

PO-CH/NL/0254

PART A



Part A.

**CONFIDENTIAL**

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Begins: 26/7/88.

Ends: 7/10/88.

MANAGEMENT - IN - CONFIDENCE.



PO -CH /NL/0254



PART A

Chancellor's (Lawson) Papers:

RELEASING ENTERPRISE -  
THE DEREGULATION  
INITIATIVE

*Enterprise*

Disposal Directions: 25 Years

28/9/95.

PO -CH /NL/0254

PART A

PART A



CH/EXCHEQUER	
REC.	26 JUL 1988
	FST

26/7/88

26/7



**PRIME MINISTER**

**THE DEREGULATION INITIATIVE**

I am, as you know, planning to publish a White Paper on deregulation in the autumn and will be consulting you and colleagues on the draft in the normal way. I am minuting you at this stage, however, to let you know of my proposals, which would be reflected in the White Paper, for strengthening the way the deregulation initiative operates and for the future of the Enterprise and Deregulation Unit (EDU) which coordinates the implementation of the initiative across Whitehall. These proposals were discussed and endorsed by the Ministerial Group on Deregulation (MISC 133) at its meeting on 12 July.

2. The deregulation initiative to date has been coordinated by the EDU in conjunction with deregulation units in Departments. When we set up the EDU in 1985 we did so initially for a period of about 3 years, at which stage its performance and achievements were to be reviewed. I have lately been doing this and I have concluded, and MISC 133 has agreed, that the need for a central task force to stimulate and coordinate our work on deregulation remains. The White Paper will show what has been achieved to date, but we must maintain and increase the momentum of change in relation both to individual measures and to the Government's overall approach to this task. I propose therefore that the EDU should continue broadly as now in terms of its remit, composition and size for up to another 3 years. By that time I hope that the arrangements I have in mind for strengthening the initiative will have become embedded in the work of all Departments in a way that makes a coordinating unit less necessary.

3. The arrangements for assessing the impact on business of all new proposals - known as Compliance Cost Assessments (CCA's) -



have worked well enough. But there is scope for improvement in the way they are prepared, so that they are available to Ministers when policy options are being considered and not just prepared after decisions have been taken. Francis Maude therefore has been discussing with colleagues how these arrangements can be strengthened.

4. These arrangements ensure that within each Department Ministers are aware of the impact of proposals on business when decisions are taken. There is, however, at present no comparable arrangement for ensuring that this information is brought to the attention of Ministers when collective decisions are taken. The Lord President of the Council therefore has agreed that the impact on business of proposed legislation should be one of the aspects of policy that the Chairman of L Committee formally checks as being agreed before an item progresses further in that Committee. I am grateful to him for this.

5. But in addition, I believe it is just as important that the impact on business is drawn to the attention of Ministers when proposals are considered in Cabinet and Cabinet Committees. Other broad policy objectives, such as restraining public expenditure and manpower, are secured at the collective level by the requirement for Cabinet papers to include a statement on the effects of proposals on those areas, and I propose that we should have a similar requirement for the impact of proposals on business. I hope that I have your approval for that.

6. The arrangements for reviewing existing legislation and regulations have to day been largely ad hoc. Through MISC 133 we have identified and initiated a number of reviews. But we believe that this work would benefit from a more systematic approach. I propose therefore a rolling programme of reviews in which each Department will choose each year at least one area of



its work relevant to business to examine in depth, with a view to minimising the impact on business.

7. In thinking about this, I have had in mind the successful scrutiny approach which your Efficiency Unit oversees. In some respects the two programmes would be similar, so Departments would see a consistent approach to deregulation and value for money. On the other hand, we need to ensure that Departments did not confuse the two programmes nor see them as alternatives. For this reason, and to avoid setting up any new bureaucracy, I envisage that the programme of deregulation reviews should be coordinated by EDU working through the deregulation units that colleagues have set up in their Departments. MISC 133 should monitor the programme as a whole and, where appropriate, discuss results, especially where these raised issues of concern to more than one Department.

If you agree my proposals on this, I will ask Francis Maude to consult his colleagues on MISC 133 and to bring forward, as the Group requested, proposals for what might be involved in the first year of the programme. I will also ask EDU to liaise closely with your Efficiency Unit on the method for these reviews and to ensure that there is no duplication of areas to be tackled.

I am copying this minute to Cabinet colleagues, to members of MISC 133 and to Sir Robin Ibbs and Sir Robin Butler.



D Y

Department of Trade and Industry

26 July 1988





10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

CH/EXCHEQUER	
REC.	11 AUG 1988
ACTION	FST ✓ 11/2
COPIES TO	

11 August 1988

Dear Neil

DEREGULATION INITIATIVE

The Prime Minister was grateful to your Secretary of State for his minute of 26 July.

She agrees about the continuing importance of the deregulation initiative and the need for co-ordination by an Enterprise and Deregulation Unit in your Department. However, she understands that the Unit now contains around 30 people, costing over £800,000 a year. She believes that the main responsibility for action must rest with Departments and their Ministers, and that the role of the Unit should now be to monitor and report on progress and draw attention to areas where there is scope for doing more. She suggests that your Secretary of State should review the present size of the Unit and the scope for slimming it down to a small team which would concentrate on this role. The Prime Minister also feels that a further three years is too long for the continued existence of the Unit and wishes it to be reviewed again in eighteen months time.

The Prime Minister also agrees with your Secretary of State's proposal that Departments should carry out a rolling programme of reviews, on the understanding that this will not cut across or divert resources from efficiency scrutinies. To avoid confusion with efficiency scrutinies, the word "review" rather than "scrutiny" should be used for this activity. Given the constraints on the legislative programme, she hopes that Departments will pay especial attention to what can be achieved through the reform of regulations and administrative practice, particularly where it seems unlikely that a legislative slot can be found for a particular proposal.

On Cabinet papers, the Prime Minister thinks that it is very important that Ministers should draw attention to the impact which proposals would have on business in those cases where the question arises. She does not think that this needs to be a systematic requirement for every Cabinet and Cabinet Committee paper: by no means all such papers have implications for business and the requirement for a statement in every paper would be bureaucratic and increase the amount Ministers have to read, in most cases unnecessarily. But in those cases



which do raise such issues, she would be grateful if Ministers in charge of Departments would make sure that this is always clearly spelled out. She would also be grateful if your Secretary of State and the Chancellor of the Duchy of Lancaster would alert her to any cases where they feel that this is not being done.

I am copying this letter to the Private Secretaries to members of the Cabinet and of MISC 133, and to Sir Robin Ibbs and Sir Robin Butler.

*L. W.*

*Andy*

*pp* N. L. WICKS

Neil Thornton, Esq.,  
Department of Trade and Industry.



CH/EXCHEQUER	
REC.	12 AUG 1988
AD.	FST
COPIES TO	



*[Handwritten signature]*

SECRETARY OF STATE FOR ENERGY  
 THAMES HOUSE SOUTH  
 MILLBANK LONDON SW1P 4QJ  
 01 211 6402

The Rt Hon Lord Young of Graffham  
 Secretary of State for Trade & Industry  
 1-19 Victoria Street  
 LONDON  
 SW1H 0ET

12<sup>th</sup> August 1988

*Dear David*

**THE DEREGULATION INITIATIVE**

I have seen a copy of your minute of 26 July to the Prime Minister. While I generally agree with these useful proposals, I should like to make one suggestion about how they might be implemented as regards my Department: this concerns the proposed rolling programme for reviewing areas of departments' regulatory activities.

As you know, my Department does not undertake a great many regulatory activities of a type which imposes burdens on business, for which reason it is not represented on MISC 133. Those few which impact on business generally are mainly of a minor and discreet nature, and do not form part of a wider 'area' of regulation. Others concern safety which is not the kind of regulation which I believe you have in mind and where any suggestion that we were relaxing control would certainly be highly criticised, particularly in the light of Piper Alpha.

Given all this I should like to propose, for my Department, an alternative to the full-blown efficiency scrutiny approach. This would be to continue with, and develop, the rolling programme of more limited reviews of individual regulations for which my Department is responsible, with which I understand EDU officials are already in touch. It would, of course, be open to your officials or mine to bring to our attention either the items proposed for this review programme or the results of the reviews, as necessary. Such an approach would continue to embed the deregulatory objectives and culture within my Department, and at the same time be more in keeping with its regulatory profile.

I hope you will agree it is sensible for us to proceed in this way. I am copying this to the Prime Minister, Cabinet colleagues, Sir Robin Ibbes and Sir Robin Butler.

*[Handwritten signature]*

CECIL PARKINSON



# dti

the department for Enterprise

~~BF 23/8~~

~~minutes of + papers for X P1~~

18 AUG 1988

The Rt. Hon. Lord Young of Graffham  
Secretary of State for Trade and Industry

The Rt Hon Norman Lamont MP  
Financial Secretary  
HM Treasury  
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Department of  
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*Handwritten signature*

Direct line 215 5422  
Our ref PS5BGS  
Your ref  
Date 16 August 1988

FINANCIAL SECRETARY	
REC.	18 AUG 1988
ACTION	Mr. Flanagan.
COPIES TO	PPS, CST, PMA, EST
	SK P. Middleton.
	Mr. Mawdsley, Mr. Anson, Mr Stevens,
	Mr. Scholze, Mr. Gilhedy

*Handwritten signature: Norman*

*Handwritten list of names: Mr. Young, Mr. Bull, Mr. Coppel, Mr. J. K. E. McCall*

### ADVISORY PANEL ON DEREGULATION

You kindly chaired the meeting of MISC 133 on 12 July in my absence, when Francis Maude's paper on the future of EDU was discussed. One proposal in that paper that caused a little concern was that a business person be appointed to chair the Advisory Panel on Deregulation and Francis agreed that he and I would look at that again.

Having given the matter further careful thought, we remain convinced that the appointment of a business person to chair the Panel is the right decision and that, far from causing difficulties, this will help to raise the standing and profile of the deregulation initiative among the business community. In spite of the publication of two White Papers and last year's report to Parliament, and notwithstanding EDU's efforts to spread understanding of deregulation among businesses, many people in business remain largely unaware of the initiative. The White Paper in the Autumn will provide a further opportunity to make it more widely known: but if we are to sustain this, we need to involve business people themselves more closely in the work and to give them a more prominent role. The appointment of a business person to chair the Panel, which is in any case quite usual for advisory bodies, is I believe an important element in that.





the department for Enterprise

Concern was expressed, I understand, that Ministers could be embarrassed, if the greater independence that might be implied by the appointment of a Chairman led to issues being disclosed publicly on which the Panel were advising Ministers to deregulate. I do not think that is any greater risk on deregulation than in other areas where advisory bodies are appointed with their own Chairman, and may be rather less in practice. We already practise considerable openness on deregulation by making compliance cost assessments publicly available and including drafts in consultation documents without this causing difficulty. The informal soundings that EDU staff (and sometimes members of the Panel) undertake with their business contacts when deregulation issues are being considered have not in the past resulted in any disclosures that have led to embarrassment. I do not believe that the appointment of a Chairman for the Panel will alter that.

I have, however, concluded that the Panel as a whole should at this stage be given more formal terms of reference. These will make clear that the advice which the Panel gives to EDU and to Ministers on confidential matters is not for public disclosure. This will reinforce the present arrangements whereby papers distributed to the Panel are suitably classified where appropriate, and of course new members are required to sign an Official Secrets Act declaration on their appointment.

I am copying this letter to all members of MISC 133.





# dti

the department for Enterprise

MP

The Hon. Francis Maude MP  
Parliamentary Under Secretary of State for  
Corporate Affairs

The Rt Hon Cecil Parkinson MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
LONDON  
SW1P 4QJ

**Department of  
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	REQUER
	25 AUG 1988 ✓ 25/8
AGIR	FST
COPIES TO	

Direct line 215 4417  
Our ref PS2BGK  
Your ref  
Date 25 August 1988

Dear Cecil,

## THE DEREGULATION INITIATIVE

Thank you for your letter of 12 August to David Young. I am replying in David's absence, given my responsibilities for setting up the deregulation rolling review programme to which you refer.

Naturally, I accept what you say about the paramount importance of safety in many of the areas for which you are responsible. There can be no question of reducing essential safety standards; but I am sure you will agree that there is still a case for ensuring that the greatest cost effectiveness is achieved in maintaining or, where necessary, improving and upgrading those standards.

The extent of activities which impinge directly on business varies considerably between Departments and I agree that the Department of Energy has fewer responsibilities which impose compliance requirements on business than some others. The rolling review programme which David Young has proposed to the Prime Minister will therefore be flexible in recognising different Departmental circumstances. Not all items selected for review will necessarily warrant identical treatment and the programme we are setting up will need to be organised to give the appropriate degree of attention to the selected

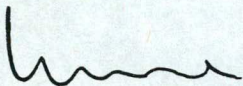
the  
**Enterprise**  
initiative



requirements. The importance we see in agreeing a programme in MISC 133 is to ensure that Ministers give their support to the reviews and that, whether major or minor of themselves, each contributes to overall progress on the deregulation initiative. I should add in this connection that this programme of deregulation reviews - although modelled to some degree on the successful efficiency scrutiny approach - is a quite separate programme designed to give a higher profile to tackling existing regulatory requirements within the overall deregulation initiative.

While I therefore accept the points you make about limited reviews being appropriate to a range of Department of Energy responsibilities, I hope you will agree it would be helpful if these are nonetheless included as items in the rolling review programme and that you and your Ministerial colleagues would personally approve the work and oversee implementation of results.

I am copying this letter to the Prime Minister, Members of Cabinet, MISC 133 members, Sir Robin Ibbs and Sir Robin Butler.



FRANCIS MAUDE



~~SECRET~~ RP

FROM: S J FLANAGAN  
DATE: 2 September 1988

- 1. MR BURR *RB 2/9*
- 2. FINANCIAL SECRETARY

*can't see NRO letter*  
*(X ~~in~~ in draft letter)*  
*M*

- cc Chancellor *2*
- Chief Secretary
- Paymaster General
- Economic Secretary
- Sir P Middleton
- Mr Monck
- Mr Burgner
- Mr Stevens
- Ms Young
- Mr Carr IR
- Mr Deedman C+E

**ADVISORY PANEL ON DEREGULATION**

Lord Young wrote to you on 16 August about his proposal to appoint someone from business to chair the Advisory Panel on Deregulation. Panel meetings are currently chaired by the Grade 3 Director of the EDU: there is no separate Chairman.

2. This proposal, inter alia, was discussed at the MISC 133 meeting which you chaired on 12 August. At that meeting it was suggested that "such an appointment could well lead to unwelcome pressure on the Government". In your summing up, you said that the proposal should be considered further.

3. The advantage of appointing someone from business to chair the Advisory Panel is that it would raise the profile and standing of the Panel specifically, and deregulation generally, among the business community. Certainly the Panel is likely to be taken more seriously if it is seen to be headed by a businessman rather than a civil servant.

4. Maintaining a high profile, however, creates a possible disadvantage. An independent Chairman might seek to use the Panel as a lobby group. Alternatively, Lord Young might use the Chairman as a channel to put pressure on other departments or to reopen issues whose resolutions had not pleased him.



5. Lord Young discounts the possibility of the Panel acting as an independent lobby group. He points out that the Panel already has members from business, and that as much discussion as possible on deregulation is already conducted publicly (eg through the publication of CCAs). Panel members sign the Official Secrets Act, and papers given to them are classified where appropriate. Lord Young intends to reinforce this by including a statement in the Panel's terms of reference that the advice which the Panel gives on confidential matters is not for public disclosure.

6. It would be possible to create additional safeguards - for example, ensuring that the Chairman's public statements are cleared in advance with relevant departments. But this would risk defeating the object of having a high-profile independent Chairman at all. On balance, it probably would be worth the risk. At worst, any embarrassing statements could be rebuffed if necessary. However, it will be important to find the right candidate to ensure that the balance between the risks and benefits of a high profile tilts in the right direction. Lord Young should therefore write round for clearance when he has a definite candidate in mind.

7. A further point arises from the Prime Minister's view, recorded in her Private Secretary's letter of 11 August, that the continued existence of the EDU (which she wants reduced in size immediately) should be reviewed in eighteen month's time. We do not suggest that you raise those issues directly, but if the EDU were to be closed down (or its role substantially changed, in eighteen months time, that would presumably have an impact on the continued role of the Advisory Panel. You might therefore suggest that the duration of the Chairman's appointment should only cover the next two years: eighteen months would probably be off-putting, and if the review does bring about major changes they will probably not happen overnight. DTI do not propose to pay the Chairman, beyond compensation for basic expenses.

8. I attach a draft letter.

  
S J FLANAGAN



**DRAFT LETTER FROM THE FINANCIAL SECRETARY TO THE SECRETARY OF STATE  
FOR TRADE AND INDUSTRY**

**ADVISORY PANEL ON DEREGULATION**

Thank you for your letter of 16 August.

2. I agree that appointing someone from business to chair the Advisory Panel on Deregulation would be generally worthwhile, and I think that your proposal for a formal reference to confidentiality in the Panel's terms of reference goes some way towards meeting the concerns expressed at MISC 133 on 12 August. But we have to accept that if the new Chairman is significantly to raise the standing of the deregulation initiative, he or she will have to adopt a high public profile so it is not possible to eliminate all risk. The key will be in finding the right person for the job. It would therefore seem sensible for you to write round again when you have identified a candidate.

3. I understand that the Chairman will be unpaid, except for expenses. In view of the Prime Minister's wish, expressed in her Private Secretary's letter to yours of 11 August, that the EDU should be reviewed in eighteen month's time, it would seem sensible for the Panel Chairman's appointment to be for 2 years only - eighteen months being perhaps too short a period to be attractive to potential appointees.

4. I am copying this letter to the other members of MISC 133.

[N L]





2 cc: PPS, CST, PMG, EST,  
Sir P. Middleton,  
Mr Mondk, Mr Burgner,  
Mr Burr, Mr. S.J. Flanagan,  
Mr Stevens, Ms Young,

Treasury Chambers, Parliament Street, SW1P 3AG Mr Carr IR,

Mr Deedman C+E.

The Rt Hon Lord Young of Graffham  
Secretary of State for Trade and Industry  
Department of Trade and Industry  
1-19 Victoria Street  
LONDON  
SW1H 0ET

*MP*  
6 September 1988

*Sir David*

**ADVISORY PANEL ON DEREGULATION**

Thank you for your letter of 16 August.

I agree that appointing someone from business to chair the Advisory Panel on Deregulation would be generally worthwhile, and I think that your proposal for a formal reference to confidentiality in the Panel's terms of reference goes some way towards meeting the concerns expressed at MISC 133 on 12 August. But we have to accept that if the new Chairman is significantly to raise the standing of the deregulation initiative, he or she will have to adopt a high public profile so it is not possible to eliminate all risk. The key will be in finding the right person for the job. It would therefore seem sensible for you to write round again when you have identified a candidate.

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I am copying this letter to the other members of MISC 133.

*Yours*  
*Norman*  
**NORMAN LAMONT**



FROM: A M W BATTISHILL



THE BOARD ROOM  
INLAND REVENUE  
SOMERSET HOUSE

15 September 1988

FINANCIAL SECRETARY

A handwritten signature in blue ink, appearing to be "AMW", written over a horizontal line.

**IMPROVING UNDERSTANDING BETWEEN GOVERNMENT AND BUSINESS**

My minute to you of 27 July set out how we wanted to improve exchanges between the Revenue and the private sector in the light of the MISC 133 discussions.

2. Departments now have to forward to OMCS and EDU their first outlines of action programmes by the end of this week. I attach a copy of the response which we will be sending. It repeats the aims on exchanges which you have already approved, and adds responses to the other recommendations in the Report eg on training and on recruitment.

---

cc Chancellor of the Exchequer

Chairman	Mr Wills
Mr Isaac	Mr Carr
Mr Painter	Mr Tharby
Mr Rogers	Mr Bryce
Mr Fallows	Mr Findley
Mr Beighton	Mr Neilson
Mr P B G Jones	Mr Munro
Mr Bush	Mr Hutton
Mr Crawley	Mrs Hubbard
Mr Cherry	Mr Lyall
Mr Shutler	Mr Park - VO
Mr Timmons - M4/10	Mr Harrison
PS/IR	Miss Knights



3. The Prime Minister, in her minute of 26 July asked that all Ministers in charge of Departments and their Permanent Secretaries establish, by the middle of October, a programme which is quantified to the maximum extent possible, and with timetables and milestones, to implement the recommendations of the Report.

4. We are working on fleshing out this outline programme, and we will provide a more detailed plan (with costings) for your approval by the end of the month.

AMB/

(A M W BATTISHILL)



## RECRUITMENT (recommendation 2)

- Special measures be taken to alert line managers to the ways they can recruit and use staff;
  - Departments to examine greater use of limited period appointments and short service contracts;
  - Treasury to consider further development of proposals for using short service contracts to fill generalist posts;
  - Departmental and Commission recruitment advertisements to contain more detailed job descriptions (para 9).
1. The Department will examine its recruitment procedures, and in particular in those areas where it has delegated authority to recruit. It will also seek to ensure that all line managers with responsibility for recruitment are aware of all the opportunities open to them. It will also consider the possibility of greater use of limited period appointments and short service contracts, but these are likely to be of limited application in the Revenue. Business experience would undoubtedly be useful, but we are looking for specific qualities for most of our recruits at EO/HEO level, whom we intend to train over a lengthy period. To recover our investment in that training, we would not want their contracts to be of short duration. A background in taxation or accountancy or law would be most valuable for recruits above HEO level.
  2. The Valuation Office is, however, a part of the Department in which a number of our staff have private sector experience. And the Valuation Office has introduced limited period appointments to assist with professional staff shortfalls. They propose to continue with that approach into the foreseeable future, although preference will be for longer term staff to predominate.
  3. As far as advertisements are concerned we have already incorporated more detailed job descriptions in most of our advertisements for vacancies in Taxes, Collection, Valuation and some of our other branches (eg. Superannuation Funds Office, Capital Taxes Office). However by the increased use of market research and in consultation with advertising agencies we are continually looking at ways to improve all of our advertising, both Departmental and that placed on our behalf by the Commission in order to attract more applicants of the right quality.

## CAREER PLANNING (recommendations 1 and 3-6)

### 4. Regional Careers

1. Further work be done to identify the scope for regional careers and the benefits for business (para 6).

Our Regional staff are mainly specialists who require long and expensive training. There might be some scope for allowing them to go to other Departments for short secondments, but there is at present little scope for taking in people from other Departments, at least at EO level and above. The current Service-wide review of relocation may change the picture to an extent, but probably not significantly. Nevertheless, we



will see whether we can identify any posts where such interchanges might be possible.

2. Postings to returned secondees

3. Particular attention be paid in career planning to building in interchange opportunities. The value of secondments to be signaled by postings given to returned secondees (para 14).

