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The Rt Hon Leon Brittan QC MP  
 Secretary of State  
 Department of Trade and Industry  
 1 Victoria Street  
 LONDON SW1

16 December 1985

*Dear Secretary of State,*

*N.B.M.*

**DEREGULATION**

*AT FLAP PT 19*

We have now had replies from you and others to David Young's letter of 29 November enclosing a final draft of the concordat on new working arrangements for deregulation. David and I are grateful for the support our proposals have received and general agreement that they represent a sensible way forward. We were also encouraged by the positive approach adopted by MISC 121 at its first meeting earlier this week.

I am sure it is right that the arrangements proposed in the concordat should be operated on a common sense basis, so as to avoid any unnecessary bureaucracy. On the other hand I do think that for an exercise of this kind involving a large number of departments to work effectively there have to be some ground rules that are firm and clearly understood. The concordat makes clear (para 5) that the amount of work needed to produce compliance cost assessments will vary from case to case. Unless some assessment is made of each regulatory proposal, however, I think it will be difficult for Ministers to be satisfied that their departments have in fact considered their impact on business, and passing on this material to the EDU should not generally impose any significant additional burden. I entirely accept of course that the EDU will need to be selective in identifying proposals which it wishes to follow up if it is not to be overwhelmed by the weight of paper.

I take your own point about needing to pick up proposals that are already in the pipeline. Where policy decisions have already been taken, I suggest officials responsible for implementing them should either undertake modified CCA procedures, or consult with their departmental deregulation unit, or if necessary the EDU, about handling and presentation in relation to deregulation policy. There may clearly be alternative ways of approaching specific regulations and instructions, for example, even though the major policy



decisions have already been taken. This emphasises to my mind the value of departments having some kind of internal coordinating machinery able to offer advice in cases of this kind.

The Council of Ministers meeting on 2/3 December agreed to proposals by the European Commission for applying to proposed EC regulations broadly similar procedures to those which we are adopting here. The Council also agreed to review existing regulations with a view to identifying areas where these might be simplified. This should help significantly in resisting proposals which are likely to have a damaging effect on competitiveness, and in challenging existing regulations which can be shown to be harmful. The EDU will be in touch with Departments shortly about identifying useful areas for taking up with the Commission.

We shall of course wish to review the operation of the concordat arrangements in due course in the light of experience. Meanwhile our priority must now be to bring them into effect as soon as possible. Departments have been aware for some time of the general lines of the intended procedures and I hope there should be no difficulty therefore in bringing them into effect from, say, 16 December by which date departments have been asked to prepare a "forward look" at forthcoming regulations. I should be grateful if you and our other colleagues could arrange for the procedures set out in the concordat, including of course undertaking compliance cost assessments of new regulations, to be applied within your departments from that date. I understand that the Enterprise and Deregulation Unit recently consulted departments about the first stage cost compliance assessments and have taken on board a number of helpful comments.

As before copies of this letter go to the Prime Minister, Geoffrey Howe, Nigel Lawson, Douglas Hurd, Peter Walker, Kenneth Baker, Norman Fowler, Michael Jopling, Nicholas Ridley, Norman Tebbit, Richard Luce and Sir Robert Armstrong.

*Yours sincerely*

*Susan Crappell*

*for*

KENNETH CLARKE

[Approved by the Paymaster General and signed in his absence]



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RAWAL  
PTO.

