

cc | PS/Secretary of State  
PS/Sir Brian Hayes  
PS/Sir Anthony Rawlinson  
Mr Dell  
Mr Cooper  
Mr Dougherty MSM  
Mr Simpson MSM  
Mr Kemmis SF



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Mr Brecknell - with papers

From the Parliamentary Under Secretary  
of State for Industry

Sir Robin Ibbs  
Efficiency Unit  
70 Whitehall  
LONDON SW1

Prime Minister ②  
To note how the scrutiny  
exercise is being conducted

Mr [Signature]

AT 22/10 15 October 1984

~~Please send to David Young~~

Dear Robin,

The study plan for the "compliance costs" scrutiny has now been prepared by the scrutiny team, in consultation with your Unit. I ... enclose a copy.

Notes on work in the seven participating Departments are attached to the central plan for the study as a whole. These have been submitted separately to supervising Ministers.

The plan outlines the scope of the study and the framework within which the team are tackling it. It covers a huge field. Health and safety at work alone, for example, involves some 500 separate statutory instruments. In areas of this kind an in-depth appraisal of each individual requirement will not be possible; I would expect the team to focus instead on the strategic issues, recommending detailed follow-up work where appropriate within the scrutiny framework.

The team will need to complete the initial field work (which is already under way) before the main possibilities for action start to crystallise. Of the three broad options identified in part 4.3 of the plan, the second and third may often be the front-runners; that is, action to improve the "compliance cost efficiency" of existing requirement systems, and to promote a better co-ordinated attack on the problem as a whole. But I think it important that the fundamental question underlying the first option - whether there is a case in each area for a completely different kind of approach - should also be asked and answered.

I am copying this letter with enclosures to the Prime Minister, Leon Brittan, Nigel Lawson, Patrick Jenkin, Norman Fowler, Tom King, David Young, Grey Gowrie and Sir Robert Armstrong.

Yours awd,  
David

Enc.

DAVID TRIPPIER

DT3ADA



CCND

NBPM AT 25/10

EFFICIENCY UNIT

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D Trippier Esq, MP  
Department of Trade & Industry

25 October 1984

*Dear David,*

SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS

Thank you for your letter of 18 October, enclosing the study plans for this set of scrutinies.

I found the central study plan excellent. It structures the material well, and promises a determined and well-directed attack on the problems. The individual Departmental study plans are somewhat uneven, but I am sure that under the discipline of working together as a Team the studies will all in practice come up to the high standard set by the central plan.

As you say, the field to be covered is immense. But I hope that the Team will not be daunted by the impossibility, for example, of reviewing in detail the 500 statutory instruments relating to health and safety at work. Rather than taking a superficial look at all the regulations, which would inevitably lead to no practical conclusion but a recommendation for a great deal of further work, I think they should concentrate on the few that come up most frequently in their discussions with businessmen, and should aim to expose some options for action in this field, as in all the others, within the scrutiny period.

I am sending copies of this letter to the recipients of yours.

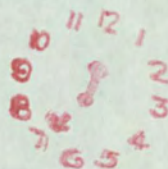
*yours ever,*

ROBIN IBBS

Exam PR P.S

Small Army

25 OCT 1984



SCRUTINY OF ADMINISTRATIVE AND  
LEGISLATIVE BURDENS ON BUSINESS

Central Study Plan

1. INTRODUCTION

1.1 This scrutiny was agreed at a meeting of Ministers on 24 July 1984 to review progress on the removal of administrative and legislative burdens from small firms.

1.2 There will be studies in 7 Departments (Inland Revenue, Customs and Excise, the Home Office, the Department of the Environment, the Department of Health and Social Security, the Department of Employment Group, the Department of Trade and Industry); and a general report, prepared in the light of these, on wider issues and lessons.

1.3 DTI are co-ordinating the scrutiny. The Efficiency Unit and the Treasury are represented on the scrutiny team. A list of team members is attached.

2. TERMS OF REFERENCE

"To review, within the framework of Government policy on taxation and public expenditure, the burden imposed on business by administrative and legislative requirements of central and local government, with particular reference to smaller businesses;

to ask:-

- what are the areas in which reductions in compliance costs would make the biggest difference to business, especially to small firms;
- what are the main obstacles to securing a substantial reduction in these costs;

- what areas of regulation should be amended;
- how compliance costs should be monitored and kept under control."