We will aim to build in interchange opportunities wherever possible, and will continue to signal their value by posting returned secondees to desirable allocations. But the emphasis has to be on where possible. At a time when we have lost so many fully trained staff, and are so short of experience in many areas, our personnel policy needs to be guided by a balance of considerations.

4. SMDP and MDP

4. Departments to emphasise to SMDP and MDP participants the opportunities within those programmes for interchange and private sector training (para 15).

We have 840 SMDP participants, of which 740 are Inspectors of Taxes and Valuers - amongst the largest number of any Whitehall Department. It would not be realistic to encourage them all to take secondments, nor do we have funds for more than minimal involvement in private sector training. Nevertheless, within those constraints, we will endeavour to promote greater interchange wherever possible.

5. Annual Reports

5. Annual report forms to include specific references to short assignments, non-executive directorships and other forms of interchange (para 16).

We will instruct Reporting Officers to ensure that specific reference is made in Annual Reports to all types of interchange with business during the year.

6. Departmental Deregulation Units

6. People of adequate weight and ability to be posted to departmental deregulation units (para 17).

Our Deregulation Unit already has a high profile in the Department, and has been instrumental in ensuring that the policy of deregulation, and concern for effect on business, is taken seriously. It is staffed by people of high calibre and authority and we shall ensure that it continues to be so.

OUTWARD SECONDMENTS (recommendation 7)

7. Secondments: an extension to involve:

- a wider range of grades
- more staff in regions



- more small firms. Small firm secondments to be carefully monitored (para 22).

We will aim to step up the present level of outward secondments significantly. The initial target will be around 25 outward secondments a year, which would include staff from EO to Grade 3 level, from local and regional offices in Taxes, Collection and Valuation Office, not just our head office divisions. Thus we would be looking to each Region to place 1-2 people in appropriate assignments. This means that our senior managers in the Regions, and all our senior staff in Head Office, will need to approach all their contacts in business in order to try to elicit their cooperation in finding opportunities to place people in useful slots.

Given the nature of tax work, which necessarily involves direct financial dealings with most firms, we will have to take care to avoid and be seen publicly to avoid explicit conflicts of interest.

#### SHORT TERM ASSIGNMENTS AND ATTACHMENTS (recommendations 8 and 10)

8. Short term assignments. Departments to look at opportunities for short term assignments, especially at Grade 7 and AT/HEO(D) level. A strong presumption in favour of a business assignment for AT/HEO(D)s recommended to all departments (para 23).
10. Development of attachments to local firms to bring civil servants in touch with business without taking them off the job (para 23).

Short-term assignments, and in particular the 1-2 week immersion, could be valuable, especially for staff working in specialist areas. We would ideally like all our head office staff at Grade 7 and above to have the opportunity at some point of either a 2 week immersion in business or a short-term assignment. In the immediate future, we think it realistic to aim for 10-12 such assignments a year.

Part-time attachments to local firms seem less viable for the Revenue, given the problems of conflicts of interests, whether real or perceived.

#### INWARD SECONDMENTS (Recommendation 11)

11. Inward secondments. Departments to look particularly at opportunities among the key tasks of managing areas of change, at say, Grades 3-5 for periods of up to 5 years (para 24).

Because of the specialist nature of, and training required for, much of the Revenue's work the scope for inward secondments is limited, particularly in local offices. Nevertheless, we think that we can identify areas in Head Office where there are opportunities for the right kind of private sector experience to be beneficial, such as finance, communications, information technology, management services, personnel, training and accommodation policy or in the Valuation Office to assist with a specific valuation task. Although we have not yet quantified the full scope, we might be reasonable to aim for ten inward secondments in the first year.

#### NON-EXECUTIVE DIRECTORSHIPS (recommendation 12)



12. Non-executive directorships. Aim to double the number of directorships within 18 months through greater priority being given to organising directorships (para 28).

The Revenue has always ruled these out in the past. We always thought it would be improper for our people to take non-executive directorships because of the risks of conflicts of interest. It would be hard for an officer to shut his eyes to things he might learn about the company as a director and to steer clear, as a director, of topics about which he had inside knowledge of policy developments. And even if he succeeded, there remains the danger that there might be suspicions of impropriety. Nevertheless, we will have another look at the possibility, to see whether there is any scope for such directorships.

#### TRAINING (Recommendations 13-17)

Taken together with other central training initiatives, notably under Next Steps, departments are required to review resourcing arrangements for training, and in effect to increase quite significantly the volume of training which staff are currently receiving. In the Inland Revenue the level of in-house training is already such as wholly to absorb existing resources for its quite massive normal commitments by way of in-house vocational and developmental training programmes. When, as is the case with business awareness, a new training need potentially affecting a very large proportion of the Department's staff is identified, the only practicable way to meet that need in the mainstream operational divisions (the Taxes, Collection and Valuation networks) and the Singleton Administration Group offices (eg Superannuation Funds Office and Capital Taxes Office) is to weave it into existing vocational training syllabuses. Our proposals for doing that are outlined in the comments on Recommendation No. 16 below.

13. TMP. OMCS and DTI to continue to co-operate in planning future programmes to promote business awareness to best effect (para 30(i)).

Action here is mainly for OMCS and DTI. We shall continue to send our newly promoted Grade 3s on this course, and no additional Departmental costs are therefore involved.

14. AT/HEO(D) training. The Civil Service College to reinforce to departments the particular value participants place on the 'Government and Industry' course. Consideration also be given to filling places with suitable HEOs, SEOs and Grade 7s and to a possible shorter course of courses tailored more closely to departmental needs (para 30(ii)).

We shall encourage our ATs and HEO(D)s to opt for the 'Government and Industry' course. Our aim will be to achieve virtually 100% coverage by staggering nominations over a reasonable period. We will also consider suitable HEOs, SEOs and Grade 7s where places are available.

15. Other training at the College. The College to work up further the possible development of courses such as the Government and Industry workshops, to develop seminars on business awareness for Grade 3 and Grade 5 and to include a greater element of business awareness in management, developmental and forms design training (para 30(iv)).



We welcome the proposed development of business awareness seminars for the senior grades concerned and shall encourage our Grades 3 to 5 officers to attend, insofar as needs are not met elsewhere (see comments in relation to Recommendation No. 18 below). We also welcome the potential facility to send selected staff at HEO to Grade 7 levels on the business awareness courses which are to be developed at the College.

16. Training for particular jobs. In all departments staff entering a job which involves policy or regulation making, enforcement or the delivery of services which affect business to be required to take short modules in business awareness training, in particular compliance cost assessment, consultation and communication (para 30(v)).

As explained in the opening paragraph on Training, we shall aim to incorporate business awareness training into vocational training syllabuses, with the assistance of the self-instructional material which DTI is committed to produce. We shall have to vary the extent and content of the coverage according to the type of work being done by particular groups of staff and the exercise will therefore involve a great deal of preparatory work by training organisations within the Department.

We are conscious of the fact that a very large proportion of our posts involve "enforcement or the delivery of services which affect business" and that vocational training is by and large received only by new entrants and promotees. Although to some extent business awareness is acquired by staff in the course of their duties, we feel that some reinforcement of that awareness is desirable in present circumstances. We propose to achieve this by the issue at an appropriate time of instructional material to staff in the areas likely in the main to benefit from it.

17. Departments and the College to further develop private sector participation in courses of relevance to the private sector (para 30(vi)).

We shall observe the results of this College experiment with interest and seek to make a judgement at the appropriate time of the merits of these courses in competition with other College courses covering the same ground. We do not envisage any widespread use of private sector courses in this context.

The Valuation Office already has a number of outside participants on its training courses; it would aim to make 5 places per year available to the private sector as a permanent feature.

18. Awareness Seminars. Departments to consider further the use of awareness seminars for senior civil servants and their staff on subject areas of relevance (para 30(vii)).

In the Revenue most people already have a good deal of direct and indirect contact with business. Anyone reaching Grade 3 is therefore likely to be very well aware of how both policy and administrative decisions on taxation affect businesses. Awareness seminars would be more useful to our people, therefore, if they focus on specific areas of interest or concern, rather than range over the whole field of taxation policy and administration. We could identify particular topics which would probably be most valuable, both to Grade 3s and to the Grades 4



and 5 who work for them. We will need to identify and bring together business people of the sort who can make an effective and valuable contribution to awareness seminars.



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PRIME MINISTER

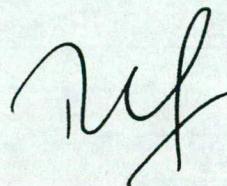
**DEREGULATION INITIATIVE**

Your Private Secretary's letter of 11 August asked me to review the present sizes of the Enterprise and Deregulation Unit and the scope of slimming it down.

2 I agree entirely that the main responsibility for action in taking forward the deregulation initiative rests with Ministers in charge of Departments. This was very much the thrust of the proposals, which you have supported, in my minute of 26 July - in particular the establishment of a rolling review programme. As these proposals are implemented, there will be scope for reducing the size of the EDU and after reviewing the position I have set a target of slimming down the Unit by a quarter over the next 12 months.

3 But this requires Ministers in Departments to ensure that the commitment to deregulate is reflected in all of our decisions and in the conduct of all our operations that affect business and that it leads to real action. As yet the impact on business too often still takes second place to other considerations and what we have delivered does not yet match expectations.

4 I am copying this minute to Members of the Cabinet and of MISC 133 and to Sir Robin Ibbs and Sir Robin Butler.



D Y

19 September 1988

DEPARTMENT OF TRADE &amp; INDUSTRY





*psp*

EXCHEQUER

29 SEP 1988

FST

✓ 24/9

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

28 September 1988

*Dear Neil,*

**DEREGULATION INITIATIVE**

The Prime Minister was grateful to your Secretary of State for his further minute of 19 September. She has noted the target for slimming down the size of the Enterprise and Deregulation Unit by a quarter over the next twelve months. The Prime Minister assumes that your Secretary of State will be reviewing the position again in eighteen months time as requested in Nigel Wicks' letter of 11 August.

I am copying this letter to the Private Secretaries to members of the Cabinet, MISC 133, Sir Robin Ibbs and Trevor Woolley (Cabinet Office).

*Yours,  
Paul*

(PAUL GRAY)

Neil Thornton, Esq.,  
Department of Trade and Industry.



From: Nigel Forman.  
29th September 1988.

To: Chancellor.

Alta  
Psk now x  
Spk. ~

What Britain can learn from France.

1. I am now back from my brief visit to France during which I tried to find out more about French policy for economic and regional development.
2. I have tried to encapsulate my impressions in the enclosed piece which could possibly be published as a newspaper article, e.g. in The Daily Telegraph. Before sending it off to anyone else, however, I thought I should ask you what you think of it, whether you think it would be O.K. for publication in its present form, or whether it should be amended or abandoned. The least public option would be simply to send it to my friends at the French Embassy in London who, along with the officials of DATAR, would probably be interested in my observations.
3. I look forward to receiving your guidance when you have had time to read it.

FNF



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RELEASING ENTERPRISE

29/9/88

This booklet aims to give you a glimpse of what is being done to clear away unnecessary, out of date restrictions on business - and avoid new ones being imposed. It also highlights the efforts which are being made to clarify regulations where they are necessary; and to help people find their way through the government machine. This is what deregulation means to business. And all of us benefit too as consumers. Whether it is opening up competition between the airlines, opticians, buses in London or local radio or easing the bureaucracy for exporters, industrialists or employers it all should lead to a better service for the customer.

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Cutting Red Tape

Cutting red tape is the responsibility of deregulation units set up in most government departments. Their efforts are coordinated by the Enterprise and Deregulation Unit which has been working behind the scenes for three years now to help businesses start up and grow. In the past year, for example, decisions have been taken to:-

- . Make it easier to develop land for a wide range of business and industrial uses, without the need for separate planning applications. Derby City Council have been the first to use the new simplified planning zone arrangements. They have given permission in advance, for ten years, for the renewal of 21 acres of their city.



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- . Simplify controls for health and safety at work. Without lowering safety standards, the Health and Safety Commission have replaced 356 out dated regulations - some more than 80 years old.
  
- . Allow 100,000 pubs, bars and clubs choice in when they open. (11 am to 11 pm on weekdays; an extra hour on Sundays).
  
- . Dismantle administrative restrictions on commercial lending to business clients (which need an amendment to the Consumer Credit Act).
  
- . Open pilot Government Business Shops in Scotland and Wales (with plans for 4 in England to open in 1989) to help business tackle government rules and regulations.



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Government Business Shops

People starting businesses sometimes find that sorting out things like tax and VAT is time-consuming. They find it frustrating to have so many parts of government to deal with, all in different places. They would rather be getting on with the job!

People want friendly advice and they want practical assistance, preferably in one place. Rather than dealing with separate government offices, they want to carry out the formalities of tax, national insurance and VAT at a single point. We are now trying out different ways of making that work. If you live in or near Glasgow or Merthyr Tydfil a new Government Business Shop is already open. People in Manchester, Doncaster, Newcastle and Reading will also have one soon. Government Business Shops should lead to greater efficiency all round. Fewer errors at the beginning mean that there should not be so many enquiries or complaints later. This saves everybody's time and money. Please let staff know what you think of the service!



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Advice Lines

If you are already running a business and do not understand how to comply with Government rules and regulations, a telephone advice line may be of most help. During the past year two new services have come into operation.

\* The Department of Social Security are running a social security advice line for employers and the self employed: this is a free countrywide telephone service. Some 350 calls are made each day. The number is 0800 393539.

\*

The Department of the Environment have set up a free telephone service to assist those in the construction industry with queries about answering statistical enquiries. The number is 0800 373317.



Plainer Words

Information provided for business must be easy to read and use. Civil servants writing leaflets and pamphlets need to put themselves in the place of those running businesses, who want clear guidance to get it right.

One method which has proved helpful is to provide information in different layers of detail. For people wanting just an overview or introduction to a subject, a simple leaflet may be all that is necessary. More information can then be available in detailed fact sheets on specific areas with, finally, a reference booklet (or "bible") to cover the whole picture. Last year the Department of Employment won a Plain English Award for its information sheets on employment law, written for businesses taking people on for the first time.



Starter Packs

Most businesses also need help from the Inland Revenue and the Department of Social Security when they start to employ people. This year those departments have produced a streamlined 'starter pack' for new employers containing clear guidance and forms. There is a separate, simpler pack for those people who wish to take on personal or domestic employees.

A new self employment starter pack is also being drawn together.

Also

- . the Home Office is completely revising its existing guidance on fire precautions for business (for issue in 1989);
- . the Health and Safety Executive has just published a new complete guide to health and safety for the small business;
- . the Department of Social Security is currently reviewing its written material containing advice on the social security system for employers.



Forms

Most of us dislike filling in forms but government does need accurate and up-to-date information to do its job properly. Over the last six years, central government has reviewed all the forms it sends out to business, with the aim of abolishing them wherever possible. The design and language of those that remain are being looked at carefully.

Also:

- . The Department of the Environment is considering whether to introduce a standard form for planning applications: at present these vary according to where you live or run your business because different local authorities have different forms.
  
- . Because it knows that dealing with statistics costs businesses time and money, the DTI is reviewing the regular surveys it puts out to business.
  
- . Self-employed people benefit from the computerisation of the Inland Revenue. New assessment sheets show more information in a clearer way, including full details on the same form of payments already made.



Licensing

The Government believes that there is scope for improving the way the licensing system works. The main problem is that there are too many licensing and registration requirements in some areas of business. For example, there are up to 17 needed for a major supermarket and 10 for a pub with video games. And many of these licences will come up for renewal at different times, with some lasting longer than others. All departments are cooperating in a review of the way licences are issued. Perhaps work can be reduced for business if simpler, more standardised forms are used. Perhaps re-registration is unnecessary in some cases and there should be common renewal dates. Of course the Government will also need the co-operation of those who actually license people locally too.



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Deregulation can affect major issues where many people feel the benefit. But scrapping controls on particular sectors can be just as important for the businesses affected. Those controls may be restricting competition or inhibiting growth or stopping new products being developed.



Improving understanding

People in government and those in business need to understand each other better so that they can appreciate the skills and experience of the other. Civil Service managers are encouraging their staff through joint training, secondment opportunities and other attachments to learn more about how business works, how it differs from the environment of a government department and how a civil servant's work can affect business. We must also create opportunities for those in business to work for a time alongside civil servants to help increase understanding of how government works.

A few civil servants, usually senior staff based in London, have already had a chance to take up secondments and non-executive directorships. We want to increase these opportunities by:-

- . Developing a range of long and short-term, full and part-time assignments.
- . Involving smaller and medium sized companies.



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- . Involving staff outside London - it is often they who work most closely with business.
- . Including a wider range of staff.

Each government department is now drawing up its own programme of action.

Opportunities to bring into the civil service people with business experience have also increased in recent years. For example, entry age limits have been raised or abolished and short term contract work expanded. Recruitment is also taking place at more senior levels than in the past. Changes like these should help to ensure that links between business and government are strengthened.



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WHAT ARE THE COSTS GOVERNMENT PUTS ON YOU?

Civil servants now have to work out how their proposals - and those coming from the European Community - will affect business people. For example, on Budget day the Inland Revenue published assessments showing how some of the measures affected business. A list of compliance cost assessments is published regularly by each government department, so please be in touch with them (see back cover for deregulation contact points) if you have any queries. Our aim is to avoid new burdens wherever possible and reduce costs to the minimum. For European legislation, the Commission in Brussels carry out an assessment of impact on business across the Community. A European Commission Task Force for Small and Medium Enterprises (SMEs) is responsible for seeing that the system works. But the UK (and some other Member States) also analyse the impact on their own country. If you think your company may be affected by proposals from Brussels tell the Task Force - or the UK department concerned. You can also ring our 01-200-1992 hotline.



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We are are also looking at existing rules and regulations to see if they can be improved. For example, the Home Office is reviewing the way the Data Protection Act is working. (The registration form for small businesses has already been simplified). Over the next few months we will also be looking, for example, at

- . fire certificate and building control regulations and enforcement;
- . ways of simplifying food laws and regulations;
- . interchange opportunities for staff working in business and for civil servants.

If you are interested in any of these subjects we want to hear from you. We cannot take up individual cases but your information can help us do better next time.







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DRAFT OF 27.9.88

PART ONE

WORKING BETTER TOGETHER

CHAPTER 1: INTRODUCTION

1.1 The Government's primary economic aim is to increase the wealth of the nation. That means freeing people to make the fullest use of their talents to produce the goods and services demanded in the Europe of the 21st Century.

1.2 Deregulation is central to the Government's strategy for wealth creation. Too much government intervention in economic activity stifles enterprise, discourages innovation, and removes incentives. Equally, inefficient government imposes costs, delays, and uncertainties on business. We must perform effectively the tasks which remain the Government's, whether in making policy in Whitehall, in building roads, in collecting taxes or in delivering services to businesses.

1.3 Our aim, since the deregulation initiative was launched in 1985, has been to ease the bureaucratic pressures on business, especially small businesses. This White Paper records the Government's achievements. The benefits are for us all. Where more efficient government saves costs for business, it is the customer who enjoys lower prices. Better regulation, opening up

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regulated markets to competition and eliminating restrictive practices, means more choice, more products and competitive prices. This White Paper records measures to increase private letting, for greater competition in air transport, for increasing competition in London's bus services and for streamlining the regulation of taxis and private hire cars. A more flexible framework will widen the choice of pension schemes available. Consumers will no longer need licences for receive-only devices such as garage door openers and hearing aids. [And the deregulation of radio broadcasting and the opening of the radio spectrum to new commercial forces will widen choice in listening.]

1.4 This White Paper places new emphasis on business in an international context - in Europe. Europe is preparing for the completion of the Single Market in 1992. That brings opportunities to strengthen the forces of competition, to liberalise markets, and a challenge to the Community to ensure a business environment free as far as possible from the shackles of unnecessary or over-burdensome regulation.

1.5 We also place new emphasis on how government's own performance affects business. The Prime Minister announced in February that the executive functions of central government should in future be carried out by executive agencies, placing emphasis on the effectiveness with which services are delivered.



The policy, known as Next Steps, provides a springboard for a positive approach to business at all levels.

1.6 Creating the right environment for growth is a continuous, gruelling task. It involves removing a host of bureaucratic tasks and irritations, each of which taken individually may appear minor. The burdens are cumulative: we know that people are intimidated by the number of steps they have to take just to set up in business. The flood of information and form filling which has to be dealt with while a business is being run drains management resources. It is those on the receiving end who know best what these irritations are. We want to hear their ideas. That is why we have launched the Deregulation Challenge [Brief details]. With that knowledge and the policies set out in this paper we will be better able to achieve our aim of releasing enterprise.

[YOUNG]



## CHAPTER 2: SUMMARY

2.1 The Government's economic, industrial and deregulation policies are designed to stimulate the growth of enterprise. Economic policies have transformed the British economy by promoting sustained growth combined with low inflation, increasing incentives, and improving efficiency. Policies for helping firms to manage themselves more effectively were set out in the White Paper 'DTI - the department for Enterprise', published in January 1988. This White Paper reviews what has been done so far to minimise the constraints and inhibitions imposed on business by administration and regulation, and explains how the Government plan to take forward this deregulation initiative.

2.2 The Government will aim for:

- better regulation - regulation only where it is necessary and will be cost-effective; removing outmoded and irrelevant requirements; minimising the cost of complying with regulation; being better informed about the costs and making better use of that information; improving and streamlining essential requirements, and ensuring that any thresholds are so devised to enable growing firms to take them more easily in their stride; and achieving



greater clarity and consistency between the requirements of different departments.

- better relationships - embedding within the Civil Service an awareness and understanding of the needs of business and enterprise, through wider experience, better training and more involvement of people from outside; opening channels of communication and bringing business into the decision-making process through consultation.
- a better service - ensuring that government performs its functions speedily and effectively so that business is not hampered by delays or poor decisions.

### Reporting Progress

2.3 Annex 1 lists achievements large and small over the past eighteen months. The key items include:

- \* changes to income tax, capital gains tax and other direct taxes which promote enterprise in general and help smaller firms in particular (IR)
- \* the modernisation of the Use Classes Order and revision and simplification of the General Development Order (DoE)



- \* the introduction of regulations enabling the declaration of simplified planning zones (DoE)
- \* the passage and implementation of the Licensing Act 1988 (Home Office)
- \* introduction of optional VAT Cash Accounting and annual accounting schemes (C&E)
- \* the package of changes to VAT penalties announced by the Chancellor in his Budget (C&E)
- \* the removal of local highway authorities' powers over road-side development (DTp)
- \* changes to be made by the Copyright, Designs and Patents Bill (DTI)
- \* the introduction of simplified registration procedures under the Data Protection Act 1984 for small businesses (Home Office)
- \* the replacement of 356 outdated regulations governing substances hazardous to health by simpler and more flexible controls (DE)



## The Way Forward

2.4 PART ONE sets out the Government's policy for action within the deregulation initiative. That includes:

### Chapter 3

- \* Within the United Kingdom, the review of the Enterprise and Deregulation Unit, and proposals for improvement of procedures. A review of deregulation within the European Community, identifying priority areas for further developments if Community legislation is to be more responsive to the needs of business.

