

Prime Minister.

A useful note from the Policy Unit for tomorrow's meeting with Backbenchers at 1400. The likely conclusions of Lord Young's group are of course confidential, as is the date of publication of the Broden or Business report (Friday; copy attached). MHA 25/3

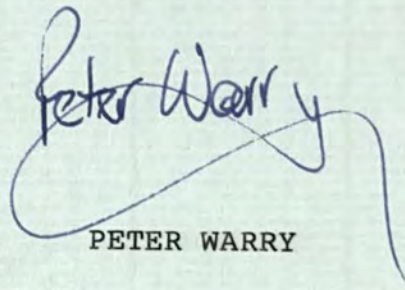
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PRIME MINISTERSMALL BUSINESSES

Small firms are important: depending upon definitions they provide employment for half the private sector workforce and are responsible for at least half of all the new jobs created. (In fact those firms employing less than 20 people are responsible for 31% of new jobs created, whereas the fertility of our large firms - those employing more than 1,000 - is only one fifth of that level pro rata to size).

The principle recommendations likely to come out of Lord Young's group are:

1. A greater role for local enterprise agencies in assisting new and small businesses (at the expense of the Small Firms Advisory Service).
2. Promotion of an enterprise culture, particularly at schools and universities.
3. Government and large firms to be more responsive to small firms, particularly for procurement.
4. Repackaging of financial support (yet to be determined).
5. Deregulation - making PAYE simpler, raising VAT threshold (if only EC would permit it), etc.



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