### 3. SCOPE

3.1 The scrutiny will focus on requirements of two kinds: those which make business:-

- a. do administrative work on government's behalf - collecting tax (VAT, PAYE) and NIC; paying benefits (SSP) and providing information (statistical returns; information on industrial injuries);
- b. comply with rules to protect:-
  - i. the general public (eg requirements on planning, environmental protection, fire prevention, data protection);
  - ii. employees (eg requirements on health and safety, employment protection, minimum wages, non-discrimination);
  - iii. consumers, other traders and investors (eg consumer law, company law, restrictive trade practices law).

3.2 Alongside collection costs, we shall look at some other tax matters in the light of small firms' views: for example, the effect of the rules determining the classification of individuals as employed or self-employed. But major issues touching the levels of taxation and of National Insurance, and the distribution of the tax/contributions total, lie outside the scope of the study.

3.3 We shall consider what central and local government can do to help firms comply with requirements more easily. And we shall follow up any significant points raised with us by business itself on ways in which government assistance or

other facilities make life unnecessarily difficult for applicants. With these exceptions, we shall not be concerned with Government facilities for industry.

#### 4. METHOD OF WORK

4.1.1 The core of the work will be a critical scrutiny of the purpose each group of requirements is designed to serve, the costs it imposes, and the benefits it is said to secure. We shall ask whether the purpose is a necessary one; and if it is, whether it could be achieved at lower compliance cost.

4.1.2 The annex to this plan summarises the work planned in each Department.

#### 4.2 Stages of the Study

4.2.1 The scrutiny will be carried out in three stages.

4.2.2 First, we shall interview as many business managers as possible, particularly in small firms; as well as business and other organisations, and those responsible for requirements in Departments.

4.2.3 Interviews with business will be crucial in deciding where the most serious burdens arise. Interviews with "recent starters" and other very small undertakings will be especially important. Compliance costs may be felt most severely at this end of the spectrum.

4.2.4 Check-lists will be prepared of points to be pursued in the field work, which will be modified as necessary as the work proceeds. We are considering ways of supplementing our own interviewing, within the scrutiny timetable, with other interview-derived data.

4.2.5 Secondly, on the basis of the field work we shall identify options for action on compliance costs, within the framework at 4.3 and 4.4 below.

4.2.6 Finally, we will test and improve our ideas in further discussions in Departments, and where necessary in follow-up interviews with businesses.

#### 4.3 Action on compliance costs

4.3.1 Where Government intervention of some kind is unavoidable, we shall examine the case for:-

- alternatives to present requirement systems (such as reliance on rights in civil law instead of government regulation backed by criminal law; replacement of complex, detailed statutory requirements by more flexible, general statutory duties);
- "efficiency" reforms within present requirement systems to reduce compliance costs for small firms or for enterprises generally - by simplifying the requirements themselves, their enforcement, and/or Government/business communication about them;
- a better co-ordinated response to the problem as a whole, as regards:-
  - i. information and advice for businesses from central and local government ("one stop shops");
  - ii. the activities of the various enforcement agencies (Customs, Revenue, HSE, DHSS, local authorities);
  - iii. the interface between Departments (eg on PAYE/NIC; fire/building regulations; tax/statistical records and returns; government consultations with business on changes in requirements).

4.3.2 Also looking at the problem as a whole, we shall consider how Departments' "compliance cost consciousness" can be improved, against the background of the cost control policies underlying the Financial Management Initiative; and whether general targets could be set for containing/reducing compliance costs.

#### 4.4 Constraints

4.4.1 We shall have in mind:

- the need to maintain the revenue base (for tax/NIC); and to contain public expenditure and manpower (which limits the scope for shifting compliance costs from business to Government);
- the European Community dimension (EC law, for example, regulates the VAT system in detail; and the Community is a major source of new requirements in other areas to be examined).

4.4.2 Compliance costs in category (b) - 3.1 above - depend in part on the balance struck between business and other interests in deciding the level of "protection" required. We shall identify any areas in which substantial reductions in costs could be achieved by striking a different balance; and the options open to Ministers if they wished to do so.

#### 4.5 Other matters

4.5.1 The study will touch on matters within the scope of separate policy reviews inside or between Departments. Where these have been completed, we shall identify and comment on any conclusions relevant to our work. Where not, we shall keep in touch with and take account of the specialised review in making our recommendations.