### Chapter 4

- \* Proposals to improve understanding between government and business, through a programme of increased and diversified interchange between the two in both directions, more civil servants holding non-executive directorships, and improved training and personnel practice.

### Chapter 5

- \* Action to improve the delivery of government services, including pilot "Government Business Shops" to give



assistance and advice, and improvements in government information systems.

#### Chapter 6

- \* Action to make government requests for information less burdensome, and improve the quality of written guidance.

#### Chapter 7

- \* Action to improve government practice in consulting business, and to strengthen the Advisory Panel on Deregulation.

2.5 PART TWO contains the detailed work programme for the coming year. The key items include:

- \* Carrying forward the review of Consumer Credit Act and licensing procedures.
- \* [The Securities and Investment Board is reviewing the rules it has made under the Financial Services Act.]
- \* A review of the interrelation between building regulations and fire certification procedures, and of their implementation



- \* A review of the implementation of the Data Protection Act, including scope for yet simpler registration procedures.
  
- \* Planning regulation in a number of areas will be further simplified and improved.



### CHAPTER 3: BETTER REGULATION

3.1 In 1985\* the Government decided to set up mechanisms to ensure that the deregulation initiative was carried through in all Departments. The key elements were:

- a minister in each department responsible for action on deregulation
- deregulation units in each regulatory department
- a central task force, the Enterprise and Deregulation Unit (EDU), to co-ordinate work across government
- ad hoc reviews of existing regulation
- 6 monthly "forward looks" of all new regulatory proposals to identify possible burdens
- assessments to be made of the costs imposed on business by proposed regulations ("compliance cost assessments").

\*'Lifting the Burden' (Cmnd 9571, July 1985); 'Building Businesses ... Not Barriers' (Cmnd 9794, May 1986); and 'Encouraging Enterprise' (Department of Employment, May 1987) reported progress on deregulation in those years.



## The Review of EDU

3.2 The Government decided that in the first instance the life of the EDU should be limited to about 3 years, at which stage there should be a review of its performance and achievements. This has been done.

3.3 The Government have decided that EDU should remain for the present. Past achievements and areas marked out for further work demonstrate the value for business of a unified deregulation initiative. Responsibility for deregulation rests squarely with departmental ministers, but there is still a need for EDU to monitor and report progress and to maintain and increase the momentum of change. Its task now is help spread experience and skills into departments. To help with that, the Unit's professional and business staff will be strengthened [although its total staff will reduce as deregulation becomes firmly embedded in departments]. The aim is a permanent and pervasive increase in the value put on the needs of business in all government work, removing the need for a central unit. EDU will again be reviewed in April 1990.

3.4 Existing regulation The Government have decided that reviewing existing regulation would benefit from a more systematic approach. Each department will now nominate one or



two areas of its responsibilities, of significance for business, to be examined as part of a rolling annual programme of work.

### Counting the Cost

3.5 The Government place great importance on giving due weight to the impact their proposals will have on business as policies are developed. That means examining the effects on business of different policy options and assessing alternatives to regulation; using consultation to gather views and information; and then drawing together a thorough compliance cost assessment (CCA) to inform ministers before they take a final decision. Departments are to compile CCAs for every proposed regulation that could affect business.

3.6 Since December 1986 CCAs have normally been available on request from departments, and draft CCAs are increasingly included in public consultation documents. A list of selected CCAs is published in the DTI magazine 'British Business' every 6 months. Lists are also published by departments in appropriate publications and press notices.

3.7 CCAs give businesses a more focussed opportunity to make known their views on the detail of current proposals.

3.8 As part of the review of EDU's work and procedures, independent consultants were retained to evaluate and make



recommendations for the improvement of compliance cost assessment procedures. In the light of that work, improvements have begun to:

- involve economists more in the preparation of CCAs
- set up a network of departmental economists to build up expertise, particularly in quantifying business costs
- organise better access to the available business statistics
- circulate to departments new guidance on CCAs, which is publicly available
- discuss with departmental deregulators how the questionnaire can be improved, to be of most use to them and to business
- issue further guidance as expertise in quantification techniques builds up.

### The European Community

3.9 The Government are as committed to building a business environment which encourages wealth and job creation in the EC as we are in the UK. Full success of the UK deregulation initiative requires that we, the EC Commission and other Member States



increasingly share common aims of regulatory reform and work in unison to improve the environment for business. Carefully unwound domestic red tape must not be promptly replaced by a European variety.

3.10 The completion of the single market by 1992 will present immense trading opportunities for UK business in other Member States. It will also involve a substantial volume of new Community legislation. It is essential that this should not add unnecessarily to the burden of regulation on business. Many of the key measures now being agreed in the single market programme, such as the liberalisation of capital movements, the freedom of establishment for the professions, and the liberalisation of road haulage, will have a substantial deregulatory impact. We must ensure that EC markets continue to be opened up in a way which allows market forces to work and the Community as a whole to become more competitive. The keynote must be liberalisation, not harmonisation for its own sake. That means the most careful scrutiny of the detailed proposals for the implementation of the single market.

3.11 The UK is not alone in these concerns. Following the Prime Minister's initiative at the European Council in March 1985, the Commission set up in December 1986 the Task Force on Small and Medium-Sized Enterprises with wide responsibilities for measures to improve the business environment and to reduce burdens arising from existing or proposed EC legislation. The Task Force is



established as an integral part of the process of Commission policy making. New proposals must now be accompanied by an assessment of their impact on business before presentation to the Council. As in the UK, understanding and quantifying that impact requires the gradual cumulation of skills and techniques. There have already been significant developments in the quality and usefulness of the information presented. The Government will continue to support the Task Force in its efforts to bring a proper assessment and avoidance of business impact to the forefront of the Commission's regulatory work and to improve the quality of impact assessments, so that they can inform the work of the European Parliament and ECOSOC and, above all, be of real use to the Council.

3.12 The Internal Market Council held on 7 June 1988 emphasised Member States' commitment to improving the climate for business. The resolution adopted stressed that market forces must be strengthened; that the cost of compliance with Community legislation must be minimised and unnecessary regulation avoided; and that existing legislation should be reviewed with a view to simplification. It underlined the importance of the impact assessments and called on the Commission to improve the system further. The Government will look to build on this welcome resolution in the Council of Ministers.

3.13 The Government have sought to stimulate the flow of views and information on deregulation between industry and departments



here and in other parts of the Community; with the Directorates General within the Commission, and in particular with the Task Force; and directly with other Member States. There have been frequent ministerial and official discussions with other Member States. These will continue in 1989.

3.14 The EDU has set up a series of bilateral seminars for representatives from both government and business in France, Germany, Ireland, Denmark and the Netherlands. Further seminars in Italy, Spain and Greece are planned. The seminars have provided a valuable opportunity to share experiences of the effects of domestic and EC regulation and the need for a deregulatory approach in the work of government. Several other Member States now have units with specific responsibility for regulatory reform.

3.15 The Government will continue the dialogue on regulatory reform in the wider international context. Apart from the United States, which has pioneered compliance cost assessment techniques and methods of restraining the volume and cost of legislation, deregulation is active in Canada, Australia, New Zealand, and elsewhere. EDU has had visitors and requests for information from countries in every continent. This increasingly widespread interest is reflected in the programmes of international organisations such as OECD.



## CHAPTER 4: BETTER UNDERSTANDING

### Improving Understanding Between Government and Business

4.1 Understanding how business works must become an integral part of the Civil Service culture. Business similarly needs a better understanding of the workings of government, who does what, and the major influences on the different departments.

4.2 Over the last 10 years much has been done to bring the two worlds together. There are secondments between industry and the Civil Service. Business people speak and participate on training courses and help in the recruitment process for high fliers. Some senior civil servants have taken up non-executive directorships in companies, where it is compatible with their duties. But these opportunities have not yet reached all parts of government.

### A NEW PROGRAMME

4.3 The Government have decided to boost current efforts across the whole Civil Service. The opportunities will not be restricted to the "economic" departments - such as HM Treasury and the DTI. Each government department is drawing up its own programme of action. These include more diverse exchanges of experience, better training, and management action to reflect the



new priority the Government are giving to Civil Service relationships with the outside world.

### Interchange

4.4 Secondments to business The usual interchange has been secondment to full-time jobs for 1-2 years. Secondees are in post long enough to make a real contribution and to develop a real understanding of how a company works that will permanently shape their approach to their Civil Service work. Typically, secondees have been young senior and middle managers in London.

4.5 Departments are considering whether and how their secondment programmes can be developed or enhanced. This will particularly include staff at Executive Officer (EO) and Higher Executive Officer (HEO) level - the levels which have the most day to day contact with business. Programmes will involve staff in regional and local offices, where government services are delivered and where enforcement work is usually based. There will be more secondments to small firms. For example, the Welsh Office aim to double their outward secondments; Energy plan a 50% increase, including regional staff for the first time; Inland Revenue plan a new programme of 25 secondments at Grade 3 to EO levels with opportunities in local and regional offices; the Scottish Office look to increase their few secondments sevenfold over the next 2½ years, including opportunities for SEOs and HEOs.



4.6 Secondment at senior levels will continue even though it is often difficult to release the most experienced and able people. This will give a clear signal both to their staff and to the outside world of the importance of business experience.

4.7 Other assignments Resources will not allow a large proportion of civil servants to go on long term secondment even with a widened programme. For this reason the Government wish to develop:

- Short-term assignments of up to 6 months, to carry out specific projects. For example, MAFF and DTI are working up substantial programmes of 3-6 month attachments in non-financial businesses.
  
- 1-2 week intensive schemes in which companies and individuals work up together a project or programme tailored to the needs and experience of each individual. The existing "Whitehall and Industry" scheme for senior managers, which is of this kind, is being significantly expanded. MAFF plan short familiarisation visits, and ODA a similar programme for their professional staff. DOE hope to arrange for pairings of officials and business people to spend 2-3 weeks learning about each other's working environment.



- Part-time assignments and attachments of varying lengths to bring civil servants in touch with local firms, large and small.

4.8 Inward secondments Interchange is a two-way process. The Civil Service gains greatly from inward secondments of people from industry, commerce and the professions. The Government want to expand the programme of inward secondment, and to diversify the areas in which they take place. That requires defining clear tasks, and in particular looking for major areas of change where a private sector manager could make a particular contribution, or where a mixture of experience is needed for a team. For example, FCO hope to make particular use of inward secondments for their commercial work.

4.9 Non-executive directorships At present some 45 civil servants hold non-executive directorships, mainly in subsidiaries of large companies. The experience has proved to be much valued by both sides and the Government wish to increase the numbers significantly. As with the other interchange schemes proper care will continue to be taken to avoid any conflict of interest. The Government are also keen to involve a wider range of companies, including small and medium sized firms. DTI aim to double the number of staff holding non-executive directorships over the next 18 months, MOD would like to establish 6 directorships by early 1989 and DEn and the Welsh Office are also looking to increase numbers.



## Training

4.10 Civil Service training is being developed to give a greater business focus. The Government aim to ensure that any civil servant entering for the first time a policy or regulatory area which affects business will attend at least a basic module in business awareness and compliance cost assessment. There will also be:

- a greater emphasis on business awareness in departments' Management Development Programmes, and Senior Management Development Programmes.
- greater use of the very successful 3 week "Government and Industry" course for young fast-stream administrators.
- short training modules on how business works, and the effect of government activity on business. The Civil Service College is developing material across a range of courses.
- "Service to the customer" training, already being developed by the Civil Service College and by departments, is to receive further emphasis following the Next Steps proposals.



- further development of understanding of government's impact on business through the Top Management Programme for newly-promoted senior civil servants and their business counterparts.
- government and industry workshops, and seminars on business awareness for senior officials. For example, the Scottish Office is inviting business speakers to its lunchtime seminars for senior staff.
- greater private sector participation in Civil Service College and departmental courses (eg. DTI, ODA, the Valuation Office and MAFF, who are examining the scope for a special course for MAFF staff and their clients to develop practical insights into the constraints they each face).

4.11 Personnel practice The real priorities of departments are reflected in incentive rewards, promotions and postings and in the effort put into training and secondments. Interchange and training schemes depend upon the commitment of personnel divisions and line managers even when it means accepting awkward absences. Attention will be paid in career planning to building in interchange opportunities and priority given to recording and using such experience.



4.12 Changes in recruitment policy The Civil Service recruits mainly from school and college for a lifetime career, but changes in supply and demand in the labour market encourage recruitment of other candidates. Raised age limits, recruitment at HE0 and Grade 7 levels in the Administration Group, opportunities for Limited Period Appointments and for short service contracts for specialists and the recruitment of specialists to permanent posts at all levels may bring into the Civil Service people with industrial or commercial experience.

#### The Management Lead

4.13 The lead given by senior managers - through formal statements of objectives, personnel practices and, above all, their own example - is crucial to the success of the programme and the response from their staff. Sometimes the emphasis will be on training to produce better regulation or more sensitive enforcement for example in the way taxes and charges are raised; sometimes on using private sector experience to improve delivery of services directly to business, or the efficiency with which services are provided to all citizens (roads, education, energy, housing etc). Departments will reflect those differences in their programmes.

4.14 Better Business Participation The new programmes cannot be achieved without active participation from business. The Government will therefore be marketing the new programme to business actively in the coming months.



## CHAPTER 5: A BETTER SERVICE

5.1 Where regulation is necessary, the Government attach the highest importance to making sure that business is given the assistance it needs to understand what the requirements are, and how to comply with them.

### GOVERNMENT BUSINESS SHOPS

5.2 A new initiative is under way to examine how government requirements and services can be presented to business in a better, more co-ordinated way. At present business people need to turn to many agencies in central and local government to meet the obligations placed upon them. Each department can deal only with matters within its own area of responsibility. There is no government focal point where business can find out about and then carry out a range of transactions in a single place. This is particularly frustrating for people setting up in business for the first time.

5.3 The time has come to test a new kind of service - a "one-stop-shop" - where business people can carry out some of the basic transactions required by government and obtain information and assistance in a single place. There are several ways in which such shops could be established, a range of services they could provide, and possibly different needs to meet in different



parts of the country. We have decided to find out what is needed, and how the Government can best deliver it.

5.4 The Government have decided to go ahead by setting up 6 pilot shops, to be known as Government Business Shops, in Glasgow, Newcastle, Doncaster, Manchester, Merthyr Tydfil, and Reading. The first, in Glasgow, opened on 1 August and the one in Merthyr Tydfil on 19 October. The remaining 4 will be in operation early in 1989. From the experience of these pilot shops - the pilot schemes will run for 6 months - we will decide whether and how we should proceed to a more extensive network, in the light of the reaction of business clients, costs and benefits, and effects on existing services.

5.5 The main functions of the shops will be to build on the services provided at the centre where they are based by:

- providing a place at which a range of basic requirements can be met eg. the shops will be able to help business register for VAT and with the Inland Revenue.
- identifying and meet business needs for information and help on the demands made by government, either directly or by putting clients in touch with the relevant contact.
- providing information on, and access to, schemes of support.



- link in with private sector business services eg accountants, banks.

5.6 The sectors to be covered will vary from shop to shop, but all will deal with:

- VAT registration and information
- information on business tax
- PAYE and National Insurance
- information on employment protection and Health and Safety requirements.

5.7 Experimental local authority one stop shops, funded by the Department of the Environment, have been run in Nottingham and Blackburn. These were widely welcomed by small businesses. They provided information on regulations and grants relevant to businesses, a signposting system to relevant local authority departments, and assistance with presenting a case to those for administer the regulations and grants. What emerged is that business people do not distinguish between central and local government regulations when seeking help and advice. The 6 pilot



Government Business Shops will learn from this work how to encompass a wide range of organisations and assistance.

5.8 In the meantime, further progress has been made towards helping business people get through quickly to those who know the answer, or are dealing with their case. It includes:

- the Social Security Advice Line for Employers and Self-employed (SSALE) - 0800-393539
- a new net-work of more than 120 enquiry offices to deal with all Customs and Excise matters
- trial of a VAT computerised information index
- improving the 500 Inland Revenue enquiry points
- a DoE Construction Industry freefone service which provides guidance to firms on the completion of construction statistics and related forms - 0800 373317
- [a new guide to contacts in DTI]
- a DTI 1992 hotline for Single Market Information - 01-200 1992
- a similar list of contacts in the Intervention Board for Agricultural Produce.



- Pilot Training Access Points to provide easy access to training to meet employers skill needs.

### Next Steps

5.9 More generally, the Civil Service has been adopting more business-like methods in recent years. The Government's Next Steps policy is aimed specifically at improving the delivery of services. Its essence is the formation of discrete agencies with defined tasks, run by individuals with personal responsibility for results, chosen for their ability to manage. As well as providing opportunities for developing the management skills of civil servants, the involvement of private sector managers in some agencies should provide a widening experience of different management styles. Staff will be better trained and prepared to deliver services - services which will frequently affect businesses directly as customers, or in less direct ways eg. as employers - and objectives will be set to encourage good service. For example, the Companies House Executive Agency, established in October 1988, is expected to adopt the same good practices that the Government encourage companies to adopt through the Enterprise Initiative - with advantages to staff, their customers, and the whole economy.



## CHAPTER 6: PLAINER WORDS

6.1 The Government's aim is to make sure that their written material provided for business people is as simple and accurate as possible. This is repaid many times over in avoiding wasted time, confusion, or mistakes. Small businesses have special needs here too. The Government want written material to be targetted better towards its intended audience.

6.2 Input to Government Government needs accurate and up-to-date information to do its job properly. But filling out forms and dealing with statistical surveys costs businesses time and money.

6.3 The Central Statistical Office's Survey Control Unit examines existing and proposed statistical surveys to ensure that they are really needed, that they take up as little business time as possible, and that benefits outweigh costs. Forms Units in Departments similarly continue to improve the content and design of administrative forms.

6.4 Information All departments are working to ensure that the information they provide to business on such matters as how to comply with regulations is clear and easy to use. The EDU is helping to develop an approach which presents information in



properly separated layers of detail. A simple leaflet can give an introduction to a subject, more detail can be available in fact sheets on specific areas, with finally an authoritative reference "bible" to cover all contingencies.

6.5 First Steps Businesses starting up or taking on new responsibilities have the greatest need for clear information.

To help them:

- The Inland Revenue and the Department of Social Security (DSS) have improved their 'New Employers Starter Pack'. The pack has a guide to how to operate PAYE, the name and telephone number of the local tax office contact, and a basic set of forms. The material includes two items that have won Plain English awards.
- The Inland Revenue and DSS have also brought out a separate Starter Pack for the small number of employers with personal or domestic employees, such as nannies who can use the special non-cumulative PAYE scheme.
- The Inland Revenue and DSS have revised the leaflet 'Employed or Self Employed' to provide clearer guidance on employment status and to let people know that anyone in work can get a written decision on their employment status from either the Inland Revenue or the DSS. A written decision made by one department will be accepted by the



other provided all the relevant facts were accurately and clearly given, and circumstances remain the same. There is a new section on casual employment.

- the Department of Employment is producing an easy to follow self-employment starter pack. This will tell the new entrepreneur the main requirements of government departments and where to get further information, help and advice.

6.6 Work is also being done in other departments:

- the Home Office is substantially improving its guidance on fire precautions for business.
- the Health and Safety Executive has just published a comprehensive guide to the health and safety requirements of small businesses.
- with the help of consultants DSS is reviewing the social security information available to employers.
- DoE is preparing a booklet on the building regulations designed for both householders and small businesses.



## CHAPTER 7: BETTER CONSULTATION

7.1 The Government want to be sure that the voice of business is clearly heard and understood at the centre so that Ministers know the impact of their proposals. That is not always easy. The pace and complexity of domestic and EC decision-making often result in it being difficult for business to respond effectively and in time.

7.2 To help improve the process of consultation with small business the EDU and the Department of Employment jointly commissioned consultants to research into small business reactions to and need for consultation with government. The research found that business people believed it was important to make their voices heard, and were keen to be consulted where it was relevant to them and where they could see results.

7.3 The researchers made several recommendations which the Government will take forward:

- consult widely wherever possible on proposals which affect business
  
- normally allow 2-3 months for organisations to respond



- present proposals in a way which points up their relevance to the businesses involved, and shows where real choices with significantly different consequences are at stake.
- issue a guide to civil servants on good consultation practice and give appropriate training.

7.4 Civil servants are also being encouraged to make more direct contact with individuals and organisations. DoE, DSS and HSE, have established their own business panels to help them in their work.

7.5 The Secretary of State for Trade and Industry's Advisory Panel on Deregulation has provided valuable insights into many issues, and often shown where difficulties with regulation are really seen to lie. Three new appointments, of people with backgrounds in hotel and catering, manufacturing and small business were made in May 1988. The full membership is listed in Annex 2. The Secretary of State has now decided that the Panel, although broadly continuing its current role, should have an independent chairman drawn from business. [ ] has been appointed to serve from [ ].



## PART TWO

### THE WAY AHEAD

#### CHAPTER 8: THE PLAN OF WORK

8.1.1 This part of the Report sets out the action the Government propose for deregulation activity over the coming year.

#### PLANNING AND THE ENVIRONMENT

8.2.1 The Department of the Environment (DoE) has many responsibilities which affect business. These include planning and land use policy; environmental protection (including pollution control, water and sewerage); the construction industry (including building regulations); local government and housing. They range from areas where regulations can be simplified and streamlined to those where systems of control are essential to safeguard human life and the environment. In all areas the Department aims to ensure that the system of regulation is developed in full consultation with businesses concerned, and that it is as simple, efficient and effective as possible.

8.2.2 Priorities for relieving the burden of regulations include developing an approach to pollution control which will streamline the regulatory system for all aspects of the environment, and examining the case for extending permitted



development rights through amendment to the General Development Order.

### Planning

8.2.3 Changes to the town and country planning system have made a substantial contribution to the Government's deregulation initiative. By simplifying the system and improving its efficiency, whilst ensuring the effective control can be maintained where it is warranted, the Government look to strike a balance between the needs of development and the interests of conservation.

8.2.4 Planning Conditions The use of planning conditions may enable development to proceed which would otherwise be refused. But their over-use can impose unnecessary and costly requirements on developers or discourage useful development altogether. Conditions should therefore be imposed only where they are necessary, relevant to planning, relevant to the development to be permitted, enforceable, precise and reasonable. This has been made clear in planning guidance to local authorities. The Government are, however, considering whether to give statutory force to those aspects of these principles which are matters of policy rather than already established in case law.

