

Ref. A085/1760

PRIME MINISTER

Deregulation

A One of the proposals in Lord Young's minute to you of 26 June involves a machinery of government change - the creation of a new central task force within, but separately identifiable from, the existing Enterprise Unit.

2. I think that there is a good case for a small team to maintain the momentum of deregulation work. It could be a unit within the Department of Trade and Industry, which has the "lead" responsibility in relation to industry and business. But it probably makes sense, at least initially, to have a central unit reporting to Lord Young as the Minister who has taken the lead on deregulation so far. There are one or two points you may wish to consider further.

C 3. First, there is a risk that the creation of another central unit will cause confusion about the relative responsibilities of Departments and the unit, as well as some extra bureaucracy. I would support the view of Sir Robin Ibbs, contained in his minute to you of 27 June, that the new unit should do nothing that removes the basic responsibility from individual Departments. To guard against this you may wish to ask the Enterprise Unit to work up a detailed definition of the new unit's role in addition to the outline description which will appear in the White Paper. In particular, further thought might be given to defining the proposed "audit" function of receiving regular reports from Departments and scrutinising selected proposals - what for example should be the criteria for selection and what would be a reasonable number of scrutinies to expect from a unit of the size envisaged? Would the unit be



notified of all proposals for new regulations? Different procedures may be appropriate to different Departments and different types of regulation. It will also be important to have procedures by which Ministers can resolve any disagreements between Departments and the Deregulation Unit without undue delay.

4. Secondly, Lord Young proposes that the case for the unit and associated arrangements should be reviewed after three years. There might be some advantage in shortening this to, say, twelve or eighteen months. A significant body of practical experience should be available after that time; and that would give an opportunity for a review, and possibly further action, before the next election.

5. Thirdly, the process of review would be easier if the new unit was given clear objectives against which its performance could be measured. I doubt whether the volume of regulatory material is a very satisfactory guide, but the new unit might be required to estimate the costs which its activities had saved the business community, using the impact analyses which are being developed.

6. A review after twelve or eighteen months would also provide an opportunity to look again at where the unit (assuming that it was to continue) could best be located within government. Once the new unit had been firmly established under Lord Young's guidance, its primarily executive functions might sit more happily in the Department of Trade and Industry, which is already closely involved in deregulation, than in the Cabinet Office.

7. Finally, I have seen Sir Robin Ibbs's suggestion that Lord Young might act as an informal deregulation "ombudsman". I can see the attractions in that but it could create a real problem



by confusing the existing channels of communication between business and the Departments sponsoring individual industries.

8. There may be an immediate problem of geographical location, if the proposal to set up a new unit is agreed. If it were to consist of no more than three or four people within the Enterprise Unit, as proposed by Sir Robin Ibbs, we could probably just about squeeze them in the Cabinet Office building. If it was much larger than that, there would probably not be room in 70 Whitehall for it alongside the Enterprise Unit, and we should have to explore where it could best be housed. Richmond Terrace will not be ready until 1987, and the choice may be between the Great George Street building occupied by the Treasury and Government buildings in Northumberland Avenue.

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Approved by
ROBERT ARMSTRONG
and signed in his absence

28 June 1985