4.5.2 The Council of Civil Service Unions has been informed of the scrutiny and invited to contribute; as have



the Trade Union sides in each Department concerned.

## 5. TIMETABLE

5.1 Our 90-day programme is as follows:-

scrutiny started	Monday 24 September
study plans submitted to Ministers	w/b Monday 15 October
initial and follow-up interviews with firms and those responsible for requirements in Departments	completed by Friday 16 November
consultations on draft synopses of recommendations (including consultations with TUS)	completed by Friday 30 November
departmental reports	completed by Friday 21 December
consultations on "wider lessons" report (including consultations with CCSU)	completed by Friday 18 January 1985
"wider lessons" report	completed by Friday 25 January 1985

## SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS

### Scrutiny Team

Mr N P Brecknell

Team Leader

### Departmental Scrutiny Officers

Mr M K Brenchley

Home Office

(Mr R K Harrison  
(Mr D C Alexander

Department of Employment

Mr D R Instone

Department of  
Environment

Mr W L Parker

HM Customs and Excise

Mr J H Reed

Inland Revenue

Mrs E Somerville

Department of Health and  
Social Security

### Other Team Members

Mr D B Andren

HM Treasury

Mr C J A Chivers

Efficiency Unit

SCRUTINY OF LEGISLATIVE AND ADMINISTRATIVE BURDENSINLAND REVENUE STUDY PLANIntroduction

1. The scrutiny was set up to look at administrative and legislative burdens, particularly on smaller firms, and consider whether these should be reduced. The terms of reference, the broad approach to be adopted and the timetable are set out in the central study plan. The Revenue scrutiny will be carried out by Mr J H Reed.

2. Other examining officers are looking at the burdens in the Department of Employment, Home Office, Department of Health and Social Security, Department of Trade and Industry, Customs and Excise and Department of Environment. The examining officers will keep in close touch and the exercise as a whole is being led by Mr N P Brecknell of the DTI.

Scope

3. The purpose of the scrutiny is to reduce compliance costs on small businesses, not to reduce the tax burden. So recommendations should not give rise to any substantial changes in tax payments.

4. The enforcement powers of the Revenue departments have already been examined by the Keith Committee. Its recommendations are now the subject of consultation. While many of the recommendations have little bearing on the current scrutiny, some would affect burdens on small firms. I shall try to identify these and comment on their effects. Where my recommendations overlap with those of the Keith report I shall explain any differences.

Major issues

5. Compliance costs fall into 2 broad categories. Routine administrative tasks to be carried out by all firms of a certain kind - eg the operation of PAYE. And the cost of responding to checks by the Government that compliance is satisfactory and, where it is considered not to be, the costs of responding to enforcement action. Each aspect of the major costs will need to be looked at, including whether they fall disproportionately on smaller firms. Another important aspect is the scope for reducing the overlap between compliance costs imposed by different departments (eg visits by different officials). Reduction of overlap could have the additional advantage of increasing the efficiency of the Civil Service.

6. One particular area of overlap to be looked at is between PAYE and NICs.

7. Another tax collection mechanism which affects many small firms is the sub-contractor deduction scheme (and the "714 certificate"). This was looked at by the Keith Committee

but I shall review this in the context of the present scrutiny.

8. An area which could have adverse effects on the Civil Service is that of increasing the comprehension by small businessmen of what is expected of them. In part this could be done by improved literature etc but the other possibility is increased guidance from civil servants. It is necessary to strike a balance between helping small businessmen and avoiding large increases in Civil Service manpower: there is no point in simply moving costs from the private sector to the public sector.

SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS  
CUSTOMS AND EXCISE STUDY PLAN

1. INTRODUCTION

- 1.1 This scrutiny is being co-ordinated by the DTI and its main lines are set out in the central study plan to which this annex relates.

2. SCOPE

2.1 VAT

- 2.1.1 Each year 1.4 million registered traders submit 6.4 million VAT returns to raise around £15 billion revenue. Most submit quarterly VAT returns and keep records and accounts which are subject to inspection by VAT Control Officers. Some are entitled to repayments of VAT and many of these submit monthly returns.
- 2.1.2 Drawing on the extensive work which has already been done, we shall examine the requirements imposed, with particular regard to small businesses, to see what scope there is for reducing them.