8.2.5 Planning Gain Guidance has been given on the circumstances in which developers may reasonably be required to enter into



agreements affecting the development or use of land, as in effect a pre-condition of the grant of planning permission for a particular development. But there is evidence that such agreements are sometimes required where they are not necessary for the development to proceed, and the Government are considering the issue of further policy guidance to curtail abuse of these powers.

8.2.6 Permitted Development Rights At present, the General Development Order gives permitted development rights for extensions only to dwelling houses, factories and warehouses. The Government intend to consult on proposals to give rights also to make small extensions and development within the curtilage of hotels, restaurants and public houses; and at the rear of offices, shops, schools and nursing homes.

8.2.7 Uses of Open Land To enable diversification of the rural economy, there is already some freedom to make use of land for purposes that do not involve new buildings without specific planning permission. We will take action to make sure that these rights are clearly explained, and properly publicised. In addition, the Government are looking into the scope for granting permitted development rights for a number of other environmentally acceptable uses of open land and existing buildings, compatible with rural areas.



8.2.8 Local Plans A new Planning Policy Guidance Note will be issued before the end of the year, encouraging local planning authorities to make rapid progress with the preparation of local plans, particularly where there is pressure for new development. Such plans would give developers greater certainty as to where development of different types is likely to be permitted.

8.2.9 Long-standing Planning Uses The Government are considering legitimizing certain long-standing uses of land which have neither planning permission nor "established use rights", but have not been the subject of enforcement proceedings. It can reasonably be assumed that such long-standing uses have proved not to be a source of planning difficulties and there is no reason why they should not therefore be given the security of legitimacy.

8.2.10 Standard Application Form Although the Government do not wish to impose uniformity for its own sake, we are considering whether to use existing powers to prescribe a standard form for planning applications. At present, local authorities devise their own or use proprietary versions. A standard form could particularly help those businesses and other users who make frequent planning applications to different planning authorities. A consultation paper has been issued.

8.2.11 Use Classes Order The Scottish Use Classes Order has been the subject of a wide-ranging consultation exercise. The



review aims to reduce the number of circumstances in which planning permission is required to change the use of buildings or land, and to ensure that the scope of each class includes those changes of use which do not need to be subject to specific control.

8.2.12 Consolidation The Law Commission is well advanced in the preparation of a consolidation of all the Planning Acts [which we hope to bring before Parliament early next year]. A consolidation of the Scottish legislation is also being prepared.

8.2.13 Building Regulations Developments A survey of user reactions has confirmed that the changes made to the Building Regulations in 1985, to make them simpler in form and more flexible in operation, have been widely welcomed. Stage 2 of the review is now being undertaken covering technical aspects of the Regulations. The aim is to ensure that the legal requirements are easy to understand and do not go beyond what is clearly necessary, particularly for health and safety reasons; and that the guidance provided on methods of compliance is clear, simple and accurate. One specific objective is to eliminate unnecessary differences between technical requirements in different parts of the United Kingdom. Business and other interests are being widely consulted on the proposals. Revision of most parts of the Regulations is due to be completed by the end of 1989.



8.2.14 Scottish Building Standards Regulations These Regulations have been reformed to produce fewer, simpler regulations and so reduced from 200 to 50. The new regulations will be expressed in functional terms, with the detailed standards set out in a Supporting Technical Memorandum designed to be more user-friendly. Other aims are to harmonise technical standards North and South of the border, and improve forms and procedures. This work is being done concurrently with the changes to the building standards.

#### Environmental Protection

8.2.15 Pollution Inspection This is an area where some regulation is essential to safeguard human health and the environment. This is recognised by the broad support which industry gave to the establishment of Her Majesty's Inspectorate of Pollution (HMIP). Industry's views have been sought on proposals to develop an integrated system for regulating industrial processes which make significant discharges of waste to air, water and land. This would involve providing industry with a single contact point with HMIP who would be responsible for authorising the process and all emissions from it, taking account of factors such as the impact on the environment as a whole, the current state of technology, and the costs. Preparations are also being made to update the air pollution control system, with the first changes to be made later this year. Review of the organisation of HMIP includes plans to



deploy Inspectors to integrated regional offices. This will further assist communication between industry and HMIP.



## TAX

### CUSTOMS AND EXCISE

8.3.1 The need to protect and control revenue, and to ensure fairness of treatment must be balanced against the demands and burdens that Customs' requirements place on business. Customs' aim is to place the minimum requirements on business, to allow businesses to use the systems most suited to their needs.

8.3.2 Bad Debt Relief A frequent complaint from business is that they have to account for VAT despite not having been paid by bad customers. The introduction of the cash accounting system was a significant step in providing automatic bad debt relief for those joining the scheme. Otherwise relief from VAT on bad debts is available only where a debtor becomes formally insolvent, and in certain analogous circumstances. Customs are now undertaking a review of the way in which the current arrangements operate and the case for extending them.

8.3.3 Default Surcharge Once registered for VAT, businesses are naturally concerned about the penalties for failing to pay the amounts due. Sufficient experience of the operation of the surcharge introduced in 1986 has now been gained to enable a full review to be conducted, and that has begun.



8.3.4 Registration Threshold The level of the turnover threshold for registration is constrained by the provisions of the EC Sixth VAT Directive, though the Government have consistently pressed for greater flexibility. The quarterly and annual registration thresholds were increased in the Budget to £7,500 and £22,100 respectively, and the deregistration threshold was increased on 1 June to £21,100. These increases will help to keep new businesses out of the VAT net for longer, and enable a further 16,000 businesses to deregister if they so wish. Further provisions in the Finance Act 1988 will ease the requirements for very small businesses seeking voluntary registration, or businesses seeking early registration. But the Government will examine further ways of operating the threshold to ease the burden on those businesses which are most affected by it.

8.3.5 Partial Exemption Businesses with activities which do not involve the making of taxable supplies may not be able to reclaim all the tax they incur on their purchases. From 1 April 1987, such businesses have been required to attribute their purchases and other expenses directly to the supplies made, as far as practicable. Although comparatively few businesses are directly affected by the new rules, it is possible that their implications spread more widely. It is sensible to review their impact on those directly and indirectly affected after they have fully adapted to the changes. Customs will therefore begin a review of the new rules in the financial year commencing 1 April 1990, by



which time all those involved will have received a routine visit since implementation of the changes.

8.3.6 Cash Accounting From 1 October 1987, businesses with an annual turnover, excluding tax, of less than £250,000 have been able to account for tax on the basis of cash paid and received, rather than invoices issued. The scheme has been much welcomed by business, although take-up has not been as great as originally expected. It will be reviewed early in 1989, after one full year of practical experience of its operation.

8.3.7 CHIEF Development work is proceeding on a new computerised system for the handling of import/export freight (CHIEF). The proposed system will for the first time contain a fully computerised export handling facility. This should speed up clearance, and allow exporters to make maximum use of their own commercial computer equipment.

8.3.8 Extension of Community Carnet Procedures Proposals to extend the Community carnet procedure to cover a wider range of goods and allow a larger section of the trader population to use it are under consideration in the EC.

8.3.9 Fast Lane Customs Clearance of European Community Imports Proposals for the introduction of a "Fast Lane" clearance system for goods which are in free circulation within the European Community and are not subject to any special controls (eg.



health) are being discussed with trade representatives. The proposals will give such goods immediate clearance on arrival in the UK, subject to occasional preventive checks. If the proposals prove feasible, it is hoped to introduce new procedures during 1989.

8.3.10 Imported and ex-warehouse goods At present the documents allowing VAT registered traders to reclaim VAT on importations are sent by Customs to the importer's agent or freight forwarder, and delays can occur in them reaching the importer. Proposals are being examined for a monthly VAT certificate to be sent direct to the importer.



## INLAND REVENUE

8.4.1 The Inland Revenue's published Departmental Statement emphasises that it seeks to ensure that:

- the administration of the tax system bears as lightly as possible on taxpayers, consistently with their legal obligation to pay their taxes at the right time
- the revenue is raised having full regard to the administrative and compliance costs involved, and to the cost effectiveness of work falling on both Revenue offices, and taxpayers and their professional advisors
- the tax system is administered as simply as possible, consistently with other objectives such as fairness and is explained as comprehensibly as possible.

Key themes in the Departmental Statement include:

- greater specialisation to meet the increasing complexity of business
- improved communication to help the public understand better the tax system and the Department's work
- better service to the public.



8.4.2 Computerisation The Inland Revenue's major programmes of computerisation offers taxpayers a quicker and more accurate service:

- The computerisation of Schedule D assessing will be completed in April 1989 providing clearer and more legible assessments for the self-employed.
- Companies currently benefit from similarly improved assessments and an on-line system is planned for them.
- A on-line system is also planned for the collection network which will reduce delays by providing the local Collector with immediate access to a taxpayer's record. This major project is to be implemented in stages beginning in 1990.
- Computer support for the non-domestic rating revaluation will help to provide a more efficient service to businesses in producing non-domestic rating lists in 1990.
- The Revenue will soon introduce computerised procedures to speed up the work which they have to do when taxpayers change jobs. This should benefit employees and employers.

8.4.3 Alternative tax returns The possibility of allowing substitute tax returns to be available for a wide range of



computer uses will be discussed with the suppliers of software and of forms, and with other interested bodies.

8.4.4 Keith Report The Keith Report on the administration of the tax system is being implemented in stages, in consultation with interested bodies. The Revenue have reviewed the remaining measures in the light of earlier comments and a consultation paper issued in July 1988 includes modified proposals.

8.4.5 Subcontractors' Deduction Scheme An efficiency scrutiny of the subcontractor scheme has recently been completed. Its terms of reference specifically included the scope for reducing administration costs in the industry as well as the Inland Revenue, while safeguarding tax revenues. The Government are carefully considering the scrutineer's report, bearing in mind the concerns and needs of the construction industry.

8.4.6 Tax Enquiry Centres In April 1988, the Inland Revenue launched a programme to enhance the service it offers through over 500 enquiry points in Tax Districts. The main aim is to establish a better nationwide service to a standard pattern. The selection and training of the centres' staff is being improved. This programme will be implemented over a period and the effectiveness of the changes kept under review.

8.4.7 Compliance Cost Studies The Revenue Departments are co-operating with Professor Sandford and the Centre for Fiscal



Studies at Bath University attempting to estimate the administrative and compliance costs of the entire UK tax system including VAT. This builds on his earlier compliance cost studies, which included a comparison with USA experience from which it appeared that the compliance costs of this country's direct taxation were much lower, and overall costs also lower. The Government will be studying carefully Professor Sandford's latest findings when these are published.

8.4.8 Corporation Tax In preparation for the pay and file modernisation of corporation tax in the 1990's, a new tax return form will be introduced. The form and content of the new return are presently being worked out in consultation with users. It is intended to consult publicly on the draft before the return is finalised.



## EMPLOYMENT DEPARTMENT GROUP

8.5.1 Throughout the Employment Department Group, efforts continue to reduce burdens on employers and encourage business growth, particularly among small firms. Apart from its own programmes and services, the Department of Employment (DE) assists other departments to take account of the interests of small firms and the tourist industry. The Health and Safety Commission (HSC) continues revising and updating legislation. A number of deregulatory changes are planned in employment law as soon as legislative time can be found. DE's training activities aim for rules and procedures which are easy to understand and comply with, and follow-up which disturbs employers' work as little as possible. They also aim to help business growth through enterprise training. The Employment Service is fully aware of the need to keep administrative burdens to a minimum in helping unemployed people find suitable jobs, training or opportunities to become self-employed.

### EMPLOYMENT

8.5.2 Self-employment "Starter Pack" DE is producing, in association with other government departments, a new easy to follow self-employment starter pack. The pack will explain the rights and obligations of being self-employed, the main requirements of government departments, and where to get further help and advice.



## HEALTH AND SAFETY AT WORK

8.5.3 Effective health and safety regulation is essential. After their toll in human suffering, the cost to industry of accidents and ill health is enormous: between them they cause considerably more working days to be lost than industrial action. The cost of damage unrelated to injury is even greater. It is equally essential that health and safety regulation is made to meet real and justified need, where public confidence is required, and only where it is cost-effective. There should continue to be close and effective co-operation between industry and those that draw up and enforce the legislation, so that regulations are framed and applied with due regard for individual circumstances, and for costs, and contain no unnecessary burdens. This is an integral part of the Health and Safety Commission's (HSC's) Plan of Work for 1988-9.

8.5.4 Increasingly, the initiative for new regulation is coming from Europe, generated both by a new emphasis on health and safety from within the European Community, and also by the drive for technical harmonisation by 1992. The HSE gives top priority to negotiating to achieve directives which do not impose unnecessary burdens on business - particularly small businesses.

8.5.5 The HSC continues to replace outdated legislation with a system of simplified, more flexible regulations and approved



codes of practice designed to maintain or improve standards and better reflect modern conditions. Reforms in preparation include safety in the docks and safety in the mines.

8.5.6 This approach is best illustrated by the Control of Substances Hazardous to Health (COSHH) Regulations which were recently laid before Parliament. These Regulations and the associated approved codes of practice replace 6 sections of Acts of Parliament, 34 sets of Regulations and 13 substantial parts of other regulations with a new system of control based on assessment by employers of the actual risks in their work place. This approach reflects the impracticability in modern industry with its myriad processes and products of laying down precise controls in legislation for every situation and should enable industry to deploy resources for control purposes in a practical and cost effective manner.



## SOCIAL SECURITY

8.6.1 The link between the social security system and business is strong and longstanding. National Insurance Contributions pay for and give rights to benefit. Statutory Sick Pay and Statutory Maternity Pay show our commitment to a sensible balance between direct provision by the State and the advantages of greater individual responsibility, flexibility and efficiency that can arise from direct employer involvement. The Department of Social Security (DSS) aims to help employers understand our requirements and procedures, making compliance easier. The Social Security Advice Line for Employers is an important step towards that: future initiatives will take the principle further.

8.6.2 Communications with Business Consultants commissioned to look at social security communications with business reported in September 1988 with recommendations which have wide ranging implications for DSS literature. These will take time to implement in full but the launch of some of the new material will take place in April 1989 . We are also improving and simplifying the forms used for communicating with business.

8.6.3 Statutory Sick Pay (SSP) - Guidance The Employer's Guide to Statutory Sick Pay and associated forms and documents will be among the first to be revised in April 1989, aiming for a clearer guide - particularly for small businesses who pay SSP less often - making it easier to understand and operate the procedures.



8.6.4 Statutory Sick Pay and Statutory Maternity Pay Seminars A new seminar service to advise and help employers in the operation of SSP and SMP is under consideration. These would be run by DSS officials particularly for small businesses. A pilot scheme began in Glasgow on 12 October 1988.

8.6.5 Statutory Sick Pay Video DSS is producing a video giving guidance, particularly to small employers, on the calculation, payment and recovery of SSP available in April 1989.

8.6.6 Enquiries to Business A comprehensive internal study into the enquiries DSS makes of business has made 59 recommendations, now being considered. The aim is for a cumulative reduction in the number and variety of enquiries.



## HEALTH

8.7.1 The Department of Health (DOH) includes the National Health Service and the personal social services and therefore affects all members of society. The Government is currently undertaking a review of the National Health Service. One of its aims in undertaking the review is to find ways to encourage further collaboration between the public and private sectors, and a greater awareness of what each has to offer. Proposals will be brought forward as soon as possible.

8.7.2 Income Generation in the Health Service The Health and Medicines Act 1988 will remove most of the legal bars that hinder Health Authorities wishing to take a commercial approach to generate additional income for the provision of health care. The NHS Management Board has set up an Income Generation Unit at DOH to support and encourage Health Authorities in implementing income generation schemes. The Unit will forge links with business to identify commercial opportunities.

8.7.3 Licensing and Control of Medicines An independent study on control of medicines was published in January 1988. The report made a number of recommendations aimed at improving the handling of licence applications and sustaining the UK's reputation in this field. Its key recommendations have been accepted in principle by the Government, and the post of Director of the new Medicines Control Agency has been advertised. The



implementation of the recommendations is important in the context of the development of a single market by 1992 and consultation is currently going on within the EC on the form that future regulatory control should take: mutual recognition of national decisions, a central regulatory agency, or an intermediate approach.



## GOVERNMENT AND INDUSTRY

### TRADE AND INDUSTRY

8.8.1 The Department of Trade and Industry (DTI) works with business to promote best practice, and within government to create a climate that stimulates enterprise and reduces red tape. Business flourishes in a competitive and open economy, and we aim to secure this both at home and abroad. DTI seeks to:

- produce a more competitive market by encouraging competition and tackling restrictive practices, cartels and monopolies;
- secure a more efficient market by improving the provision of information to business about new methods and opportunities;
- create a larger market by privatisation and deregulation;
- increase confidence in the working of markets by achieving a fair level of protection for the individual consumer and investor.

At all times DTI seeks to minimise barriers to business activity, both domestically and within the European Community. DTI seeks



to ensure that essential protections are provided in the most cost effective way for both consumers and business.

### Companies

8.8.2 Elective Regime Proposals have been drawn up to enable private companies to act by means of unanimous written resolutions, and - subject to the agreement of shareholders - to opt out of certain provisions of the Companies Act which are of concern only to shareholders.

8.8.3 Small company accounts Disclosure requirements for the accounts of small companies will be introduced which will be less stringent than for other companies. Either these or modified accounts will be acceptable to Companies Registration Offices.

### Competition

8.8.4 Restrictive Trade Practices The Government are proposing a fundamental change in the legislation in this area, to an approach based on the anti-competitive effect of particular agreements, rather than on the form of agreements, as at present. This would remove from the scope of the legislation many agreements which have no significant adverse effect on competition.



8.8.5 Solicitors in Scotland The legislation governing solicitors in Scotland is being reviewed, following responses to a Discussion Paper issued in November 1987 which contained proposals for reducing restrictions on the way solicitors can practice in Scotland.

8.8.6 Trade Marks Legislation The Government are considering what needs to be done to revise the legislation in this area, particularly in the light of EC developments.

#### Financial Services

[8.8.7 Financial Services Act The rules made by the Securities and Investments Board (SIB) under the Financial Services Act set the standard of investor protection which has to be met by the rules of recognised self-regulating organisations and recognised professional bodies. If investors are to be adequately protected it is necessary that investment businesses should be subject to some restrictions. But now that the Act has been brought into force there is an opportunity to consider in the light of experience whether it is possible to ease some of the requirements of the rules without adversely affecting the interests of investors, particularly private investors. SIB has embarked on a review of its rules for this purpose and will be consulting interested bodies on its proposals. [It has also been suggested that difficulties are caused for businesses by section 62 of the Act, which creates civil liabilities where loss is



caused by a breach of the rules. DTI is considering whether the section could be modified without removing desirable protections for investors.]]

### Consumer Law

8.8.8 The Consumer Credit Act provides necessary protection for borrowers and does not, in general, impose continuing costs on business. But there has been evidence that some areas of its operation have not been entirely satisfactory. Following a full study and consultation the Government have decided to make changes to the Act. The main elements are:

- \* All business lending and hiring will be removed from the scope of the Act.
- \* The provisions of the Act dealing with multiple agreements will be clarified and simplified.
- \* It will be made easier to modify agreements where this is done at the request of the borrower.
- \* The cancellation provisions will be simplified and brought into line with the Doorstep Selling Directive, implemented on 1 July 1988. A much clearer and more prominent indication of the borrower's right to cancel



will be required in the documentation prescribed by regulations.

- \* The provisions in relation to secured lending will be simplified. We propose to align the cancellation provisions of secured lending with those for unsecured agreements and doorstep cash sales.
  
- \* We are consulting on proposals to restrict substantially the scope of the consumer credit licensing system to limit positive licensing requirements to lenders and hirers, whose main activities include consumer credit. Other credit businesses should be relieved of the need to apply to the Director General of Fair Trading (DGFT) for a licence. Unfit operators in these categories will be controlled by a reserve power allowing the DGFT to ban traders who prove to be unfit - with immediate effect where appropriate. Businesses other than lenders or hirers will be required to apply for authorisation if there is reason to believe that they represent a risk to consumers (eg. if they have previously been banned by the DGFT, or have convictions for breaches of relevant legislation).

8.8.9 Consumer Credit Advertisements New draft regulations are being prepared which are much shorter than the present regulations and in plain English, but give the consumer more



directly relevant information and reduce the overall burden on business.

8.8.10 Radio Communications Work on further deregulatory initiatives in this area includes:

- \* Examining further areas for licence exemption
- \* A more open attitude to requests for radio spectrum for new services
- \* Research on self-trunking technologies requiring less burdensome and individual regulations.

#### Insurance

8.8.11 Non-Life Insurance Business A review has begun of the regulation of non-life insurance business, excluding Lloyds, with a view to improving the cost effectiveness of regulation and the presentation of the related returns required by insurance companies legislation. Lessons from the review will be taken into account in considering the returns required for life assurance business.

8.8.12 Statistics The Government's actions to reduce the burdens on business resulting from statistical surveys are set out in para 6.3. The DTI has initiated a separate scrutiny of the



statistics it produces to examine the scope for further limiting the burden of statistical form filling whilst safeguarding the need for statistical information.

8.8.13 Consumer Safety A systematic re-examination of consumer safety regulations has begun following the new approach to general safety requirements (GSR) introduced under the Consumer Protection Act 1987. An initial list of areas where existing regulations are to be revoked includes cooking utensils, vitreous enamelware, oil heaters and lamps, and babies' dummies.

8.8.14 Fees for proofing of gun barrels Proof Houses are to be allowed to set their own charges independently of Government.

8.8.15 Industrial Organisation and Development Act 1947 The statutory research levy on the iron casting industry made under this Act is to be removed. There will be consultation on the future of the Wool Textile Industry (Export Promotion) Levy.



## TRANSPORT

8.9.1 The Department of Transport (DTp) will continue to encourage the growth of the most liberal international transport market possible, to promote maximum business opportunities, and enable fair competition between transport companies, providing a choice and flexibility of services for both business customers and the public, while paying due account to safety and other national requirements.

8.9.2 Bus Services in London The Government intend to deregulate local bus services within London in the early 1990s. In the meantime London Buses Ltd will be split into a number of smaller companies which will compete with each other as well with private operators. London Regional Transport will offer more bus routes for competitive tender. More than a third of the existing bus network will be opened to competition in this way.

8.9.3 Increase in Weight Threshold for HGV Plating and Testing Changing the current 1525 kg unladen weight threshold, above which goods vehicles must be plated and tested, to a threshold of 3500 kg laden is being considered. It would bring 60,000 light goods vehicles out of the HGV plating and testing scheme into the less costly and less stringent MOT scheme.

