs about the follow-up to the scrutiny of burdens on business. She would be happy, as suggested in those minutes, to chair an early meeting of senior Ministers to give a general steer to the work arising from the scrutiny recommendations, ~~in advance of the establishment of Lord Young's Group which will carry forward that work.~~

This has been arranged for 26 Feb.

The Prime Minister has agreed to the establishment of a Group under Lord Young with the membership proposed.

The Prime Minister considers that ~~it would be helpful if the Group established in response to this scrutiny were to concentrate on minimising the burden of regulation on business, leaving it to the further Group under Lord Young's chairmanship envisaged in the context of the work of the Ministerial Sub-Committee on Competition Policy (E(CP)) to cover promoting competition by removing obstacles to enterprise.~~ She ~~agrees to the membership of the Group proposed by Lord Young, which would have the following slightly revised terms of reference:~~

It is necessary to distinguish the work of this group

from that of

The deregulation group should concentrate on minimising the burden of regulation on business, leaving Lord Young's other group

Secretary suggests

"To consider the Central and Departmental Reports of the Scrutiny of Administrative and Legislative Burdens on Small Firms; to consider what follow-up action should be taken; to prepare a timetable for action, to accelerate and to monitor progress thereafter; more generally to consider

how the burden of regulation on the economy can be kept to a minimum; and to make recommendations to the Ministerial Sub-Committee on Economic Affairs (E(A))."

The Prime Minister agrees that it would be helpful for officials of the Efficiency Unit and the Department of Trade and Industry to prepare a ^{draft} version of the ^{published} central ~~scrutiny~~ report ^{to be considered at the meeting} for possible early publication. She considers, however, that the question of early publication ^{of a version of the central scrutiny report} requires specific discussion at her meeting; it could be unhelpful for the Government if early publication led to the creation of expectations of early action which were later disappointed as Ministers decided not to accept particular recommendations. ^{It would be helpful, therefore.}

I am sending copies of this letter to Margaret O'Mara (Chancellor of the Exchequer's Office), Callum McCarthy (Department of Trade and Industry), ^{Paul} ~~PD~~ Madden (Mr Trippier's Office), Richard Hatfield (Cabinet Office) and Ian Beesley (Efficiency Unit).

Hugh Taylor (Home Office), John Ballard (Department of the Environment), Steve Godwin (Department of Health and Social Security), David Normington (Department of Employment), Alex Galloway (Chancellor of Duchy of Lancaster Office)

AT

13 FEB 1985