2.2 Customs

- 2.2.1 When taken together, community goods and consignments of small value (ie. NE £200) amount to an estimated 58% of all imports into the UK. However, they still require full customs documentation whose purposes is little more than to allow the gathering of statistics and provide for control. There are at least 50,000 regular importers whose compliance costs could be reduced if requirements in the Customs area were simplified. The statistics burden will be examined in conjunction with DTI. Constraints imposed by EC regulation will be identified and examined.

3. THE MAIN ISSUES

- 3.1 The purpose of the scrutiny is to reduce compliance costs, particularly on small businesses, not to reduce the tax burden.
- 3.2 The ground on VAT has been well trodden and reviewed quite recently by Mr Michael Grylls, MP and we shall draw on this

but will try to start out with a fresh look at ideas for relieving burdens of administration on business - including a look at retail schemes. The EC Sixth VAT Directive is a severe limitation on our freedom to recommend certain courses (such as raising the VAT exemption threshold). We shall include a section on the outlook and practice of other member states.

- 3.3 There is some evidence to suggest that the cost of complying with VAT requirements bears more heavily upon small businesses. We shall seek to establish whether VAT requirements are a disincentive to setting up new businesses.
- 3.4 Improved communication with business may help to reduce the difficulty of compliance and perhaps its costs. We shall liaise closely with the work of our colleagues in Customs and Excise who are reviewing the "Handling of Enquiries from the Public" in a separate departmental scrutiny.

4. KEITH COMMITTEE REPORT

- 4.1 The enforcement powers of the Revenue Departments have already been examined by the Keith Committee. Its recommendations are the subject of consultation. We shall consider how they might affect the compliance burdens on business.

5. TUS LIAISON

- 5.1 The Departmental TUS have been advised of the scrutiny and, in the very short time available, we have been in touch with them about the study plan and will be maintaining contact with them.

6. SCRUTINY TEAM

- 6.1 The Customs and Excise study team is W L Parker (team leader) and C M Quinn.

Introduction

I.1 Home Office functions relevant to the scrutiny cover a wide field and consist mainly of statutory licensing, registration and other provisions affecting particular kinds of businesses.

I.2 Some provisions, however, significantly affect extensive areas of business. Fire prevention requirements, for example, impose heavy compliance costs. So, arguably, do restrictions on the opening hours of shops. These areas, and others, are already under separate review.

Scope of Home Office study

2.1 Home Office requirements proposed for inclusion within the scope of the study are set out in paragraphs 2.2 to 2.5 below.

2.2 PUBLIC HEALTH AND SAFETY

Fire prevention	To protect life. Certification of premises designated by use.
Controlled drugs	Home Office licensing to control import, export, production, supply and possession.
Poisons	Registration with local authority of shops selling poisons.
Firearms dealers	Registration with the police. Provisions on firearm security and record keeping.
Cinemas	Licensing by local authority with conditions as to fire precautions and censorship.
Other places of public entertainment	Similar licensing by local authority.
Places of private entertainment	Similar (but adoptive) licensing of places where large numbers gather.

2.3 PREVENTION OF CRIME

Television dealers	Registration of dealers to combat licence evasion. Record keeping.
Scrap metal dealers	Registration of dealers by local authority. Record keeping.

2.4 PUBLIC AMENITY AND PROTECTION OF EMPLOYEES

Shops	Restrictions on shop hours, Sunday trading.
Late night refreshment houses	Licensing by local authority.
Take-away food shops	Closing hours restrictions by local authority.
Night cafes	Stricter closing hours restrictions.
Street trading	Adoptive local authority licensing under the general law and some local Acts.

2.5 PRIVACY AND DECENCY

Data protection

Registration with a Data Protection Registrar if holding personal data on computers.

Video recordings

Classification of videos by their suppliers.

The Main Issues

3.1 Those Home Office requirements imposing the heaviest and widest spread burdens of compliance merit priority attention, so a study of fire prevention is proposed first and then of shop closing provisions and data protection. Attention would then be given to the remaining requirements listed above. Due account would be taken of reviews carried out or being carried out in any of these areas and of any relevant recommendations made or proposals being considered.

Examining Officer

4.1 The Examining Officer appointed to carry out the study in the Home Office is Mr M K Brenchley, E.3 Division. He will be assisted by Mr R S Moys, M Division.



SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS:  
DEPARTMENT OF THE ENVIRONMENT STUDY PLAN

1. Scope of Scrutiny

Administrative and legislative requirements (ALRs) for which DOE is concerned fall mainly into the following categories:-

a) Those controlling the physical premises of firms and their surroundings.

b) Requirements by local authorities.

Many of the individual requirements at (b) arise from other Departments' legislation; but DOE has an interest in the aggregate of these requirements.

2. Issues to be examined

(i) Priorities

Before the scrutiny began, Ministers had already identified as areas for examination:-

i) The impact of the planning system on small firms;

ii) The scope for streamlining contact by small firms with local authorities.

Initial examination suggests these are sensible priority areas for further scrutiny. (ii) below suggests other areas which we intend also to look at. Throughout the scrutiny it will be important to bear in mind that the requirements which have the most significant effects on firms will not necessarily be those which are the most conspicuous to firms. We will therefore regard complaints by firms as important but not necessarily conclusive indicators of the relative significance of different burdens.

(ii) Detailed areas to be examined

(a) The planning system

Industrial development, or major change of use of existing development, generally requires planning permission to be obtained from local authorities, with right of appeal to DOE. We shall examine how far this is hampering firms as a result eg of the system's alleged rigidities and delays. We shall take account of circulars issued to local authorities in 1980 and 1984 suggesting greater flexibility and also current plans for further simplification (eg the Government's proposals for special planning zones).

(b) Building regulations

The law provides for detailed regulation for the construction of buildings - primarily for health and safety reasons. (The Government is now in course of simplifying the system). We shall examine whether this is adversely affecting the supply of premises and how far the proposed simplification may help firms.

(d) Environmental controls and other controls enforced by local authorities

There is much detailed legislation (for which DOE is responsible) on environmental pollution which affects firms - especially air and noise pollution and on the discharge of waste. We shall examine the impact on firms of both existing and proposed new regulations. We shall pay special attention to the way local authorities enforce both existing environmental requirements and requirements (eg on health and safety) for which other Departments are responsible.

(e) Statistical returns and other form-filling

Firms which are asked by DOE to complete statistical returns are mainly confined to the construction industry. (These returns formed part of the 1980 Rayner review of Government statistics). We shall examine any complaints from firms about this and about any other aspects of form-filling for which DOE is responsible.

(f) Rates administration

Major issues of rates policy are outside the scope of this scrutiny. Rates procedure was the subject of a recent separate Rayner scrutiny. However we shall examine any specific complaints raised during our scrutiny.

3. Examining Officers

These will be Daniel Instone and Simone Sharpley of DOE.

## SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS

## DHSS STUDY PLAN

## INTRODUCTION

1. The Department's main spheres of influence on the activities of businesses fall under the headings of social security, environmental health and medical regulation.

2. DOE's scrutiny will cover the environmental health aspects and the HO will be looking at the control of drugs and licensing, each consulting with DHSS officials as necessary. The DHSS scrutiny will concentrate, therefore, on social security aspects.

## SCOPE OF THE SCRUTINY

3. The principal areas of the social security scheme which impinge on businesses are National Insurance Contributions, Statutory Sick Pay, Industrial Injuries and Occupational Pensions. There are also some minor burdens arising from the operation of the Family Income Supplement and Supplementary Benefits Schemes which will be considered, but as a lower priority.

4. The Occupational Pensions field will not be examined in the same depth as the other areas. These burdens are largely voluntary in that businesses choose at present whether to provide occupational pensions and, therefore, whether to enter the regulatory areas of the contracting-out provisions etc. Furthermore, so far as most small businesses are concerned, the burdens are borne by the insurance companies who run their schemes rather than the businesses themselves.

5. In the sections below, each area to be covered by the scrutiny is described, together with the main points of concern already raised by businesses or their representative organisations.

## MAIN ISSUES

National Insurance Contributions

6. In 1975 the system of national insurance contributions (NIC), based on stamped cards for all employed and self-employed people, was replaced by an earnings-related scheme. Now employers must deduct an employee's contribution from his wages and send it, together with the employer's share of the total contribution to the Inland Revenue (IR). This part of the system runs in tandem with the PAYE system and will involve close co-ordination with the IR Scrutiny. The self-employed continue to pay a flat-rate NIC by stamping a card or direct debit and also pay an earnings-related equivalent, through the tax system, on profits.

7. The implications for business of the different rates of NIC, the different procedures for their collection and the differences between the NIC and PAYE systems will be the main thrusts of the scrutiny, examining the issues raised in the main study plan.