8.9.4 Harmonisation of the Driver Licensing System A common format licence to be used throughout the EC, will be introduced



in 1991. It should make it easier for drivers travelling in other EC countries and will be more efficient to run. The Government will be taking a tough line in negotiations to preserve the entitlement of ordinary licence holders to drive minibuses and goods vehicles under 7.5 tonnes.

8.9.5 Tachographs A new scheme of tachograph repairer approval is being introduced which will allow increased competition and help repairers sell their products overseas. Other ways of easing administrative controls on tachograph centres are being considered.

8.9.6 Axle Weight The Government propose to increase the permitted weight on each axle of a triaxle of a semi-trailer from 7.5 tonnes to 8 tonnes, provided air or other compressible fluid suspension is fitted.

8.9.7 MOT Test Procedure The paperwork required of garages will be reduced by eliminating the requirements for the issue of inspection reports for vehicles which are free from defects.

8.9.8 Type Approval Review In consultation with the motor industry, DTp is exploring whether national type approval can be made more accessible to smaller firms, which at present find the time and costs involved in getting type approval prohibitive and may therefore be discouraged from expanding. A revised approval



system for small production runs by higher volume manufacturers is being considered, and a more realistic exemption for prototype vehicles is being worked up.



## ENERGY

8.10.1 Restrictions on licensed mines Under the Coal Industry Nationalisation Act 1946, nearly all unworked coal in Great Britain is vested in British Coal. Under the legislation, private operators can only work reserves with a licence from British Coal, and those licences - there are some 230 now current - are very restricted in their scope. The Government wish to see a thriving private coal sector and are therefore considering how these statutory limitations might be amended.



## AGRICULTURE FISHERIES AND FOOD

8.11.1 Farming today is having to adapt to the measures taken to tackle agricultural surpluses in the European Community, and to greater public interest in protecting our rural environment, in animal welfare, in livestock and plant health, and in what goes into producing the food we eat. At the same time farmers, fishermen, and the food industry have to meet consumer demand for an ever more varied and wholesome diet. The Ministry of Agriculture, Fisheries and Food's (MAFF) aim is to encourage an enterprise climate to meet these changing needs among all food producers. This objective is pursued in the context of Section 17 of the Agriculture Act 1986, which requires ministers to endeavour to achieve a reasonable balance between the interests of agriculture; the social and economic interests of rural areas; the conservation and enhancement of the natural beauty and amenity of the countryside; and the enjoyment of it by the public.

8.11.2 EC Regulations EC membership imposes immense regulatory requirements on agriculture, fisheries and food manufacturing. MAFF has been closely involved in the United Kingdom initiative to develop deregulation in Brussels. So far the main emphasis has been in scrutinising proposals for new regulations. The scope for changing existing regulations relating, for example, to market support, prevention of fraud, or food safety is very often limited, while measures such as those to assist consumer



awareness and choice by informative labelling are clearly beneficial. But the Ministry will pay attention to identifying, in consultation with the sectors involved, unnecessary requirements in existing regulations.

8.11.3 UK Marketing arrangements Marketing is an increasing priority for the agriculture and food industries. The various marketing schemes made under the Agricultural Marketing Acts need to be kept under review to meet changing market circumstances and the needs of business; a major consultation exercise was launched on 6 September to examine the future of potato marketing policy. Ministers have also recently announced new funding arrangements for Food from Britain for 1989/90 and 1990/91. These should enable Food from Britain to plan more effectively their activities for promoting British food.

8.11.4 Consultation with business MAFF places particular emphasis on consultation and many proposals are adapted in the light of comments received from those who will be most affected. Recent examples are the Alcoholic Strength Labelling Regulations 1988 and the Pesticides (Maximum Residue Levels in Food) Regulations 1988. Care will be taken to ensure that new regulations take account of comments from business and pose as little burden as possible consistently with the objectives to be achieved (eg salmon dealer licensing).



8.11.5 Simplification of regulations Current work includes:

- (a) Review of the Food Act 1984 There has been widespread support from industry and enforcement interests for new legislation to replace the Food Act 1984 (a consolidating Act). Proposals for new legislation are being prepared in the light of consultation. The aim is to simplify and streamline the legislation while ensuring adequate consumer protection.
- (b) Review of Soft Drink Regulations There has been public consultation on proposals to remove the existing complex system of names and require instead the fruit or fruit juice content of drinks to be declared on the label where appropriate. MAFF are considering the comments received.
- (c) Review of Food Compositional Regulations The Food Advisory Committee is reviewing the need for controls on mustard, curry powder, tomato ketchup, suet, salad cream and ice cream, which all date back at least 20 years.

8.11.6 Service to business MAFF provides many services to businesses in the farming, fishing and food sectors - the services offered by ADAS are an obvious example. MAFF, DoE and the Welsh Office are to produce a farmer's guide to the planning system which will help farmers to present their applications effectively, and with due regard for the character of their area.



With other departments, MAFF also plans to work with those involved in agricultural training and education to ensure that the resources available are best deployed to meet the needs of a changing industry, and assist with rural job creation.

8.11.7 MAFF is concerned to improve, where necessary, the quality of its services to business. For example, delays in the approval of pesticides - largely caused by a rush of applications under the new approvals scheme - have recently caused concern. New staff are being recruited and trained and the waiting period is now being reduced. Recent innovations by the Intervention Board for Agricultural Produce (IBAP) to improve the service to farmers and traders are outlined at paragraph 9.11.9. But there have also been delays here, in payment of export refunds following the introduction of new customs and community documentation at the beginning of 1988. Steps are being taken to remedy the situation, and the Government have decided to pay compensation on export refund claims where the delay has been unreasonable.



## HOME AFFAIRS

[8.12.1 The Home Office (HO) has an exceptionally wide range of responsibilities, some of which affect business. Licensing systems control many aspects of business, such as specifying the individuals who can operate certain types of business, (for example a justice's licence is necessary to sell liquor). Other regulations may affect the context in which a business is run: fire regulations are intended to save life and businesses need to be aware of and comply with them. The sale or use of dangerous goods, such as weapons or poisons may be controlled. Additionally the Home Office provides visas and passports, services which need to be delivered promptly and efficiently. The Home Office aims to ensure that the regulations for which it is responsible are as little burdensome to business as is consistent with upholding the essential purpose of the regulations, and that the services it provides to business are delivered well and efficiently.]

[8.12.2 Broadcasting Proposals for early legislation based substantially on the Green Paper 'Radio: Choices and Opportunities' were announced in January 1988. The Government are proposing a new enabling framework for independent radio. New national and local services are in prospect. All independent radio broadcasting will be regulated under a lighter regime by a new radio authority. This deregulation should reduce compliance costs for individual radio stations, and give greater freedom



over programming and commercial decisions. The right conditions will be created for a radical expansion of radio broadcasting and for much wider choice for the listener. The Government hope to publish a White Paper on further proposals for broadcasting legislation within the next few months. The Government wish to see increased competition, efficiency and consumer choice in broadcasting without detriment to high programme standards.]

8.12.3 Data Protection Act 1984 The Act came fully into force on 11 November 1987. It had always been the Government's intention to take stock of the legislation after a reasonable period of experience. An interdepartmental group was set up in July "to review the implementation of the Data Protection Act, particularly with regard to the impact on data users of the registration requirements, and to make recommendations". The group consists of representatives of the Home Office, the Department of Trade and Industry and the Department of Employment. The Data Protection Registrar will act in an advisory capacity. The group will proceed in stages, dealing first with the registration aspects. The results of a wide-ranging consultation exercise undertaken by the Registrar will be made available to the group. The group may if they consider it desirable in the interests of data subjects or data users, propose specific amendments to the 1984 Act.

8.12.4 Sunday Trading Restrictions on Sunday trading continue to be contentious. There is widespread agreement that the



present law is unsatisfactory. It restricts consumer choice, inhibits retailers, and it is riddled with anomalies. Following the detailed investigation by the Auld Committee, the Government accepted its conclusion that total deregulation was the most satisfactory solution. Unfortunately the Shops Bill, incorporating this concept, was defeated in 1986.

8.12.5 Even opponents of total deregulation recognise the unsatisfactory nature of the present position in which traders open on Sunday in order to satisfy demand from the public, bringing the law into disrepute. The Government take the view, therefore, that if total deregulation is still unlikely to achieve a Parliamentary majority, we are prepared to consider a compromise once a wide measure of agreement can be achieved on the form that it should take. It will need to be a significant step towards deregulation and avoid introducing a new set of anomalies. It will also need to be enforceable. To this end the Government are encouraging interested parties to meet and discuss the issue, and are consulting those on all sides with a view to arriving at a compromise which can lead to legislation.

8.12.6 Betting and Gaming Controls There are necessarily strict controls on gaming which, without them, can become infiltrated by organised crime. The Home Office has, however, identified a number of ways in which the application of regulations could be eased without affecting the integrity of the controls. Some measures have already been the subject of legislation, and



currently awaiting legislation are proposals to streamline the licensing system in ways similar to those that will be applied to liquor licensing by the Licensing Act 1988. Additionally, regulations are being made to enable bingo clubs to open at 10.00am for "morning bingo".

8.12.7 Lotteries The failure of the "NHS" Lottery has shown that the legislation for lotteries is an area of great sensitivity. The Government continue to keep the subject under review.

8.12.8 Passport Procedures The present outdated manual system of passport production cannot cope with the increasing level of demand at peak periods and there have been long and inconvenient delays. A phased programme of computerisation began in August 1988. By the end of 1989 all 6 passport offices in the United Kingdom should have been computerised. That should enable them to maintain a reliable service and provide passports promptly on demand, even at peak periods. The computerised passport offices will produce a new form of United Kingdom passport which is machine-readable and in a format common to all EC countries. Business travellers should benefit substantially from an improved service in the issuing of passports, and speedier clearance at international frontiers.



8.13.1 The Scottish, Welsh and Northern Ireland Offices each play a distinctive role in the deregulation initiative, whether adopting separate legislation or administrative procedures to meet better the needs of business, or contribute to United Kingdom legislation.

8.13.2 Scotland Most of the major regulatory burdens on Scottish business arise from UK legislation, but there are areas, such as Sunday trading, where Scotland has distinctly different legislation. The Scottish Office is fully aware of the need for deregulation in Scotland as part of its emphasis on helping business in Scotland to grow and prosper. This is being extended by removing unnecessary regulations and encouraging enterprise in Scotland wherever possible, often using the services of the Scottish Development Agency and the Highlands and Islands Development Board.

8.13.3 Wales The Welsh Office places high emphasis on helping business, particularly small businesses, using its special links with other agencies in Wales. Central to that is the Gateway Network - a network of agencies and organisations committed to helping small businesses. It was launched in October 1987, and then comprised the Welsh Office and its agencies, local authorities, British Coal Enterprise, and British Steel Corporation (Industry). It has recently been extended to include the main clearing banks. An improved information service to business in Wales is being provided by a mobile exhibition and



information unit which visits industrial estates and other locations to bring information about Government services to companies doorsteps. There are relatively few instances where regulations in Wales are fundamentally different from those in the rest of the United Kingdom. Nonetheless the Welsh Office, through the co-ordination of the Welsh Enterprise and Deregulation Unit, seeks to ensure that in making decisions government takes full account of the impact on business in Wales of new and existing regulations.

8.13.4 Northern Ireland Since Northern Ireland has distinct administrative and legislative arrangements, this paper does not discuss the parallel initiative which is being developed there to create the environment essential to economic growth. Responsibility for that has recently been given to a new enterprise and deregulation unit in the Department of Economic Development. This unit is ensuring that Northern Ireland takes full advantage of the opportunities of deregulation, and in particular that, where appropriate, reforms pioneered in GB Departments are introduced in Northern Ireland. It is also seeking to assist the work already in hand to foster attitudes and administrative systems in Northern Ireland which are best geared to supporting and promoting enterprise.



## CROSS-DEPARTMENTAL WORK

### 8.14.1 Review of Building Control and Fire Precautions

Regulations In the light of business concern, the Government [have appointed] consultants to review the interaction between building control and fire precautions regulations administered by separate local enforcement authorities. The consultants will examine the way the legislation is implemented, and the training, skills and management requirements needed for consistent enforcement. They will make recommendations about the most appropriate enforcement methods, the forms of authority by which it would best be done and the scope for further private sector involvement. An inter-departmental group involving Home Office, DoE, HSE and Treasury and chaired by EDU will oversee the consultants' work.

8.14.2 Licensing Successive reports have recorded progress on removing obsolete or unnecessary business licences. Further progress is reported in Annex 1. Over the coming year departments will further review the administration of licences. The review will look for simpler, and more standardised forms, considering the possibility of a single business registration form for most licensing or registration purposes. The review will also see whether licences could be issued for longer periods and expiry dates co-ordinated. The scope for Starter Packs for the main licensed sectors, bringing together forms and information on the various licences required, will be explored.



8.14.3 The success of the review will depend on the active co-operation of the many licensing authorities outside central government - local authorities and licensing justices, for example. The Government look to them for help in finding ways to remove inconsistencies and duplication in licensing forms and practice. We need to avoid unnecessary burdens on local authorities, and the review will take account of that. Work on the review has already begun.

#### 8.14.4 Private Bills

- Central Government Action Following a review of their own scrutiny procedures, government departments have continued to consider the burdens likely to be imposed on business by Private Bills. Progress reports to EDU suggest that there have been few Bills introduced in the current session which have been regarded as potentially burdensome.
  
- Parliament The report of the Joint Parliamentary Committee on Private Bill Procedure was published on 19 October (HL Paper 97). In the light of that report, EDU will continue to monitor whether any further action is needed to fulfil the original commitment in 'Lifting the Burden' to ensure that local measures reflect the need for a balanced deregulation programme.



local measures reflect the need for a balanced  
deregulation programme.



## ANNEX ONE

### RECENT ACHIEVEMENTS

9.1.1 This Annex sets out progress made since the report 'Encouraging Enterprise' in May 1987. It covers both further steps taken on previous work, and the many new areas for deregulation which have been identified.

#### ENVIRONMENT

##### Planning

9.2.1 Planning Guidance A new series of Planning Policy Guidance Notes, and a parallel series of Minerals Planning Guidance Notes were published in January 1988. These notes provide concise and practical guidance on planning policies, in a clearer and more accessible form than in earlier Departmental Circulars and other official publications. Further titles in the series are in preparation.

9.2.2 Simplified Planning Zones Regulations to allow simplified planning zones were implemented in November 1987. The first one in Derby was adopted on 3 August 1988, and the second at Corby on 1 September. Further proposals are being prepared for East Birmingham, Rotherham, Glanford/Scunthorpe, and Monklands (Scotland).



9.2.3 The Use Classes Order Changes to modernize the Use Classes Order and enable a wider range of changes of use to take place without the need for planning permission were implemented in June 1987.

9.2.4 The General Development Order [Following further consultation, the revised and simplified General Development Order (GDO) came into force on 28 November 1988.]

9.2.5 Tourist Signs A 2-year experiment, introducing arrangements providing "deemed consent" for the display of directional advertising signs for tourist attractions and facilities, began in East Kent in July 1987, and is being carefully monitored by a consultant. The Department of Transport is running a complementary experiment, examining liberalisation of road signs for hotels.

9.2.6 Outdoor Advertisement Control Changes to simplify the Control of Advertisement Regulations took effect in January 1988. Further amendments and consolidation, including relaxing the rules governing illuminated signs, should be completed soon.

9.2.7 Time Limits for Planning Appeals Regulations came into force on 5 May 1987 enabling the Secretary of State to set time limits for planning appeals determined by the written representations procedure.



9.2.8 Planning Inquiry Procedure Rules Revised inquiries procedure rules came into force on 7 July 1988, together with codes of practice on preparing for major inquiries and on hearings. These should help to speed up planning appeals involving inquiries and hearings.

9.2.9 Planning Applications Guidelines on good practice in the handling of planning applications were published by the National Development Control Forum in February 1988.

9.2.10 The Development Plan System A consultation paper on proposals to simplify and improve the overall development plan system was published in September 1986. The results and next steps are under consideration, and awaiting legislative time.

9.2.11 Refusal of Planning Permission Further research on the effects on business of refusing planning permission was commissioned, and the consultants will publish their final report shortly.

### Housing and Construction

9.2.12 New Private Lettings The Housing Bill deregulates new residential lettings by private landlords. Tenants and landlords will in future have the choice of two types of tenancy, both at market rents. Assured tenancies will provide long term statutory



security and assured shorthold tenancies security for a fixed term of at least 6 months. In addition most of the remaining statutory controls over new lettings by resident landlords will be removed. Together with the extension of the Business Expansion Scheme to investment in private rented housing, and new powers for local authorities to give financial assistance to private landlords, these measures will provide a powerful new incentive to invest in the private rented sector.

9.2.13 Non-domestic rates The Local Government Finance Act 1988 introduces the national non-domestic rate, which will free businesses from the threat of unpredictable rate increases year after year. From 1990, businesses will have the guarantee that rates will rise by no more - and possibly less - than the rate of inflation.

#### Environmental Protection

9.2.14 Guidance on Development Involving Agricultural Land New planning policy guidance has been issued to local planning authorities which reflects changes in agricultural policy and the need to diversify the rural economy. Local planning authorities must now consider the environmental, economic and agricultural aspects of development proposals. [The arrangements for consulting about proposals for developing agricultural land were amended in the GDO which came into force on 28 November 1988.] As a result local planning authorities are asked only to consult



MAFF (or the Agriculture Departments in Scotland or Wales) about the more significant cases.

9.2.15 Listed Buildings A Scottish Development Department Circular (No 17/1987) was issued in September 1987 to announce legislative and administrative changes to the controls on listed buildings. Most decisions on listed building appeals have been delegated to inquiry reporters. Planning authorities have been given delegated powers to approve applications for alterations or extensions of certain listed categories. Formal listing notices to owners have been discontinued as unnecessary duplication, and demolition controls in conservation areas have been modified.

9.2.16 Rural Development Commission In April 1988 the Development Commission merged with its main agency the Council for Small Industries in Rural Areas, under the title of the Rural Development Commission. The new organisation can more effectively deliver services to small firms in rural areas, and will be in much more direct touch with industry's requirements.

#### Action On Business Licensing

9.2.17 Endangered Species (Export and Import) Act 1976 The DoE guide to importing and exporting endangered species 'Notice to Importers and Exporters' was updated in 1987. Its format was revised to make it easier to understand, special guides were produced and a one page summary of controls and notes helps



importers and exporters with the specific task of completing their application forms.

9.2.18 Scotland As part of the review in Scotland of a wide range of local authority licensing of commercial activities, it is intended that a consultation paper will be issued before the end of 1988. The aim is to complete consultations so that amending legislation can be brought forward in 1989/90.



## TAX

### CUSTOMS AND EXCISE

9.3.1 VAT: Cash Accounting The scheme came into effect on 1 October 1987, and will be reviewed after a full year in operation (para 9.3.6).

9.3.2 VAT: Special Schemes for retailers The special schemes for retailers have been modified and made more widely available as part of the 'VAT: Small Business Review', with effect from 1 October 1987.

9.3.3 VAT: Annual Accounting The optional scheme which allows small businesses to make a single VAT return each year came into operation on 1 July 1988.

9.3.4 Public Enquiry Offices Customs have set up a country-wide network of over 120 public enquiry offices to help business people and the public with enquiries on all Customs and Excise matters, including VAT. The numbers of these offices are shown as "Enquiry Office" under 'Customs and Excise' in local telephone directories.

9.3.5 VAT: Record keeping Following a consultants' report on the impact of record keeping on small businesses, Customs are revising their existing guidance to place greater emphasis on the



availability of concessions for the early destruction of certain records.

9.3.6 Review of Free Zone Rules The Customs' review of Freezone rules concluded that the existing rules were generally equitable and soundly based. But in future when goods processed in Freezones are removed to the rest of the UK, traders will be permitted to pay import VAT only on the value of the imported elements, rather than on the full value. A full review of the Freezone experiment will take place in 1989, in full consultation with interested parties.

9.3.7 Simplification of administration of gaming machine licence duty Changes in the arrangements for the issue of licences and for the repayment or credit of duty for surrendered licences were implemented on 1 October 1987. New, simplified regulations are expected to come into operation in late 1988.

9.3.8 'Customs 88' Project The Single Administrative Document (SAD) was introduced in January 1988 for the movement of goods within the EC, replacing over 20 import and export documents in use in the UK. A new tariff was introduced to meet the needs of today's trade worldwide. More comprehensive in content and layout, it is available in electronic form to help firms who rely substantially on computers.



9.3.9 Customs Import Declarations: Extension of Direct Trader Input The system of Direct Trader Input whereby traders input declarations direct into the Customs computer has been extended to more than 80% of UK import traffic.

9.3.10 Reporting of Aircraft Arrivals New arrangements have been introduced for the bulk reporting of aircraft arrivals, avoiding the need for commanders of aircraft to make individual reports at Customs offices.

9.3.11 Repayment of import VAT On 1 July 1988 arrangements were introduced for the repayment of import VAT paid on behalf of importers by shipping agents and freight forwarders.

9.3.12 Statistical Threshold On 1 January 1988, as a result of the UK initiative, the low value threshold for trade statistics was increased from £475 to £600 for the UK.



## INLAND REVENUE

9.4.1 1988 Budget Measures The following tax changes build on a large number of measures which have already helped small businesses since 1979. They represent a further step towards reducing the weight of taxation and should give further encouragement to small business to help them increase their profitability and expand.

- Reduction in Tax Rates The reduction in the basic rate of income tax, the reform of higher rates of income tax, the reduction in the rate of Inheritance tax, and the lowering of the small companies tax rate are major steps towards creating an environment to encourage enterprise.
  
- Business Expansion Scheme The change made to the Business Expansion Scheme in the 1988 Budget concentrated relief on small firms.
  
- Capital Gains Tax The base date for computing capital gains has been changed from 6 April 1965 to 31 March 1982. This eased the potential burden of capital gains tax for many small businesses.
  
- Abolition of capital duty The abolition of capital duty removed a tax on businesses which decided to incorporate and existing companies which decide to raise new equity capital.



It saved businesses £80m in 1988-89. It also simplified the tax system, and will reduce by over 100,000 the total number of forms companies send each year to the Companies Registration Office to satisfy Inland Revenue requirements.

- Business Retirement Relief Retirement Relief from capital gains on the disposal of a business or shares in a family company at age 60 or above (or earlier for ill-health retirement) has been extended to cover half of any gain between £125,000 and £500,000.

9.4.2 Form P11D A new, streamlined version of the form was issued in February 1988 for use by employers after 6 April 1988.

Publicity advising employers that they can make arrangements with their tax office to dispense with completing the form for particular items of remuneration has been increased.

Dispensations have increased by 25%, and over 90% of applications were approved.

