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PRIME MINISTER

FUTURE LEGISLATION: LEGISLATIVE PROGRAMME FOR 1985/86

I will be in China when the Cabinet discusses the legislative programme. Hence this minute about the possibility of a small firms/deregulation bill and a housing bill. It would almost certainly fall to the Secretary of State for Trade & Industry to take the lead in steering the former through Parliament but its subject matter is of great concern to me.

SMALL FIRMS/DEREGULATION

As you know, I am chairing one ministerial group on small firms (MISC 108) and you have asked me to chair another group on 'deregulation' (where we will be following up the recent inter-departmental scrutinies of the administrative and legislative burdens on small firms and dealing with some general issues concerned with deregulation).

I feel strongly that we will need legislation if we are to deal adequately with the burdens which government places on small firms and business generally. And it was clear from the meeting you chaired today that there is some sympathy for this view among colleagues. I believe that the legislative solution to the problem will have to be rather more than additions to individual departments' bills. We will almost certainly need an 'umbrella' measure. This would, of course, reduce the need for further departmental primary legislation.

I say this because in the short time I have held ministerial office, responsible for the promotion of enterprise policies, it has been repeatedly brought home to me that we have a deep-seated problem, the solution to which is going to depend in part on legislative action. I note that many of our own supporters in both Houses share this view. Michael Grylls' Small Business Bill is but one manifestation of the pressure for reform and, though I

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would not necessarily adopt his precise approach, I am sympathetic to his broad aims. Removing burdens on business is a major plank in our enterprise policies and I would not like us to miss the boat for the 1985/86 session just because we cannot at this stage put forward any precise policy proposals. Indeed, in terms of the handling of the workload, particularly on Parliamentary Counsel, there may be advantages in putting a small firms/deregulation bill firmly in the programme for 1985/86 rather than hoping that room for a 'late entrant' will suddenly appear. I would envisage a White Paper in July which would allow us to draft instructions for Parliamentary Counsel with a view to introducing a bill in November. A Small Firms/Deregulation Bill would be an attractive item for the Queen's Speech and I hope that the Cabinet will agree to its inclusion in the programme.

HOUSING

The Lord President of the Council's Memorandum refers to a large and contentious bill. Since he wrote, the Secretaries of State for the Environment and Wales have brought forward some strong and clear proposals for deregulation of the private rented sector which H Committee are about to consider. You are shortly to chair a meeting to resolve the difficulties that have arisen over the proposals to alter the system of home improvement grants and to introduce a loans regime. I am writing separately on these issues but I should like to record here my strong support both for deregulation and home improvement loans. Action on the former would assist in improving labour mobility which is a significant impediment to economic growth. Providing policy agreement can now be reached on both fronts, I would very much hope that time can be found for a Bill.

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I am copying this to members of the Cabinet and Sir Robert
Armstrong.

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26th February, 1985

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