8. In particular, the scrutiny will examine

a. the position of the self-employed NIC vis à vis the employed, asking:

- is there any disincentive to movements between the two?
- is there consistency of treatment by DHSS and IR?
- is there any difficulty arising from the confidentiality rules?

b. the basis of the NICs for employed people, asking:

- is there scope for closer harmony between the PAYE and NIC systems in liability, assessment and enforcement eg the week-by-week/month-by-month NIC system as opposed to the cumulative tax system, the definitions of gross pay, visits by DHSS/IR staff, rationalising the positions of married women and pensioners etc?

9. The procedures will be looked at closely with a view to simplification and/or clarification, as required, starting from the review that has already been conducted from the DHSS point of view<sup>†</sup> but, in this case, considering the impact on the businesses affected.

#### Statutory Sick Pay

10. Since 1983 employers have been responsible for paying statutory sick pay (SSP) to their employees for up to 8 weeks of sickness absence in a tax year, in place of national insurance sickness benefit. The amounts of SSP paid out are recovered by withholding the same amounts from the national insurance contributions sent to the IR each month.

11. The scrutiny will examine the overall impact of SSP in businesses, particularly small businesses, together with the burden of the SSP procedures (ie setting-up, forms, decision-making, payment, records, reimbursement etc).

12. In particular, we will be asking if the burden of SSP is falling disproportionately heavily on small businesses.

#### Industrial Injuries

13. The industrial injuries (II) scheme provides benefits to compensate for the loss of earnings where employees suffer disablement or death due to injury or disease which arises out of, and in the course of, their employment. The basic disablement benefit may also attract increases in cases of unemployability or special hardship, or towards the costs of hospital treatment or constant attendance. It is inherent in the nature of the scheme that enquiries are made of employers and, therefore, that some records are kept.

<sup>†</sup>'BROUGHT TO ACCOUNT': Report on the Validation of NI Contribution Records, 1981.

14. In the scrutiny we shall consider the burdens that are placed on businesses by the II scheme, the extent of record-keeping required and the degree of follow-up enquiries made by DHSS.

15. In particular, we shall examine the progress made since the review of II which gave rise to the White Paper "Reform of the Industrial Injuries Scheme" published in 1981 (Cmnd 8402) and the interactions between the II scheme and the SSP scheme and the responsibilities of the Health and Safety Executive, in conjunction with DE.

#### Occupational Pensions

16. The social security system provides, through NIC, for a basic flat-rate retirement pension plus an earnings-related additional pension. Employers who provide occupational pensions schemes of a defined, acceptable standard can contract their employees, who are members of such schemes, out of the additional part of the State scheme. Where an employee is 'contracted-out', both the employees' and the employers' shares of the NIC are reduced.

17. Since the decision to provide access to an occupational pension scheme is a voluntary one, any burdens on businesses are also, to a degree, voluntarily assumed. These do not, therefore, rank as highly in our scrutiny's considerations as others which are unavoidable. Furthermore, the Government Actuary in his 6th Survey of Occupational Pensions Schemes stated that at least three-quarters and probably more (especially of the very small schemes) of those schemes with fewer than 100 members rely on insurance companies for all the administration of their schemes. In these cases, which probably cover a large proportion of the small businesses in which our scrutiny is particularly interested, the burdens will be borne by the insurance companies rather than the businesses themselves. It would not, therefore, be cost-effective for us to spend a great deal of time on this subject.

18. We shall, however, look at the areas identified by a review last year which would affect the burdens on small businesses and comment on these effects. The main recommendations of that review are currently the subject of Ministerial consideration. We shall also pursue any specific points raised by business contacts in the course of the scrutiny.

#### Family Income Supplement

19. Family Income Supplement (FIS) is a weekly cash benefit for employed or self-employed people in full-time work who are bringing up children on low wages. Again, as with II, enquiries of the employer/business as to wages/income are an inherent part of the scheme.

20. We shall scrutinise, in particular, the operation of FIS and the relative burdens on employed and self-employed claimants.

### Supplementary Benefits Scheme

21. Supplementary benefit (Supp Ben) is a means-tested benefit available to those not in full-time work who may have another source of income but do not have enough money to live on. Enquiries are mainly made of employers in the means-testing of initial claims, to see what wages were paid at the last employment. In other cases, where a man in work is not supporting his wife and children who claim Supp Ben, enquiries are made to establish his ability to do so in order to minimise the cost to the public purse.