### Computers and the Revenue

9.4.3 Computerisation of Pay As You Earn (COP) A major milestone in the Inland Revenue's continuing programme of computerisation was reached last September when COP was extended to the last group of tax offices outside Scotland. Over 1.1 million employers and 28 million individuals will benefit from a faster, more efficient service. The computerisation of Schedule D



assessing is providing similar benefits for the self employed, including clearer, more legible assessments, and a detailed reconciliation of the amounts due.

9.4.4 Computerised tax returns The Inland Revenue introduced in May 1987 new arrangements for the use of facsimile tax returns. Seven suppliers have already had forms generated by computers accepted as complying with the Revenue's requirements. Returns can also be printed by businesses (for example in order to be used in computer systems). The Revenue published advance copies of the major tax returns more than three months before the general issue, giving businesses more time to produce computer-printed versions. These measures facilitate the completion of tax returns produced by software packages.

9.4.5 Benefits in Kind The Chancellor's 1988 Budget announced the exemption of car parking from the rules relating to benefits in kind. This simplified a difficult administrative problem, and complements the earlier exemption of the provisions on third party entertainment.

9.4.6 P47 Limit If the refund apparently due to a new employee under PAYE exceeds a statutory limit, the employer needs authority from the tax office before he makes the refund. This limit was doubled (to £100) in April 1988. This will reduce the number of occasions when employers will have to obtain this authority by over 150,000 a year.



9.4.7 Simplified Pension Schemes Model rules and guidance notes were introduced in February 1988, as an important step towards extending private pensions coverage. This new "no frills" pension scheme encourages smaller employers to set up schemes where they might previously have been deterred by the normal tax approval requirements.

9.4.8 Free-Standing AVCs The introduction of free-standing Additional Voluntary Contributions has given employees greater freedom to choose how to provide for their retirement, and helps labour mobility. Streamlined procedures were introduced in October 1987 to reduce the administrative requirements for pension schemes. A simple leaflet explaining the rules for personal pensions was published in September 1988.

9.4.9 Treasury consent for certain transactions by companies The requirement that companies must obtain Treasury consent to migration or transfer of their business abroad was abolished in the 1988 Finance Act. In addition, the publication in March 1988 of revised General Consents for certain transactions in shares and debentures of overseas subsidiaries should halve the number of applications for Treasury consent.

9.4.10 Better Advice In addition to the tax enquiry centres (para 8.4.7) the Inland Revenue offers advice through a wide range of leaflets and booklets. During 1988 the Revenue has enhanced its



travelling information service - the Mobile Advice Centres. The Education Service for schools and colleges, which includes teaching packs, a video and leaflets, remains popular.

9.4.11 Employed or Self-employed? See para 6.5.

9.4.12 "Starter Pack for New Employers" See para 6.5.

9.4.13 Simplified PAYE Scheme See para 6.5.



## EMPLOYMENT DEPARTMENT GROUP

### EMPLOYMENT

9.5.1 Regulations and Self-employment The study of barriers to enterprise affecting the self-employed and very small firms has been completed. It showed that government regulations were perceived as a burden more by those thinking of becoming self-employed than those already in business. The regulations seen to cause the most problems were income tax, VAT and National Insurance. Health and Safety and Employment Protection were thought burdensome by only a very small minority of the interviewees. Over two-thirds found Government officials helpful. The results of the study will be circulated to departments to influence future deregulatory priorities.

[9.5.2 Wages Councils The Wages Act 1986 has restricted Wages Councils to making simplified orders which impose fewer requirements on employers and are far easier to understand and apply.]

9.5.3 Sex Discrimination Implementation on 26 February 1988 of the remaining provision of the Sex Discrimination Act 1988 removed the restrictions on night work for women. [The Government intend to remove further restrictions on the type of work women can do, notably in the mining industry.]



9.5.4 Young People A highly complex body of legislation regulates the hours and conditions of young people's employment. Following public consultation which started in December 1987, the Government intend to repeal the provisions contained in seven Acts of Parliament and numerous statutory instruments which regulate young people's hours of work, intervals for meals and rest, holidays, starting and finishing times, overtime, shiftwork and weekend work. We also intend to remove a number of outdated restrictions on the type of work young people may do and lift the burden of certain associated record-keeping requirements from employers.

9.5.5 Ill-founded claims of unfair dismissal To meet employers' concerns about the time and management effort taken up by ill-founded claims to industrial tribunals, 'Building Businesses ... Not Barriers' recorded proposals for a requirement for applicants to industrial tribunals to pay a fee. The weight of opinion in consultation was against this idea, so alternative proposals which focus more directly on weak cases were drawn up. The main proposal would give tribunals a discretionary power at the pre-hearing stage to require a deposit of up to £150 as a condition of proceeding further. This proposal has received general support in consultation, and the Government intend to legislate at the first opportunity to give tribunals the necessary powers.



9.5.6 Communications with business In 1987, DE won a Plain English Award for a series of fact sheets explaining employment law in clear and simple language. A guide entitled 'Employing People' produced by ACAS as part of the work it does for small firms also won an award. Work continues on editing and simplifying forms, which increasingly include guidance notes within them.

9.5.7 Discipline and related procedures The ACAS Council has decided not to revise the Code of Practice on discipline and related procedures. Instead it has issued an advisory booklet on the subject.

9.5.8 The Employment Service has removed unnecessary administrative barriers to people who wish to become self-employed through the Enterprise Allowance Scheme after previously taking part in the Department's other programmes.

9.5.9 Employment Training The new programme offers opportunities for enterprise and business start-up training, including simple market research and financial record keeping needs.

9.5.10 Loan Guarantee Scheme Simplified arrangements for loans under £15,000 were introduced on 6 January 1988. They enable the major banks to approve loan applications for small firms themselves without first referring them to DE, so speeding up the



lending decision. The application rate has doubled since this change was made.

9.5.11 Good Buying Practice DE's Good Buying Practice guidelines for staff, and training of buyers and managers, has helped to ensure that contacts with firms are dealt with efficiently. The interests of small firms are specifically considered. DE has also issued a leaflet 'Selling to the Department of Employment' which helps firms to identify which part of the organisation to approach to find a buyer.

9.5.12 National information for small firms In order to help provide a quick and accurate information and sign posting service via Freefone to anyone starting or running a business, the Small Firms Service has developed a computerised data base containing useful contacts, information on a variety of subjects, and details of relevant publications issued by the Service and others. This "National Reference Book" can now be bought by other small firms advisory bodies as a software package for IBM-compatible computers.

#### HEALTH AND SAFETY

9.5.13 Outdated legislation As part of the review of health and safety legislation under Section 1 (2) of the Health and Safety at Work Act, work continues to improve, simplify and consolidate the legislation after full consultation with those concerned. Of



the 24 major new regulations introduced since 1980, 12 revoked 74 sets of regulations and repealed 22 sections of Acts. Major reforms last year were:

- Dangerous Substances in Harbour Areas Regulations 1987 (revoked over 40 local acts and byelaws).
  
- Control of Asbestos at Work Regulations 1987 (revoked Asbestos Regulations 1969, and some more recent provisions).

9.5.14 Abstracts of Legislation At present some employers are required to display extracts from various health and safety Acts. The HSC consultative document published in December 1987 proposed that employers should be required instead to put up a poster or give their employees a leaflet written in plain English which would inform them about their employers' duties and suggest what they should do about any health and safety problems. Proposals for further action will shortly be considered by the Commission.

9.5.15 Guidance for Small Business The HSC has established a small firms working group to identify possible improvements in communications with small firms. The group has been involved in the production of a number of publications, and in particular a comprehensive guidance booklet 'The Essentials of Health and Safety at Work' designed specifically for small firms. The booklet was published in Summer 1988 and 12,000 copies were sold



in the first two months (at £3 a copy). Training for health and safety Inspectors now pays greater attention to small firms.

9.5.16 Local Authorities Enforcement Powers Following a desk study, it has been decided that work on the proposal to transfer local authorities' health and safety enforcement powers to the Factory Inspectorate should not be taken forward. The HSC provisionally agreed proposals in July 1988 to revise the Health and Safety (Enforcing Authority) Regulations. The proposals, on which there has been extensive consultation, extend and clarify the responsibilities of local authorities for enforcing health and safety legislation. They remove various anomalies that have arisen since the existing regulations were introduced in 1977.



## SOCIAL SECURITY

9.6.1 Pensions Major changes to pensions legislation help to ensure that the emerging cost of the state pension can be afforded by contributors, including employers. The Government have provided a more flexible pensions framework in order to encourage the extension of occupational and personal pensions, improving labour mobility.

9.6.2 Contracted-Out Money Purchase Scheme (COMPS) The conditions for contracting out of the state pension scheme were simplified in November 1986. Further improvements were implemented in April 1988 when a new type of occupational pension for contracting out (a "contracted-out money purchase scheme") was introduced. This particularly helps small employers, by not imposing an open-ended commitment.

9.6.3 Personal Pensions New personal pensions schemes were introduced in July 1988, which do not need to involve employers. Any payments made by employers to employees' personal pension schemes are exempt from NI contributions.

9.6.4 Financial Incentives for Newly Contracted-Out Occupational and Personal Pension Schemes Financial incentives are provided to those schemes which newly contract-out of the State scheme before April 1993. Payments will be made by DSS directly to the pension scheme concerned.



9.6.5 Social Security Advice Line for Employers and the Self-Employed (SSALE) - 0800-393539 A new free telephone enquiry service was introduced on 22 February 1988 especially for employers and the self-employed. It is designed to be of particular assistance to new and small businesses and provides expert advice on NI contributions, Statutory Sick Pay and Statutory Maternity Pay. The service has been very well received, particularly by small firms. Demand has been heavy, with the service handling around 350 calls per day.

9.6.6 Enquiries to Business have been reduced.

- Changes to the treatment of earnings, at the beginning and end of claims, under the Income Support Scheme introduced in April 1988 are expected to result in 2 million fewer enquiries a year.
- From 2 October 1988 changes in the contributions requirements for unemployment benefit will eventually reduce enquiries by a further 850,000 a year. Changes to other schemes have achieved further reductions.
- Four separate legal aid enquiry forms were replaced in July 1988 by a single form which can be used by all business applicants including the self-employed.



- Local authorities have been advised to minimise enquiries to employers on housing benefit claims.



## HEALTH

9.7.1 Physiotherapists practising as Acupuncturists The requirement for physiotherapists to register in order to practice acupuncture is to be abolished.

9.7.2 Review of Food Legislation Following a review of the Food Act 1984, the legislation is being updated and simplified. Consideration is being given to replacing the multiple licence registration requirement for food retail outlets with a single, once and for all registration requirement for new businesses.

9.7.3 Controls on Nurses' Agencies Following a consultation exercise on the working of the Nurses Agencies Act 1957 [the Government are consulting interested organisations on proposals for repealing the legislation.]



## GOVERNMENT AND INDUSTRY

### TRADE AND INDUSTRY

#### Companies

9.8.1 Filing annual accounts and returns at CRO Proposals have been announced to reduce information required in annual returns to Companies Registration Offices (CRO), and introduce a "shuttle" system enabling companies to update information, not submit a full return each year. CRO have also improved guidance, and introduced a computerised system to issue reminders for annual returns.

9.8.2 Simplified information requirements It is proposed to allow listed companies to produce summarised annual reports and accounts for shareholders not wishing to receive full accounts.

9.8.3 Company charges and loans Following further consultation, proposals are being prepared for improving the system of registration of charges and securities given for loans. Registration will be streamlined, the provisions for foreign companies clarified, and the differing systems in England and Wales and in Scotland brought closer together.

9.8.4 EC Company Law In discussions on the Commission's Company Law Harmonisation programme, the Government have sought to avoid



new and unnecessary burdens, and opportunities to reduce existing ones. The UK is pressing for proposals for further exemptions for small and medium sized enterprises from the requirements of the Fourth and Seventh Directives.

9.8.5 Enterprise Initiative The Enterprise Initiative brings together all DTI advisory services for business into a single package, making it easier for businessmen to see the range of services and to select those most relevant to their needs. The overall objective is to encourage self-help using outside expertise in improving management performance and thus business competitiveness.

9.8.6 1992 Campaign Providing business with information is a crucial element of DTI's "Europe Open for Business" single European market campaign. The single market hotline will put enquirers with specific questions directly in touch with the relevant government official, as well as providing more general information to other callers. The Spearhead on-line database lists all current and prospective European measures which will mean changes for business between now and 1992, including in each case the name and telephone number of a government official. Contact addresses and telephone numbers of relevant organisations are given throughout the literature accompanying the single market campaign.



## Licences

9.8.7 Review of export licensing system The review of the export licensing system was completed earlier this year. Action is being taken to streamline licensing procedures and to minimise compliance costs. It is intended to improve the way in which controls are explained to potential exporters, the predictability of licensing decisions, and the speed with which applications are handled. Good progress has already been made in widening the use of open individual licences which free established exporters from the need to apply for an individual licence each time they export a qualifying product. Some 80 open licences were issued this year, saving over 10,000 individual licences in a full year.

9.8.8 Temporary Exports of Computers The waiver of an export licence for the temporary export of a computer by a business traveller has made it easier for business people to take a personal computer overseas for professional reasons. Where computers and destinations are not covered by the waiver, applications will be considered for special temporary export licences for multiple visits.

9.8.9 Eliminating licences for low power radio devices It is proposed to exclude a number of low power devices from licensing altogether. These include garage door openers, security alarms, radio microphones, anti-shoplifting tags, hearing aid devices and



emergency alarms for the elderly. The time taken in issuing Private Mobile Radio licences is also being reduced.

9.8.10 Receive-only Apparatus The licensing requirement for receive-only apparatus, other than domestic television sets, is to be abolished.

9.8.11 Applying market prices to the allocation of radio frequencies After discussions with industry and within government of the report 'Deregulation of the Radio Spectrum in the UK' the DTI has looked at alternative ways of introducing market forces into spectrum management. Proposals will be announced shortly.

9.8.12 Modification of the Policyholders Protection Act Proposals are being prepared to modify the requirement for insurance companies to submit annual statements of premium income so that details will now only be required when the need for a levy arises. This will help 830 insurance companies.

9.8.13 Consumer Credit Act The Banking Act 1987 amended the Consumer Credit Act to remove constraints on the development of Electronic Funds Transfer at Point of Sale, and to extend the exemption on first mortgage lending to banks and licensed deposit takers.

9.8.14 Streamlining the Intellectual Property System The Copyright, Designs and Patents Bill now before Parliament will



introduce quicker and cheaper means of settling disputes over patents and designs by introducing a county court jurisdiction in these areas. Patent agents will be able to conduct such cases. It will also end the monopoly enjoyed by patent agents and solicitors over representing applicants for patents, and will allow the formation of mixed practices of registered patent agents and others.

9.8.15 Weights and Measures The Government continue to reduce burdens on makers of weighing and measuring equipment by modernising the law, and removing unnecessary technical requirements. New regulations took effect on 1 November 1988 to cover weighing machines. The regulations update existing controls to reflect advances in technology and pave the way for the EC Directive on weighing machines. In addition, manufacturers of some other classes of equipment (eg. wine and beer glasses) may, with adequate quality control, opt for statistical sampling by a Trading Standards Officer instead of submitting all their output for inspection. New simpler Quantity Marking Regulations were introduced on 1 January 1988.

9.8.16 Computerisation of Consumer Credit Act licensing systems  
This should be completed by the end of 1988, and will roughly halve the time for the granting of licences.



## TRANSPORT

[9.9.1 Powers of direction over roadside development Following consultation, the new General Development Order replaces local highway authorities' (in England and Wales) powers of direction over planning applications for roadside development with a right to be consulted.]

9.9.2 Taxi and hire cars The first stage of a review of the legislation governing taxi and hire cars in England and Wales has now been completed. Trade organisations, local authorities and other interested parties have been consulted. The response is currently being considered and proposals for a better regulatory regime are expected soon.

9.9.3 Goods Vehicle Operator Licensing Proposals to improve the Goods Vehicle Operator Licensing system, including exemptions for some 30,000 vehicles and simplification of the system, are awaiting an opportunity for legislation.

9.9.4 EC Coach Market Active negotiations for a more liberal international coach market within the EC resulted in the Commission making proposals in April 1987 which are still under consideration. There are currently about 1,500 coach operators running international services who could directly benefit from deregulatory measures and approximately 5,500 further operators who are presently licensed to run only domestic services.



9.9.5 Merchant Shipping Regulations Further moves have been made to replace Merchant Shipping Regulations with Codes of Practice where that is possible. Simplified regulations are proposed for crew accommodation to allow ship owners more flexibility.

9.9.6 Other improvements in marine law The Merchant Shipping Act 1988 modernises the system of ship registration in the UK. The Act also relaxes the requirement for shipping employers to pay seamen in full when they leave the ship. In some cases this can now be deferred to the next regular pay day with consequent savings in payrolling.

9.9.7 Marine pilotage The Pilotage Act 1987 has reformed and simplified the administration of marine pilotage. Responsibility now passes to the Port Authorities, many of which are now in the private sector.

9.9.8 Air Transport The 1987 EC liberalisation "package" based very largely on a UK initiative, represents the first step towards the 1992 single market. The package contains a commitment that the Council will take a second, more radical, step by June 1990. For the immediate future, the Government's aim is to conclude more liberal arrangements bilaterally; the agreement reached with the Republic of Ireland in March 1988, which is substantially more liberal than the package, is part of



this strategy. Bilateral discussions with other countries are continuing.

9.9.9 International Road Haulage Liberalisation The EC Council of Ministers agreed in June that all lorry permit quotas for intra-Community traffic would be abolished at the end of 1992. In the meantime bilateral quotas would be adjusted and the Community quota increased by 40% in 1988 and by 40% again in 1989. Outside the Community, bilateral negotiations have gained a useful increase in the quota for Yugoslavia and the abolition of permits for Cyprus.



## ENERGY

9.10.1 Electricity Supply Regulations These were made on 16 June 1988 and came into force on 1 October 1988. They will streamline, update and consolidate existing regulations to ease understanding and compliance for the 100 or so private generators who sell electricity to Area Boards. This will be particularly helpful to new generators.

9.10.2 Electricity Generation Fuel Control The Electricity Generating Stations (Fuel Control) Order 1987 was laid in December 1987 and came into force on 27 January 1988. This abolished an unnecessary notification procedure for small private power stations under 10 megawatts.



## AGRICULTURE

9.11.1 Plant Health A consolidated, more accessible Plant Health Order came into effect on 1 November 1987.

9.11.2 Animals in transit The Welfare of Poultry in Transit Order 1988 came into force on 30 May 1988. The next stages in rationalising the welfare in transit provisions are a Sea Transport Order to replace much outdated legislation, and a consolidation and revision of the Animals (General) Order 1973 and the Transit of Animals (Road and Rail) Order 1975. EC developments may affect this work, and it is not yet possible to estimate when proposals will be issued for consultation.

9.11.3 Fish Imports Reviews of the licensing of the import of live fish and molluscan shell fish are in hand. The scope for simplifying procedures will be examined, taking account of the development of harmonised controls in the Single Market context.

9.11.4 Farm Diversification Grant Scheme The Scheme is intended to encourage established farmers to broaden their farm businesses into non-agricultural areas. It has been based on national powers, which has enabled the Government to make the scheme more accessible and get rid of complex bureaucratic requirements such as the need to match the level of investment to 'labour units' and 'reference incomes'.



9.11.5 Burning of heather and grass Burning of heather and grass has been regulated for many years because of the risk of fire spreading. New regulations relaxed the period of written notification to surrounding landowners from not earlier than 72 hours before the planned burn to 7 days.

9.11.6 Supplementary Trade Mechanism As a consequence of the accession of Spain and Portugal to the European Community, trade in certain sensitive commodities between these countries and the former Community of Ten is subject to the supplementary trade mechanism (STM). This involves a system of licences and deposits on all imports of the commodities concerned into the former Community of Ten including those from Third Countries. These arrangements were introduced for new potatoes on 1 March 1986, but in the view of the UK were unnecessarily costly and burdensome. UK pressure on the Commission has resulted in the arrangements, which were due to run until 1995, being withdrawn with effect from 1 January 1988. A similar burden applied to UK wine importers and again UK pressure has resulted in all Spanish quality wines, including sherry, being withdrawn from the system with effect from 1 January. STM will apply to the fruit and vegetable sector as from 1 January 1990. We are now actively seeking a more flexible system to apply to this sector from 1990 until the end of its transitional period in 1996.

9.11.7 Orange Juice Licensing In November 1986 the EC Commission imposed import licensing on orange juice from third countries.



This brought serious burdens for UK processors who are dependent on third country sources for about 80% of their supplies. MAFF and the trade worked very closely to work up a case for the reduction of licensing. In January 1988 the EC adopted a Regulation which reduced the scope of licensing, and removed its effect from by far the greater part of orange juice imported into the UK, reducing the security from 2 ECU to 1.2 ECU per 100kg, and simplifying the operation in Member States.

9.11.8 Meat Inspection Regulations These bring the post-mortem meat inspection procedures in domestic slaughter houses into line with those required for export-approved premises. The effect of the regulations is to create a single standard for post-mortem meat inspection which overall eases the procedures previously required. The regulations came into force on 5 February 1988.

9.11.9 Intervention Board for Agricultural Produce (IBAP) IBAP is the Agricultural Department charged with administering EC agricultural market support arrangements in the United Kingdom. To improve its service to farmers and traders the Board has:

- Published a concise guide to its services
  
- Embarked on a comprehensive improvement of the guidance leaflets on the various market support measures



- Instituted monthly block guarantee statements enabling traders to keep easy track of the securities they have lodged with the Board for different transactions
- Distributed to traders detailed lists of operational contacts at the Board to enable them to pursue enquiries more readily.



## HOME AFFAIRS

9.12.1 Licensing Act 1988 The Licensing Act 1988 received Royal Assent in May 1988, and its major provisions came into force on 22 August 1988. They will enable some 100,000 pubs, bars and clubs to benefit from greater choice of opening hours between 11 am to 11 pm on weekdays. In addition, pubs, bars and off-licences will be entitled to open for an extra hour on Sundays. The licensing system has also been streamlined.

9.12.2 Licensing Law in Scotland Scottish Office Ministers are now reviewing the provisions of the Licensing (Scotland) Act 1976, in the light of comments on a consultation paper on liquor licensing issued in October 1986.

9.12.3 Data Protection Act 1984 The Act requires data users to be registered. The register, to which the public have access, records, among other things, the type of data held, the purpose for which it is processed and to whom the data user may disclose it. An application for registration requires the completion of a detailed form devised by the Data Protection Registrar. From the outset, there was criticism of the complexity of the form, and a survey found that 34% of respondents had found at least some difficulty in completing it. The Registrar therefore introduced in the Autumn of 1987 a simplified form designed particularly for the needs of small businesses. The new form has been well received. There has been an upsurge in new applications for



registration, and over 14,000 applications were made on the new form.

