

Subject cc  
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FILE

B/C MR WARRY

10 DOWNING STREET

bcc MAFF, Energy, Transport  
50, W0, N10 (2/7)

1 July 1985

From the Private Secretary

Dear Layt

DEREGULATION

The Prime Minister held a meeting today to discuss the draft White Paper on Deregulation. Present were the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Environment, Trade and Industry, and Employment, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Minister without Portfolio, the Chief Whip, the Minister for Health, Mr. Trippier and Mr. Renton. Also present were Sir Robert Armstrong, Sir Robin Ibbes and Mr. Wiggins (Cabinet Office), Mr. Twyman (Efficiency Unit) and Mr. Warry (Policy Unit).

The Minister without Portfolio said that, following the publication of the Burdens on Business Report he had established a group to consider how to implement its findings. The aim was to produce a package of measures which would provide tangible help for business, and in particular small business, without raising alarm that the Government was removing valued safeguards and protections. The group had agreed that deregulation should be seen as a continuing programme and that the establishment of a permanent central unit, located in the Cabinet Office, was desirable. Responsibility for regulations, and for seeing that their impact was fully assessed, must remain with departments but a central unit could have an important role in providing advice on compliance costs, in maintaining the momentum of deregulation and in monitoring progress. It could also, selectively, pick out areas of regulation for special attention.

The Minister without Portfolio said he had agreed with the Secretary of State for Trade and Industry that, rather than a special review after a year, the Consumer Credit regulations should be kept under continuous review. After discussion with the Home Secretary, it had been agreed that the White Paper should not canvass a relaxation of controls on late night refreshment houses and that regulations concerned with the maintenance of law and order and the safety and protection of the public should be excluded from the scope of the central unit's work.

In discussion, there was agreement on the establishment of a central unit provided it did not usurp departmental

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responsibility for regulations. While the Minister without Portfolio would be able to answer for the unit in the Lords, the Minister of State, Treasury, should answer for it in the Commons. The Prime Minister said that in addition to what was said about the unit in the White Paper, colleagues would like to have a fuller statement of its terms of reference. The Minister without Portfolio agreed to circulate this.

Discussion then turned to the subject chapters of the White Paper. It was felt that the style varied and would benefit from being edited by a single hand, both to ensure consistency and to sharpen the presentation. The Minister without Portfolio undertook this task.

The following additional points were made:

- (i) The draft chapter on environment was likely to cause alarm without proposing any major advance. The chapter should be absorbed into that on planning.
- (ii) The agreement on statutory sick pay was that the Government would consult about allowing employers to opt out if they provided an equivalent benefit.
- (iii) There was an inconsistency between the substantial benefits claimed for deregulation of rents and the lack of Government response. It was agreed that this should be dropped as a separate chapter and that a reference to the Government's ultimate intention of introducing legislation should be included elsewhere.
- (iv) The White Paper came on top of a substantial programme of deregulation and abolition of controls. An annex should be prepared setting out what had been achieved already and the extent to which this had benefitted small businesses. The earlier chapters should contain a reference to the annex.
- (v) The Chancellor of the Exchequer said that, despite the loss of revenue involved, he favoured a substantial increase in the VAT threshold though he advised against quantifying the Government's objective. It was noted that some sectors, such as construction, opposed raising the limit. One possibility would be to retain a lower limit for this sector.

On wages councils, the Prime Minister said the Secretary of State for Employment would shortly be consulting a number of colleagues before bringing forward proposals. It was noted that the Health and Safety Commission had, until recently, a programme for reviewing and consolidating the various acts and statutory instruments in force before the Health and Safety At Work Act 1974 was implemented. This programme had been put into abeyance and resources transferred elsewhere within the Commission. It was agreed that the Secretary of State for Employment would

examine the case for re-establishing such a programme as part of his review of the working of the Act.

Summing up the discussion, the Prime Minister invited the Minister without Portfolio to undertake a redraft of the White Paper. This should be circulated to colleagues for clearance in correspondence, in time for publication in mid-July. The Minister without Portfolio should also circulate to colleagues a note on the terms of reference of the central unit on deregulation.

I am copying this letter to Hugh Taylor (Home Office), Rachel Lomax (HM Treasury), John Ballard (DOE), John Mogg (Department of Trade and Industry), David Normington (Department of Employment), David Morris (Lord Privy Seal's Office), Paul Thomas (Chancellor of the Duchy of Lancaster's Office), Murdo Maclean (Chief Whip's Office), Sarah Bateman (Office of the Minister for Health), the Private Secretaries to Mr. Trippier and Mr. Renton, Richard Hatfield (Cabinet Office) and Ian Beesley (Efficiency Unit).

*Yours sincerely*

*Andrew Turnbull*

ANDREW TURNBULL

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