22. These are burdens where they occur, but in no way can they be predicted or taken into account in any decision-making by a business. They are, accordingly, low priority subjects in the context of this scrutiny and may be excluded altogether if there is insufficient time to consider them.

#### METHODOLOGY

23. In addition to the centrally-arranged visits to small businesses and representative organisations, we shall make use of our regional and local office structure by accompanying local office inspectors on their surveys and visits to businesses.

24. We also intend to talk to local office staff concerned with, and in some instances specialising in, contributions, SSP and II work.

25. Visits will also be made to policy branches, and operational branches including those at Newcastle Central Office (for NIC) and North Fylde Central Office (for II).

26. If considerations stretch into the field of evidence for the adjudication of benefit claims, a visit will be made to the Office of the Chief Adjudication Officer.

#### EXAMINING OFFICER

27. The examining officer will be Mrs E C Somerville, who will be assisted by an L01/HEO from the Regional Organisation.

## SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS : DE STUDY PLAN

## SCOPE

The scrutiny will concern itself with schemes administered by DE Group which impose obligations on employers in respect of:

- the offer of employment itself (aspects of Race Relations and Equal Opportunities legislation and the Disabled Quota).
- terms and conditions of employment (Wages Councils, Equal Pay, the Truck Acts and a number of parts of the Employment Protection legislation such as maternity leave and pay).
- the termination of employment (mainly those parts of the Employment Protection legislation concerned with unfair dismissal, redundancy pay, transfer of undertakings and notice of termination; aspects of Race Relations and Equal Opportunities legislation; inquiries from the Unemployment Benefit Service).
- the working environment (all the numerous parts of Health and Safety legislation and its administration).

Additionally we will examine the burdens imposed by the Department's statistical needs, the conditionality of its various schemes for employment and training assistance, the requirements of Industrial Training Boards and the licensing scheme for employment agencies.

## ISSUES

Employment Protection Legislation

Subject to various exemptions for small firms, employers have a wide range of obligations under the Act and the associated regulations. The provisions which are seen as most burdensome are probably those relating to unfair dismissal, maternity leave, transfer of undertaking and redundancy pay. The scrutiny will assess the total impact of these and other obligations under the Act on firms, in relation to other burdens.

### Wages Councils

These statutory bodies set minimum wage levels for selected industries where normal collective bargaining is weak or non-existent. Those industries have high concentration of small firms, who complain that their expansion is thereby inhibited. The scrutiny will address itself to the question of why this legislation and its machinery remains in being.

### Health and Safety

All employers (and self-employed) have general obligations under the Act as well as specific obligations (including those under older pieces of legislation) relating to individual sectors, industries or processes. Known complaints (especially from small firms) relate to the volume and complexity of the legislation, the obsolete nature of some of the requirements, the processes of enforcement (particularly by Local Authorities) and inadequate consultation on new regulatory proposals. The scrutiny will be concerned with (a) the cumulative impact of the legislative requirements themselves and what are said to be the obstacles to rationalising them (b) the enforcement processes used by HSE and local authorities and (c) the means of controlling the growth of burdens in the future, including the use of cost-benefit analysis.

### Other Employers' Obligations

The scrutiny will assess the nature and tractability of burdens which may be imposed on businesses by:-

- Equal Pay
- Truck Acts
- Industrial Training Boards
- Disabled Quota
- Race Relations (employment aspects)
- Equal Opportunities (employment aspects)
- Unemployment Benefit Service inquiries
- Conditionality of employment/training assistance schemes  
(eg YTS, YWS, EAS)
- Departmental Statistics
- Employment Agencies/Licensing



In some of these cases it is not entirely clear to what extent businesses (even small firms) necessarily see their obligations as particularly burdensome. Hence the scrutiny will have to establish the facts more clearly before deciding whether remedies are called for (or are feasible in individual cases). The purpose of each scheme will be examined and a judgement made as to whether the present form of regulation should be retained or modified.

#### Information and Advice

It is believed that employers may find burdensome the multiplicity of information outlets and varying quality of the advice given on their many statutory obligations. The question of centralising and improving the quality of information and advice will be examined as part of the wider issue of the "one-stop shop".