9.12.4 Street Trading Review As a result of the review a circular encouraging good practice was issued to local authorities in June 1988.

9.12.5 Billiard Hall Licences The requirement for billiard halls to be licensed was removed when the Billiards (Abolition of Restrictions) Act came into force in May 1987.

9.12.6 Exemption from Fire Certification Requirements Statutory provision for the exemption of certain factory, office and shop premises from fire certification requirements was obtained in the Fire Safety and Safety of Places of Sport Act 1987. Consultation with businesses about a Code of Practice for exempted premises was completed in October 1988, and it is hoped to implement the provisions early next year.

9.12.7 Immigration for Business People The Immigration Rules were changed on 1 February 1988 enabling longer periods of leave to be granted to business people after entry. The old Rules provided for business people to be admitted for an initial twelve months, but required annual applications to the four-year point at which application could be made for settlement. The changed Rules provide for 12 months initial entry, but for a single extension to the four-year point.



9.12.8 The Home Office has also set up in October 1987 a specialist business caseworking group, dealing with all business and sole representative applications both for entry clearance and after-entry, which helps to reduce delay and to build up caseworking expertise.



## ADVISORY PANEL ON DEREGULATION

The members of the Panel are:

- Mr Brian Adgey - Managing Director, James Anderson Ltd.
- Mr Brian Crack - Managing Director, Merricks Sico Ltd.
- Mr Colin Dauris - Chairman & Managing Director, James Dauris and Co Ltd.
- Mr Robert Fleeman - Director, Smaller Business Advisory Services Ltd and Directors' and Staffs' Advisory Services.
- Mr George Gray - Chairman & Managing Director, Valley Capital Ltd & Deputy Chairman, Rural Development Commission.
- Mrs Teresa Graham - Senior Manager, Price Waterhouse.
- Mr Damon de Laszlo - Chairman, Harwin.
- Mr Stephen Moss - Director, Grosvenor Securities Ltd & Drakes Restaurant.
- Mr Tom O'Connor - Chairman & Managing Director, Elta Plastics Ltd.
- Mr Clive Parritt - Managing Partner, Howard Tilly & Co.
- Mr Phillip White - Chairman and Chief Executive, WYKO Group plc.



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PRIME MINISTER

**'RELEASING ENTERPRISE' - DRAFT WHITE PAPER ON DEREGULATION**

1 I am sending with this minute a draft White Paper on Deregulation. That:

- records progress since the last report 18 months ago;
- sets out policies for maintaining and increasing the momentum of the deregulation initiative in all our work;
- puts forward a programme of work for the coming year.

2 The draft has twice been discussed, and substantially agreed by the Ministerial Group on Deregulation (MISC 133) under my chairmanship. I am grateful to all of those - both Ministerial colleagues and officials - who have been involved in drafting.

3 It is essential to the success of the initiative that it should be seen, inside and outside Whitehall, as a high priority of the whole Government, and reflected in the way we work. The draft accordingly suggests that the White Paper should be supported by all colleagues whose departments have a significant regulatory impact of business, and have taken part in the work programme of the Ministerial group on deregulation. It would obviously add considerably to the impact if you would also agree to support. This would be particularly appropriate this year since a major part of the White Paper is concerned with Civil



Service arrangements for improving understanding between Government and business. In any event, I would like Richard Luce to be amongst the supporters. I would be grateful to know that you, and colleagues, were content with that.

4 The draft covers a wide range of areas, and includes a small number of issues where decisions, implementation dates or detailed drafting have yet to be settled. The most important of these are the inter-relations with the proposed DE and Broadcasting White Papers.

5 I should like to publish on 2 November. That would be preceded by a statement in the House of Lords, to be repeated in the Commons by Tony Newton. A number of Ministers will contribute to publicity during the launch and after. The precise arrangements for both will have to be cleared in the usual way nearer the time.

6 I propose to centre the publicity arrangements for deregulation and the White Paper on a competition along the lines of the Deregulation Challenge which Peter Viggers is about to launch in Northern Ireland. That is being jointly sponsored with BP, and I hope that we can arrange for their participation in a national scheme. The idea has the warm support of MISC 133. The details of the competition and the entry form - which I shall let MISC 133 have shortly - would form part of the summary report on deregulation which will be published at the same time as the White Paper (and revised when the competition closed). A draft of that, also revised in the light of MISC 133's more general comments, is attached





the department for Enterprise

7 I would be grateful to have any comments on the drafts by Friday 7 October. I am sending a copy of this minute and the drafts to Cabinet colleagues, to the members of MISC 133 and to Sir Robin Butler.

A handwritten signature in black ink, appearing to be 'ref', is written in a cursive style.

D Y

30 September 1988

DEPARTMENT OF TRADE AND INDUSTRY







FROM: A C S ALLAN

DATE: 3 October 1988

*pay*

MR MONCK

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Burgner *Mr Byatt*  
Mr Waller  
Mr Cropper  
Mr Tyrie  
Mr Call  
Mr N Forman MP

**ECONOMIC AND REGIONAL DEVELOPMENT: WHAT BRITAIN CAN LEARN FROM FRANCE**

... The Chancellor has seen the attached note by Nigel Forman, which reports on a recent visit to France. He would be interested in an analysis of the points Mr Forman makes. Which of the various schemes/instruments described in France are or are not used in the UK? Is there evidence that the French schemes are more effective, or more cost effective, than those in the UK? Is it true that Longwy and the surrounding area is "the most heavily assisted industrial area in the whole of Western Europe" - and, if so, is this compatible with EC rules?

A large, stylized handwritten signature in black ink, appearing to read 'ACSA'.

A C S ALLAN



Economic and regional development:  
what Britain can learn from France.  
by Nigel Forman M.P.

In France today there are things called pépinières springing up all over the place. Meaning literally 'seed-beds' or 'nurseries', the horticultural connotations reveal a typically Gallic ingenuity for creating something out of nearly nothing (a bit like French forward play in rugby). In fact, these centres of initiative and development, which have been created under the auspices of DATAR (the Directorate for Territorial Development and Regional Action), have the express purpose of assisting, advising and encouraging the growth of new small firms in the regions of France. They form one important part of a wider policy in favour of the modernisation of the economy and a more balanced development of the regions.

On a recent visit to France I saw examples of the success of this policy in places as apparently unpropitious for new economic development as Montceau-les-Mines and Le Creusot in the former coal and steel areas of industrial Burgundy; as well as in Montpellier, the high-tech Mecca of the new south; and in Longwy in Lorraine, part of the newly created 'European Development Area' which straddles the border territory of three member states of the European Community (France, Belgium and Luxembourg).

In Montceau-les-Mines, for example, newly renovated, nineteenth century, coal-mining buildings are being used to provide support and facilities for the birth and early life of new small firms which specialise in everything from micro-electronics and information technology to the manufacture of simple industrial packaging. Once the firms are able to reach the stage of self-sustaining growth (and I was proudly told that only 7% have failed to do so), they are encouraged to sever their dependence upon the state and to take their place in the local economy.

Two examples stay in my mind. In a hangar-like building on the edge of a huge, open-cast coal crater, a score of women under the direction of a young entrepreneur, who was propelled into his present activity by dissatisfaction with the life of a middle manager in a large public company, are using the latest computer controlled equipment to make artificial fibre sacks for a wide variety of industrial and agricultural customers. In another modern unit situated on top of what was previously a gigantic tip of coal waste, a dynamic entrepreneur of thirty two proudly shows me around his seven year old firm which makes printed circuits and other advanced components for larger electronic companies in France and elsewhere. In both cases new wealth has been created on a significant scale and new jobs have been provided for people who would otherwise have had to join the exodus to Paris or Lyons.



The people in places like Montceau-les-Mines and Le Creusot have had to leave behind their nineteenth century, heavy industrial past and turn to a future based upon entrepreneurial initiative and independence. This has been difficult for such conservative communities endowed only with a narrow range of traditional skills and psychologically dependent upon paternalist employers, such as the Schneiders and the Chagots, who effectively ruled their lives for more than one hundred years.

Coming to terms with the modern age has proved easier for people in Montpellier in the sunny south, which over recent years has been the fastest growing urban area in the whole of France. This is partly because places of this kind effectively missed both the advantages and the disadvantages of nineteenth century industrialisation and so were able more easily to make the transition to the new industrial era of information technology, robotics and medical research. However, the main reasons for the success of Montpellier can be summarised in the commitment of its political, industrial and intellectual elite to la matiere grise. Quite simply they have invested more money, time and publicity effort in producing and attracting highly educated and trained people than almost any other area of France, although they have been assisted, of course, by the good Lord who provides the Mediterranean climate and by successive French Governments whose national policy has been to encourage the development of such technopoles in what until recently were relatively backward regions.

The moral in this particular case would seem to be that a great deal can be achieved in any region if a very high priority is given to education, training and research, and if steps are taken to ensure the creation of the conditions of life necessary to attract and retain the best quality people. Such measures will include notably a good transport infrastructure (e.g. international airport, T.G.V. service and autoroute connections); an active and high quality cultural life including opera, ballet, concerts, theatre, conference facilities etc; a local environmental policy conducive to preserving la douceur de vie and any other natural advantages which may characterise the area; and a local political leadership which is committed to all these things and fully prepared both to meet the needs of inward investors and to cooperate effectively with the agencies of central Government, no matter what political differences may exist on other issues.



In Longwy and the surrounding area the authorities have put the accent upon the need to attract new investment from abroad, especially to make up for the 23,000 jobs which have been lost in the steel industry there since 1974. They have already had some success in this, as can be seen from the construction of new industrial buildings for American, Japanese and even Korean firms. The Regional Commissioner for DATAR speaks freely of his ambition to create the conditions for une plateforme asiatique which will attract firms from the dynamic Pacific rim to establish there within the unified European market. The eventual aim of the local decision-makers is to turn this area into the heart of a new European super-region which within a 300 kilometre radius could serve a market of 75 million people in five different countries. As the most heavily assisted industrial area in the whole of Western Europe and with a pivotal position on the main economic axis of the European Community which runs in an arc from London to Milan, it is difficult to see how it can fail, especially if American and Japanese firms find it imperative to counter any European tendencies to Continental mercantilism by establishing themselves there well before the symbolic date of 1992. Yet the prospect of success for this area must leave a question mark over the fate of other disfavoured regions of France which will be peripheral to the new centre of economic gravity in Europe, not to mention even more marginal areas in the United Kingdom.

What then are the principal lessons which can be drawn from the way in which they do things in France. Firstly, it is essential to be unsentimental about the past and not seek to keep old industries going against all the odds and in the face of unbeatable competition from lower cost, super-competitive countries, e.g. on the Pacific rim. It is, therefore, necessary to restructure and run down such activities - e.g. inefficient agriculture in rural areas and uncompetitive heavy industries in urban areas - in order to establish a clear psychological break with the past and create the conditions for the new activities of the future.

Secondly, it is essential to invest heavily in education, training and research in order to have the quality of human capital and know-how without which it is impossible to make a success of the new science and technology based industries. In France today this is being achieved by a deliberate increase in the education budget (up 5.5% over the coming year); by extra public investment in research (up 7.6% over the coming year) and in a series of technopoles (similar to our science parks) which in the case of the one at Nancy is already producing 300 newly qualified engineers each year; and by the attempt to create centres of excellence in disciplines vital to the industries of the future, e.g. electronics, robotics, artificial intelligence, communication studies etc.



Thirdly, it is essential to have effective mechanisms for the encouragement of new, small firms, such as the pépinières in Montpellier, Le Creusot and elsewhere, which contribute to the vital goal of economic diversification without which no recovery is possible in the old industrial areas and with which there are the best prospects for the creation of new jobs. Essentially, this is a strategy for the encouragement of indigenous enterprise, something which is particularly important in areas like industrial Burgundy or Lorraine where there has been virtually no tradition of local, small-scale capitalism and no significant class of entrepreneurial bourgeoisie because of the previous dominance of large industries and their paternalist patterns of employment.

Fourthly, it is important to be able to attract outside investment to the regions, whether from the other more prosperous parts of the country or from abroad. Sometimes this can be achieved by creating an attractive local environment and then conducting an intensive publicity campaign to 'sell' these advantages to potential investors, as Senator Georges Frêche and his colleagues have done so well in Montpellier. However, other areas without such natural advantages of culture and climate have to resort to more materialist methods of attracting outside investors. For example, the European Development Area at Longwy offers a cross-boundary industrial park of 1000 acres in which new investment can be subsidised with cash grants from national and Community sources up to a maximum of 37.5% of the amount invested, and a 5 year customs free zone will be established for the benefit of all stocks of imported goods and most goods which are brought there to be processed and then re-exported. As long as all the member states of the European Community are involved in one way or another in giving subsidies to attract new investment to their regions in difficulty, it seems only sensible to play the game as effectively as possible against the rest of them.

Finally, it seems important to have a range of policies designed to enhance the quality of life in the regions, if only to counter somewhat the inevitable Metropolitan bias which is exerted by a Paris or a London. In this respect France and Britain probably have greater problems than many of their partners in the E.E.C. - e.g. Germany and Italy - where the experience of nationhood is more recent and federal or quasi-federal structures predominate. However, in the last two decades under successive national Governments the French authorities have sought to tackle these problems with vigour by investing heavily in new autoroutes and the impressive T.G.V. rail network; by increasing the state budget for cultural activities (up 12.5% over the coming year); and by allocating extra money to the promotion of tourism (up 15.6% over the coming year) which in France, as elsewhere, is now recognised as having an important part to play in the creation of new jobs and the revival of the regions.



In all these endeavours, it should be added, the French seem to have the great advantage of constructive and pragmatic cooperation between the various levels of government, no matter what may be the political leanings of the notables concerned. For example, M.Rocard's Government in Paris seems to work quite satisfactorily with the forces of the Centre-Right which govern Lorraine and equally M.Chirac's Government seemed to work quite well before the recent national elections with the forces of the Left which govern Montpellier and industrial Burgundy. If political cooperation between central and local government were as pragmatic in Britain, many of our regional problems would be easier to solve.

\* \* \* \* \*



# dti

the department for Enterprise

R M Hastie-Smith Esq CB  
Ministry of Defence  
Main Building  
Whitehall  
LONDON SW1A 2HB

ROYAL MINT	
PREC'D	5 OCT 1988
ACTION	
FILED	


The Enterprise and  
Deregulation Unit

1-19 Victoria Street  
London SW1H 0ET

Switchboard  
01-215 7877

Telex 8811074/5 DTHQ G  
Fax 01-222 2629

Direct line 01-215 5390  
Our ref  
Your ref  
Date 4 October 1988

*Dear Richard,* 

### GOVERNMENT AND BUSINESS

All Departments (but one) have now submitted their outline proposals for action on the Government and Business initiative. It was very helpful to us to have that overview for our Deregulation White Paper. I enclose a copy of the revised Chapter 4 which refers to your department's proposals.

The OMCS has prepared a synopsis of the programmes, a copy of which is attached. As you can see, departments' responses have varied widely, reflecting differing operational needs and priorities, size and the extent of existing interchange. You may find it helpful to consider whether any of the proposals which other departments have put forward might be useful for your needs. Though we have not attempted an overall evaluation at this stage, one striking point is how little departments seem to be planning to involve more regional and junior staff in this initiative.

Detailed programmes are due to come forward to us and OMCS by mid-October. To evaluate the overall position we shall need to know from Departments the baseline of existing activity from which programmes are being developed. It would also be helpful if those Departments who have not already done so could indicate how their programmes may develop in future years. It

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CC. APS/Chlex



2

will be these detailed programmes - and the progress that has been made on them - which will form the basis of a report to MISC 133 and subsequently to the Prime Minister early in the New Year.

Similar letters have gone to establishment or personnel divisions in all Departments as shown on the list attached.

*Your sincerely,*  
*Bob*

R A C HEWES

*2 of 2 pp.*

G11AAH



CONFIDENTIAL

FROM: T J BURR  
DATE: 5 OCTOBER 1988

CHIEF SECRETARY

cc Chancellor *Financial Secretary*  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Phillips  
Mr Burgner  
Mr Moore  
Ms Peirson  
Mr Gieve  
Mr A M White  
Mr J W Stephens  
Ms Young  
Mr Cropper  
Mr Tyrie  
Mr Call  
Mr Spencer - Cabinet  
Office

**"RELEASING ENTERPRISE": DRAFT WHITE PAPER**

The attached submission from the Cabinet Office Machinery of Government Division deals with the propriety aspects of the publicity proposed by Lord Young to accompany the publication of his forthcoming White Paper on Deregulation, scheduled for 2 November. It follows the procedure laid down in the guidelines on Government publicity circulated by Sir Robin Butler's office on 26 July.

2. We have made some minor amendments to the Cabinet Office draft letter, and I attach a fair copy. We agree that it would be desirable to write in these terms, and have told DTI not to proceed further with the arrangements for the proposed competition until they have had your views. You may indeed feel that the draft could be strengthened by starting the third paragraph with "I have serious doubts" (rather than "I am more doubtful").

3. Lord Young may claim that the proposed competition was endorsed by MISC 133 when they discussed the White Paper some months ago. But at that stage it was not suggested, as far as we are aware, that the prize would be made available by a private sector company. He also says that the competition follows a Northern Ireland precedent. We are looking into that, but it would seem desirable meanwhile to copy your letter to Mr King.

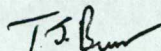


CONFIDENTIAL

4. The third paragraph of the submission raises the question whether the proposed expenditure of £65,000 on distributing a summary version of the White Paper would represent value for money. While there may be scope for sharpening up the text, we judge that the proposed distribution arrangements are cost effective in relation to the audience likely to be reached, and would not want to make difficulties about the relatively modest sum at issue.

5. The last paragraph of the submission mentions Lord Young's deadline of the end of this week. But that deadline did not take account of the possibility that objection would be raised to the proposed competition. DTI say that they now need to know as soon as possible whether they will be able to go ahead with this; and I think that it would be helpful if you could write tomorrow.

6. We will be submitting separate advice to the Financial Secretary on the substance of both the summary and full versions of the White Paper, ahead of Lord Young's deadline.



T J BURR



CONFIDENTIAL

DRAFT LETTER FROM CHIEF SECRETARY TO SECRETARY OF STATE FOR TRADE  
AND INDUSTRY

Copies: as indicated

"RELEASING ENTERPRISE" - DRAFT WHITE PAPER ON DEREGULATION

1. Thank you for sending me a copy of your recent minute about the forthcoming White Paper on Deregulation. Norman Lamont will be letting you have separately any necessary comment on the substance. This letter deals with the publicity aspects.
2. I am in principle content with the proposal for a summary of the White Paper to be published alongside the White Paper itself, and distributed to business people. The detailed arrangements, and the cost, will of course need to be publicly defensible. In particular, I assume you are confident that the distribution of this material to the various targetted business audiences will assist the performance of their businesses, and will do so in a cost-effective manner.
3. I am more doubtful about the wisdom of the deregulation competition. There must be risks that the entrants' ideas could be an embarrassment to Government (eg calls for the abolition of VAT). And a joint project with a major firm could both cast doubt on the Government's own commitment, and also lead to wilful misinterpretations by our opponents about the motives of the firm concerned. We would do better to keep at arms length.
4. I am copying this letter to the Prime Minister and, in view of what you say about a similar competition in Northern Ireland, to Tom King. I am also sending a copy to Sir Robin Butler.



From: J P SPENCER

Date: 4 October 1988

- Note attached*  
*5/10.*
1. MR BURR, TREASURY
  2. PS/CHIEF SECRETARY

cc Mr Phillips

"RELEASING ENTERPRISE" - DRAFT WHITE PAPER

In his recent undated minute, Lord Young has circulated proposals for a White Paper on Deregulation to be published on 2 November, accompanied by statements in both Houses, a press conference, and a "glossy" version of the White Paper for distribution to business people. This minute deals with the propriety of the "glossy" version and its contents in relation to the Chief Secretary's general responsibilities in the field of Government publicity.

2. In terms of the conventions on government publicity, I see no real difficulties about the propriety of Lord Young's proposed text for the "glossy" version of the White Paper. It describes objectively and in a non-polemical fashion a series of actions the Government is taking or considering. As regards distribution, it will be made available by the DTI and other departments on request; distributed through Chambers of Commerce to their members; and inserted into major business journals (The Director, CBI News, Accountancy Age etc.). This technique is now well-established in a variety of fields, and in this case is appropriately targeted on the business audience; but it has not been used hitherto for progress reports on deregulation.

3. It is for Treasury to assess whether this approach - at a cost of some £65,000 - represents value for money. The question in this case is whether the proposed inserts, covering a wide variety of measures, is the most cost-effective way of influencing the actions of business.

4. Lord Young's minute also proposes a competition, to be launched in the "glossy", and co-sponsored by BP (who would, I understand, provide £20,000 of prize money). Entrants would be asked to describe, in 500 words or less, their ideas for cutting red tape and the benefits to be secured. A firm of consultants would run the competition, and judging would be independent of government; BP have agreed to provide £20,000 in prize money. Lord Young sees this competition as the centre piece of the White Paper launch: details are to be circulated to MISC 133 in due course.

5. We have considerable misgivings about the competition, which are shared by Mr Ingham and the COI. There must be a risk that the preponderance of entries will focus on unrealistic ideas (e.g. abolition of VAT). I am also unaware of a recent precedent for a government organised competition with prizes provided by a private sector firm other than in wholly non-controversial areas such as energy conservation. In an area such as deregulation which is not wholly free from political controversy, the motives of both Government and firm might be misunderstood; especially in the case of BP, where their action could be linked to the Government's decision on the K.I.O. shareholding, or to their standing in North Sea Licensing awards.



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6. Against this background, it would be better for any competition to be at arms length from the White Paper and from Government generally. There could be no objection if the CBI or one of the Small Firms organisations organised a competition, with prizes offered by BP or another large firm, and fed any worthwhile results to the DTI.

7. I recommend the Chief Secretary to write to Lord Young along the lines of the attached draft. He has sought comments by the end of this week.



J P SPENCER



MP

FROM: H PHILLIPS

DATE: 6 October 1988

CHIEF SECRETARY

*Handwritten notes in red ink:*  
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the fact of this  
have done this  
no.

- Chancellor
- Financial Secretary
- Sir P Middleton
- Mr Anson
- Mr Monck
- Mr Burgner
- Miss Peirson
- Mr Gieve
- Mr A White
- Mr Burr
- Mr J W Stevens
- Ms Young
- Mr Cropper
- Mr Tyrie
- Mr Spencer - CO

**"RELEASING ENTERPRISE": DRAFT WHITE PAPER**

You asked for my views on the advice contained in Mr Burr's minute of 5 October.

2. I share the view that you should be advised to resist Lord Young's proposal for a privately sponsored deregulation competition which is set squarely in the context of Government publicity about its own policies. There is no reason why Lord Young should not encourage a privately sponsored competition (as paragraph 6 of Mr Spencer's minute indicates) but it would be much safer, and more within the spirit of the conventions, if it were decoupled from the popular version of the White Paper.

3. If you agree, I suggest the third paragraph of the draft letter to Lord Young might be revised to read as follows:

"I have serious doubts about the way in which you propose to couple a competition (co-sponsored by BP) with the explanation of Government policy in a White Paper. This would make it very easy for our critics wilfully to misinterpret the motives of both Government and the firm



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concerned. It would therefore be preferable in my view if a privately sponsored competition were distanced from Government both in its timing and its context."

HP.

HAYDEN PHILLIPS



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P/DW0/2

Treasury Chambers, Parliament Street, SW1P 3AG

cc: PPs, CST, PMG  
Sir F. Middleton

Mr. Monck  
Mr. Phillips  
Mr. Burgner  
Mr. Waller

Mr. Stevens

Mr. Buck

Ms. Young

Mr. Kerley

Mr. Call

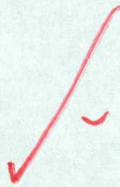
6 October 1988

Mr. Willis II

Mr. Call II

Rt Hon Lord Young of Graffham  
Secretary of State for Trade and Industry  
Department of Trade and Industry  
1-19 Victoria Street  
London SW1H 0ET

*David*



**'RELEASING ENTERPRISE' DRAFT WHITE PAPER ON DEREGULATION**

I have seen your minute to the Prime Minister of 30 September. Subject to a few minor amendments which are being discussed by our officials, I am content with the draft White Paper as it now stands. Work is also in hand on an article on taxation and deregulation which I hope to have completed by the time the White Paper is published.

John Major is writing to you separately regarding your proposals for the deregulation competition.

Copies of this letter go to members of the Cabinet, to MISC 133 colleagues, and to Sir Robin Butler.

*Norman Lamont*  
NORMAN LAMONT

cc: Mr. Trevett C+E

Ps/II

Ps/C+E.





Inland Revenue

The Board Room  
Somerset House  
London WC2R 1LB

FROM: A M W BATTISHILL  
DATE: 7 OCTOBER 1988

FINANCIAL SECRETARY

**IMPROVING UNDERSTANDING BETWEEN GOVERNMENT AND BUSINESS**

In my minute to you of 15 September I sketched a first outline of our proposed action Programme to meet the requirements of this initiative.

2. We now have to provide OMCS and EDU, by 17 October, with a programme agreed with you which has been quantified as far as possible, and with timetables and milestones, to implement the recommendations of the Report.
3. You will see that the outline programme has now been fleshed out somewhat, with some target dates for implementation, and I have attached a statement of our estimated costs for each part of the programme which amount in all to some £436,000. This is a considerable *SW*

cc Chancellor of the Exchequer  
Sir Peter Middleton  
Mr Gilhooly

Chairman  
Mr Rogers  
Mr Fallows  
Mr P B G Jones  
Mr Crawley  
Mrs Hubbard

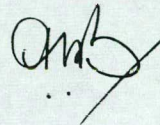
*Handwritten red note:* This is a considerable SW



**MANAGEMENT IN CONFIDENCE**

sum and, at this stage, should be regarded as a broad order of magnitude. It may prove possible to reduce the cost without seriously jeopardising the objectives. We also need to consider whether the existing rules and practice for payment and refund of salaries of outward secondees allow these to be effectively netted off. If not, the costs falling directly on the Revenue could turnout to be considerably higher.

4. As you know, we have no explicit provision in PES for these costs, and the loss of our additional bid for development training will mean that the training budget will be under great pressure. We will nevertheless do our best, within our agreed figures, to try to ensure that resources do not constrain what we are hoping to achieve. But you will understand that I cannot at this stage wholly guarantee that.
  
5. If you are content with the programme perhaps your office could let me know so that we can send it to the OMCS and EDU by 17 October.



(A M W BATTISHILL)



RECRUITMENT (recommendation 2)

- Special measures be taken to alert line managers to the ways they can recruit and use staff;
  - Departments to examine greater use of limited period appointments and short service contracts;
  - Treasury to consider further development of proposals for using short service contracts to fill generalist posts;
  - Departmental and Commission recruitment advertisements to contain more detailed job descriptions (para 9).
1. The Department will examine its recruitment procedures, and in particular in those areas where it has delegated authority to recruit. It will also seek to ensure that all line managers with responsibility for recruitment are aware of all the opportunities open to them. It will also consider the possibility of greater use of limited period appointments and short service contracts, but these are likely to be of limited application in the Revenue. Business experience would undoubtedly be useful, but we are looking for specific qualities for most of our recruits at EO/HEO level, whom we intend to train over a lengthy period. To recover our investment in that training, we would not want their contracts to be of short duration. A background in taxation or accountancy or law would be most valuable for recruits above HEO level, but the extended training given to such (mainly graduate) recruits means that relevant experience is not necessary.
  2. The Valuation Office is, however, a part of the Department in which a number of our staff have private sector experience. And the Valuation Office has introduced limited period appointments to assist with professional staff shortfalls. They propose to continue with that approach into the foreseeable future, although preference will be for longer term staff to predominate.
  3. As far as advertisements are concerned we have already incorporated more detailed job descriptions in most of our advertisements for vacancies in Taxes, Collection, Valuation and some of our other branches (eg. Superannuation Funds Office, Capital Taxes Office). As far as the Administration Group is concerned, current recruitment procedures are already being reviewed, and a Report, due shortly, is likely to recommend changes. If accepted, these changes would be implemented at once. More generally, by the increased use of market research and in consultation with advertising agencies we are continually looking at ways to improve all of our advertising, both Departmental and that placed on our behalf by the Commission in order to attract more applicants of the right quality.

CAREER PLANNING (recommendations 1 and 3-6)

4. Regional Careers

1. Further work be done to identify the scope for regional careers and the benefits for business (para 6).



Our Regional staff are mainly specialists who require long and expensive training. There might be some scope for allowing them to go to other Departments for short secondments, but there is at present little scope for taking in people from other Departments, at least at EO level and above. The current Service-wide review of relocation may change the picture to an extent, but probably not significantly. Nevertheless, we will see whether we can identify any posts where such interchanges might be possible.

2. Postings to returned secondees

3. Particular attention be paid in career planning to building in interchange opportunities. The value of secondments to be signaled by postings given to returned secondees (para 14).

We will aim to build in interchange opportunities wherever possible, and will continue to signal their value by posting returned secondees to important posts. But at a time when we have lost so many fully trained staff, and are so short of experience in many areas, our personnel policy needs to be guided by a balance of considerations.

4. SMDP and MDP

4. Departments to emphasise to SMDP and MDP participants the opportunities within those programmes for interchange and private sector training (para 15).

We have 840 SMDP participants, of which 740 are Inspectors of Taxes and Valuers - amongst the largest number of any Whitehall Department. It would not be realistic to encourage them all to take secondments, nor do we have funds for more than minimal involvement in private sector training. Nevertheless, within those constraints, we will endeavour to promote greater interchange wherever possible.

5. Annual Reports

5. Annual report forms to include specific references to short assignments, non-executive directorships and other forms of interchange (para 16).

We will instruct Reporting Officers to ensure that specific reference is made in Annual Reports to all types of interchange with business during the year. This will be done with the next issue of Reports.

6. Departmental Deregulation Units

6. People of adequate weight and ability to be posted to departmental deregulation units (para 17).

Our Deregulation Unit already has a high profile in the Department, and has been instrumental in ensuring that the policy of deregulation, and concern for effect on business, is taken seriously. It is staffed by people of high calibre and authority and we shall ensure that it continues to be so.



## OUTWARD SECONDMENTS (recommendation 7)

### 7. Secondments: an extension to involve:

- a wider range of grades
- more staff in regions
- more small firms. Small firm secondments to be carefully monitored (para ??).

We will aim to step up the present level of outward secondments significantly. The initial target will be around 25 outward secondments a year, which would include staff from EO to Grade 3 level, from local and regional offices in Taxes, Collection and Valuation Office, not just our head office divisions. Thus we would be looking to each Region to place 1-2 people in appropriate assignments. This means that our senior managers in the Regions, and all our senior staff in Head Office, will need to approach all their contacts in business in order to try to elicit their cooperation in finding opportunities to place people in useful slots.

Given the nature of tax work, which necessarily involves direct financial dealings with most firms, we will have to take care to avoid and be seen publicly to avoid explicit conflicts of interest.

## SHORT TERM ASSIGNMENTS AND ATTACHMENTS (recommendations 8 and 10)

8. Short term assignments. Departments to look at opportunities for short term assignments, especially at Grade 7 and AT/HEO(D) level. A strong presumption in favour of a business assignment for AT/HEO(D)s recommended to all departments (para 23).

10. Development of attachments to local firms to bring civil servants in touch with business without taking them off the job (para 23).

Short-term assignments, and in particular the 1-2 week immersion, could be valuable, especially for staff working in specialist areas. We would ideally like all our head office staff at Grade 5 and above to have the opportunity at some point of either a 2 week immersion in business or a short-term assignment. In the immediate future, we think it realistic to aim for 10-12 such assignments a year.

Part-time attachments to local firms seem less viable for the Revenue, given the problems of conflicts of interests, whether real or perceived.

## INWARD SECONDMENTS (Recommendation 11)

11. Inward secondments. Departments to look particularly at opportunities among the key tasks of managing areas of change, at say, Grades 3-5 for periods of up to 5 years (para 24).

Because of the specialist nature of, and training required for, much of the Revenue's work the scope for inward secondments is limited, particularly in local offices. Nevertheless, we think that we can



identify areas in Head Office where there are opportunities for the right kind of private sector experience to be beneficial, such as finance, communications, information technology, management services, personnel, training and accommodation policy or in the Valuation Office to assist with a specific valuation task. Although we have not yet quantified the full scope, we might be reasonable to aim for ten inward secondments in the first year.

#### NON-EXECUTIVE DIRECTORSHIPS (recommendation 12)

12. Non-executive directorships. Aim to double the number of directorships within 18 months through greater priority being given to organising directorships (para 28).

The Revenue has always ruled these out in the past. We always thought it would be improper for our people to take non-executive directorships because of the risks of conflicts of interest. It would be hard for an officer to shut his eyes to things he might learn about the company as a director and to steer clear, as a director, of topics about which he had inside knowledge of policy developments. And even if he succeeded, there remains the danger that there might be suspicions of impropriety. Nevertheless, we will have another look at the possibility, to see whether there is any scope for such directorships.

#### TRAINING (Recommendations 13-17)

Taken together with other central training initiatives, notably under Next Steps, departments are required to review resourcing arrangements for training, and in effect to increase quite significantly the volume of training which staff are currently receiving. In the Inland Revenue the level of in-house training is already such as wholly to absorb existing resources for its quite massive normal commitments by way of in-house vocational and developmental training programmes. When, as is the case with business awareness, a new training need potentially affecting a very large proportion of the Department's staff is identified, the only practicable way to meet that need in the mainstream operational divisions (the Taxes, Collection and Valuation networks) and the Singleton Administration Group offices (eg Superannuation Funds Office and Capital Taxes Office) is to weave it into existing vocational training syllabuses. Our proposals for doing that are outlined in the comments on Recommendation No. 16 below.

13. TMP. OMCS and DTI to continue to co-operate in planning future programmes to promote business awareness to best effect (para 30(i)).

Action here is mainly for OMCS and DTI. We shall continue to send our newly promoted Grade 3s on this course, and no additional Departmental costs are therefore involved.

14. AT/HEO(D) training. The Civil Service College to reinforce to departments the particular value participants place on the 'Government and Industry' course. Consideration also to be given to filling places with suitable HEOs, SEOs and Grade 7s and to a possible shorter course or courses tailored more closely to departmental needs (para 30(ii)).



We shall encourage our ATs and HEO(D)s to opt for the 'Government and Industry' course. Our aim will be to achieve virtually 100% coverage by staggering nominations over a reasonable period. We will also consider suitable HEOs, SEOs and Grade 7s where places are available. In this way our aim will be to send 4 people each year.

15. **Other training at the College.** The College to work up further the possible development of courses such as the Government and Industry workshops, to develop seminars on business awareness for Grade 3 and Grade 5 and to include a greater element of business awareness in management, developmental and forms design training (para 30(iv)).

We welcome the proposed development of business awareness seminars for the senior grades concerned and shall encourage our Grades 3 to 5 officers to attend, insofar as needs are not met elsewhere (see comments in relation to Recommendation No. 18 below). When the proposed workshops and seminars become available, we would need to consider their usefulness and relevance before committing ourselves finally, but we imagine that we will take up about 6 places each year. We also welcome the potential facility to send selected staff at HEO to Grade 7 levels on the business awareness courses which are to be developed at the College.

16. **Training for particular jobs.** In all departments staff entering a job which involves policy or regulation making, enforcement or the delivery of services which affect business to be required to take short modules in business awareness training, in particular compliance cost assessment, consultation and communication (para 30(v)).

As explained in the opening paragraph on Training, we shall aim to incorporate business awareness training into vocational training syllabuses, with the assistance of the self-instructional material which DTI is committed to produce. Because we do not yet know when that is likely to be available, and because it will have to be adapted to meet our varying needs, it is difficult to fix a firm programme for the Department as a whole. Clearly we shall have to vary the extent and content of the coverage according to the type of work being done by particular groups of staff and the exercise will therefore involve a great deal of preparatory work by training organisations within the Department. Nevertheless, all the various reviews will be completed by the end of 1990, and many of them considerably before that date. It should be possible for suitable training to be available to some extent by mid-1989.

We are conscious of the fact that a very large proportion of our posts involve "enforcement or the delivery of services which affect business" and that vocational training is by and large received only by new entrants and promotees. Although to some extent business awareness is acquired by staff in the course of their duties, we feel that some reinforcement of that awareness is desirable in present circumstances. We propose to achieve this by the issue at an appropriate time of instructional material to staff in the areas likely in the main to benefit from it. We aim for this to become available by mid-1989.



**7. Departments and the College to further develop private sector participation in courses of relevance to the private sector (para 30(vi)).**

We shall observe the results of this College experiment with interest and seek to make a judgement at the appropriate time of the merits of these courses in competition with other College courses covering the same ground. We do not envisage any widespread use of private sector courses in this context.

The Valuation Office already has a number of outside participants on its training courses; it would aim to make 5 places per year available to the private sector as a permanent feature. They also involve external lecturers from the commercial world on their residential training courses, and aim to increase this to 7 or 8, mainly on specialist topics.

**18. Awareness Seminars. Departments to consider further the use of awareness seminars for senior civil servants and their staff on subject areas of relevance (para 30(vii)).**

In the Revenue most people already have a good deal of direct and indirect contact with business. Anyone reaching Grade 3 is therefore likely to be very well aware of how both policy and administrative decisions on taxation affect businesses. Awareness seminars would be more useful to our people, therefore, if they focus on specific areas of interest or concern, rather than range over the whole field of taxation policy and administration. We will be carrying out a review at an early date, both to identify particular topics which would probably be most valuable, both to Grade 3s and to the Grades 4 and 5 who work for them, and also need to identify and bring together business people of the sort who can make an effective and valuable contribution to awareness seminars.

Depending on the outcome of this review, we would hope to hold the first seminar by mid-1989, although the pressures of Budget work might make that difficult. We would aim to hold two such seminars each year, at an approximate cost of £6-7,000 per annum.



## COSTS OF ACTION PROGRAMME

Cost Range pa

## 1. SECONDMENTS OUTWARD/INWARD

Companies normally refund all costs to departments, but inward secondments may be subject to VAT at 15%.

Target 25 outward secondments and 10 inward secondments.

Increased personnel management 1 G7, 1 HEO, 1 AO. £ 71,000

## 2. SHORT TERM ASSIGNMENTS

Companies should refund all salary costs and meet local expenses. Not all small companies may be able to meet these.

Target

Year 1	10 officers	Nil - £ 20,000
Year 2	15 officers	Nil - £ 30,000
Year 3	20 officers	Nil - £ 40,000

Range shows complete cost to full cost replacement. Increased personnel management staff covered at 1 above.

## 3. NON-EXECUTIVE DIRECTORS

Reconsider propriety of these for Revenue staff. If any undertaken, no direct expenditure involved - expenses met by company, and officers expected to cope with own job. Personnel management costs absorbed within resources at 1. above.

Nil

## 4. CAREER DEVELOPMENT

Greater management time in interviewing SMDP participants etc

£ 22,000

## 5. CIVIL SERVICE COLLEGE COURSES

New Grade 3s - 2 per year. Staff cost

£ 13,000

ATs, HEO(D)s etc on Government and Industry module.

4 per year

£ 13,000

Possibly 6 places a year on other College seminars

£ 22,000

## 6. PRIVATE SECTOR INVOLVEMENT

Use of external lecturers - Valuation Office  
3 x 4 courses per year at £250

£ 3,000



## 7. AWARENESS TRAINING

Modular Training

## (a) Taxes Clerical

Anticipated student throughput 4,500 per annum  
Half day tutor led module at £23 per unit £105,000

## (b) Taxes Technical

Anticipated student throughput AIC/FT 770 per annum  
Half day tutor led module at £36 per unit £ 27,720

## (c) Collection

Anticipated student throughput 1,225 per annum  
Half day tutor led module at £23 per unit £ 28,500

## (d) Administration Group

Anticipated student throughput 320 per annum  
Half day tutor led module £ 21,000

Self Instruction

## (e) Taxes Clerical

Approximate numbers 22,000 at £2.11 per manual £ 46,420

## (f) Taxes Technical

Approximate numbers 7,500 at £2.11 per manual £ 15,825

## (g) Collection

Approximate numbers 7,500 at £2.11 per manual £ 15,825

## (h) Administration Group

Approximate numbers 2,500 at £2.11 per manual £ 5,275

## 8. AWARENESS SEMINARS

Target 2 Seminars a year £6-7,000

Estimated Annual Total £436,565



-7 OCT 1988

FINANCIAL SECRETARY	
REC.	-7 OCT 1988
TO	Mr. Keeley
CCS TO	PPS, CST, SIR P. Widdleton
	Mr. March 10 DOWNING STREET
	LONDON SW1A 2AA
	From the Private Secretary
	Mr. Burgess Mr. Burr
	Mr. Gilbody Ms. Yarnley Mr. Fray
	Mr. Tynie



10 DOWNING STREET

LONDON SW1A 2AA

7 October 1988

## RELEASING ENTERPRISE - DRAFT WHITE PAPER ON DEREGULATION

The Prime Minister has seen your Secretary of State's recent minute about the forthcoming White Paper.

The Prime Minister has the following comments on the proposals. As regards the detailed content, she thinks that your Secretary of State should avoid appearing to oversell the White Paper in relation to its substance. She has noted, however, that in one respect the White Paper undersells what has already been achieved on improving understanding between business and the Civil Service, and suggests that the first sentence of the second paragraph of page 11 of the summary be amended to read 'Several hundred civil servants ... are currently involved in secondments or non-executive directorships'.

More generally, the Prime Minister wonders whether, if a popular version of the document is published, it might be bolstered by including some kind of summary list of action taken over the last nine years to ease restrictions, lift burdens and remove obstacles.

There is one proposal in the detailed White Paper that causes the Prime Minister some concern. On paragraph 8.9.2 she has commented that the proposed announcement now of the intention to de-regulate local bus services in London in the early 1990s could arouse fears and questions before the Government is in a position to answer them.

The Prime Minister has considered your Secretary of State's proposal that she should be a formal supporter of the White Paper. It is not her practice to do so. White Papers are in any case a statement of policy on behalf of the Government as a whole and in this case she considers that the support of the Minister of State, Privy Council Office, will adequately signify the commitment of the Minister for the Civil Service to the proposals in the White Paper.

The Prime Minister also has strong reservations about the proposed deregulation competition to be jointly sponsored by BP. She thinks that any such competition should be an entirely private sector project, without any direct link with



CONFIDENTIAL

2

the DTI. The motives of a private sector sponsor in a joint project with Government could be misunderstood; this could be particularly true of BP in the light of the decision on the KIO shareholding.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet and MISC 133, and to Trevor Woolley.

Yan,  
Pc

(PAUL GRAY)

Neil Thornton, Esq.,  
Department of Trade and Industry.

CONFIDENTIAL



PW

- 7 OCT 1988



SECRETARY  
7 OCT 1988

Mr. Kelsey  
PPS, CST, SIK P. Middleton  
Mr. March 10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

Mr. Burgess Mr. Bull

7 October 1988

Mr. Gilbody Ms. Yarrow Mr. Fray.

Dear Nat,

Mr. Tynie.

RELEASING ENTERPRISE - DRAFT WHITE PAPER ON DEREGULATION

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Yan,  
Pd

(PAUL GRAY)

Neil Thornton, Esq.,  
Department of Trade and Industry.

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- cc: Chancellor
- FST
- Sir P Middleton
- Mr Anson
- Mr Monck
- Mr Phillips
- Mr Burgner
- Mr D Moore
- Miss Peirson
- Mr Gieve
- Mr A M White
- Mr J W Stephens
- Mr Burr
- Ms Young
- Mr Cropper
- Mr Tyrie
- Mr Call
- Mr Spencer - Cabinet Office

*[Handwritten initials]*

Treasury Chambers, Parliament Street  
 The Rt Hon Lord Young of Graffham  
 Secretary of State for Trade and Industry  
 Department of Trade and Industry  
 1 - 19 Victoria Street  
 London  
 SW1H 0ET

7 October 1988

*Dear Secretary of State,*

**"RELEASING ENTERPRISE" - DRAFT WHITE PAPER ON DEREGULATION**

Thank you for sending me a copy of your recent minute about the forthcoming White paper on Deregulation. Norman Lamont will be letting you have separately any necessary comment on the substance. This letter deals with the publicity aspects.

I am in principle content with the proposal for a summary of the White Paper to be published alongside the White Paper itself, and distributed to business people. The detailed arrangements, and the cost, will of course need to be publicly defensible. In particular, I assume you are confident that the distribution of this material to the various targeted business audiences will assist the performance of their businesses, and will do so in a cost-effective manner.

I have serious doubts about the way in which you propose to couple a competition (co-sponsored by BP) with the explanation of Government policy in a White paper. This would make it very easy for our critics wilfully to misinterpret the motives of both Government and the firm concerned. It would therefore be preferable in my view if a privately sponsored competition were distanced from Government both in its timing and its context.

I am copying this letter to the Prime Minister and, in view of what you say about a similar competition in Northern Ireland, to Tom King. I am also sending a copy to Sir Robin Butler.

*Yours sincerely*  
*P. Warless*

PP JOHN MAJOR

*[Approved by the Chief Secretary and signed on his behalf]*