#### METHODS

Desk study of existing written factual material and other studies;  
Interviews with officers in relevant policy branches;  
Examination of EEC Directives, Recommendations etc and comparable ILO instruments, where appropriate;  
Survey of experience of ACAS Regional Officers in dealing with employers' perceptions of "burdens";  
Field visits with relevant inspectorates/advisory staff;  
Consultation with companies and their organisations (to be arranged by DTI);  
Analysis of complaints received by the Department.

#### THE SCRUTINY TEAM

D.C. ALEXANDER	Principal
N.C. ASTON	HEO
L. POSTLE	EO

## SCRUTINY OF ADMINISTRATIVE AND LEGISLATIVE BURDENS

### DTI STUDY PLAN

#### INTRODUCTION

DTI is one of seven departments participating in this scrutiny. The terms of reference, the broad approach to be adopted and the timetable are set out in the central study plan.

#### SCOPE OF THE DTI SCRUTINY

The administrative and legislative requirements of DTI within the scope of the study are of two main types:

- i) market regulation for the benefit of customers, traders and investors - where the burden on business is the need to operate in ways different from those the market might otherwise allow; and/or to cope with the activities of enforcement agencies; and
- ii) Statistical surveys - where the burden on business is the time and effort required to collect the information sought and make the necessary returns.

Priority will be given in the study to:

- Consumer and fair trading law, including:
  - consumer credit legislation;
  - weights and measures legislation;
  - trade descriptions and marking legislation;
  - consumer safety legislation
- Company law including:
  - requirements relating to accounts, auditing and disclosure;
  - registration procedures and the filing of statutory returns;
  - alleged disincentive effects of aspects of insolvency law.
- Statistical surveys conducted by the Department and BSO.

Of lower priority, subject to business comment, will be more specialised areas of regulation:

- Administration of Restrictive Trade Practices legislation
- Regulation of insurance
- Regulation of financial markets
- Regulation of telecommunications (including apparatus approval) and radio services
- Regulation of external trade
- Requirements of Article 100 Directives in the DTI area.

The scrutiny will not examine policies underlying assistance or incentive schemes or facilities for business. Their operation and administration will be scrutinised to the extent that business comment may suggest that smaller firms find them difficult to use. Regional Development Grants, Support for Innovation, BOTB Services and the Small Firms Service itself fall into this category.

It is not at this stage proposed to examine the workings of the Patent Office (where work is already in hand on a response to Cmnd 9117). Should however this prove to be a major source of concern to the businesses we talk to, we may wish to reconsider this exclusion.

#### ISSUES TO BE ADDRESSED

##### Consumer Protection

The prime focus is likely to be on consumer/fair trading requirements imposed under the criminal law and enforced by local Trading Standards Officers, though we shall also examine areas, such as product liability, where existing or proposed duties giving rise to rights of action under civil law could impose substantial burdens on business. Priority topics may be:

- the scope for achieving acceptable protection levels in less complex ways (progress is already being made on this in relation to the law of price comparison; the substantial apparatus of regulation under the consumer credit act may merit similar review)
- the scope for greater reliance on rights in civil law rather than detailed government intervention backed by criminal law
- the scope for making enforcement more "business-friendly" and more consistent from area to area.

##### Company Law

The starting point in this area will be to establish what the benefits of the main existing requirements are and why smaller firms have particular difficulty in meeting the requirements. We shall then seek to identify:

- which aspects of the existing requirements should be regarded as essential obligations on any company
- (bearing in mind the present high rate of default in filing annual returns) whether changes in these requirements or the modalities for complying with them could reduce the cost and difficulty of compliance and thus raise the compliance rate
- the scope for exempting smaller companies from other requirements, or achieving their effect in ways better adapted to procedures and practices commonly adopted in smaller firms.

### Statistical Surveys

Statistical burdens on business generally have already been reduced following the Prime Minister's initiative in 1981 and a five year rolling programme to review regular surveys to business is in hand in all Departments concerned.

We shall examine the impact of this work so far on statistical requirements on small firms (ie those employing less than 200) and particularly the very smallest (those employing less than 10); and consider whether anything more could be done to reduce burdens in this sector (for instance, whether sampling techniques can be modified to spread the statistical burden more evenly among small firms).

#### SCRUTINY TEAM

The DTI scrutiny will be conducted by Mr J M Whitlock and supervised by Mr N P Brecknell (who is also leading the exercise as a whole).