

dti

BUSINESS PLAN 2004-2007

Our route to
prosperity for all





The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

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1

Introduction

Last year we introduced a new system of business planning to allow us to focus our resources on our priorities and to deliver high-quality services to our customers.

Achievements in 2003/04

Our new business planning system has helped us deliver a number of notable successes. For example, we:

- completed our review of business support (reducing the number of schemes from over 100 to 10) and launched the first four new business support products to drive up productivity in key areas and make it easier for businesses to apply for support;
- launched a clear action plan for the UK to become a world-leader in turning knowledge into new products and services, with the aim of being the leading major European country in business R&D investment and patenting by 2013;
- implemented the Enterprise Act, which will help businesses and consumers by taking the politics out of merger decisions, introducing tougher action against rogue trading practices and modernising insolvency laws;
- established regional bodies to bring together public sector demand for broadband, increasing availability and value for money;
- started constructing two major new research facilities (the Diamond Synchrotron and the second target station for the ISIS neutron source);
- worked in partnership with the Department for Education and Skills and other partners to ensure employers have the right skills to support the success of their businesses;
- published a review of GM science by an independent panel, chaired by the Government's Chief Scientific Adviser;
- agreed the key principles of a new oil and gas treaty with Norway, paving the way for cross-border projects, in particular a new pipeline to supply up to a fifth of UK gas demand;

- DTI agencies achieved, and in some cases exceeded, key targets; and
- retained our status as an Investor in People (IiP).

We also strengthened the regional dimension of our work: we have involved Government Offices and England's Regional Development Agencies (RDAs) in developing our business plans this year. We will take forward this approach in future years by developing a national/regional partnership to build on our work with the RDAs and other regional bodies, concentrating particularly on innovation, knowledge transfer, skills and enterprise.

Case-study 1: businesslink.gov.uk

We launched the businesslink.gov.uk website in November 2003, to make it easier for smaller businesses and those thinking of starting a business to find and understand the government support and services available to help them and the rules and regulations they need to comply with. We have built the site in collaboration with a number of Government Departments and Agencies, including Inland Revenue, HM Customs & Excise, Companies House and the Small Business Service. We will further improve this in 2004/05 to enhance the customer experience, including integrated, user-friendly government transactional services.

Case-study 2: Review of Renewable Energy

In 2003, working jointly with the Carbon Trust, we undertook a fundamental review of how we should encourage and support innovation in the renewable energy sector. In particular, we identified the most cost-effective Government measures to ensure the UK reaches its targets for renewable energy (e.g. reducing greenhouse gas emissions by 12.5% from 1990 levels by 2010). We involved industry, an inter-departmental economics group and HM Treasury. The conclusions of the Review have led to a re-focusing of DTI work and a re-prioritising of technological support to industry.

Case-study 3: Ofcom

We have successfully merged five existing regulators for the media and communications industries into a single new independent body – Ofcom. Working with the Department for Culture, Media and Sport, we have established a new regulatory framework that will promote innovation, investment and creativity, and ensure greater certainty and clarity of decision-making for business. In 2004/05, we will continue to develop strong relationships with Ofcom, with industry and consumer interests, and with other Government Departments to ensure the effective coordination of policy and regulatory activities in the sector and their consequent contribution to the achievement of DTI's aims.

1 Introduction

The DTI Strategy

Since last year's Business Plan, we have further refined how we will deliver our vision of Prosperity for All. In September 2003, we launched the DTI Strategy. This identified those activities where evidence shows we can make the greatest difference in meeting our strategic objectives of:

- supporting successful business;
- promoting world-class science and innovation; and
- ensuring fair markets.

The Strategy set out five priorities, through which we believe we can make the biggest contribution to achieving these objectives and raising productivity:

- transferring knowledge;
- maximising potential in the workplace;
- extending competitive markets;
- strengthening regional economies; and
- forging closer partnerships.

This Business Plan sets out how we will deliver the Strategy over the next three years. Together, the Strategy and Business Plan provide the framework within which we will deliver our Public Service Agreement (PSA) targets.

This Plan

The Business Plan is our route-map for how we will achieve our Strategic Objectives and priorities, as well as discharging our responsibilities for a number of assets and liabilities on behalf of Government. It does so by defining a number of detailed objectives, which cover everything that we do. This year, we have aligned these objectives more closely with our current PSA targets. (A table showing how our Business Plan objectives for 2004/05 relate to our PSA targets is at Annex A.) This Plan also supports our Performance Partnership Agreement with the Cabinet Office, which tracks the Department's key priorities and actions.

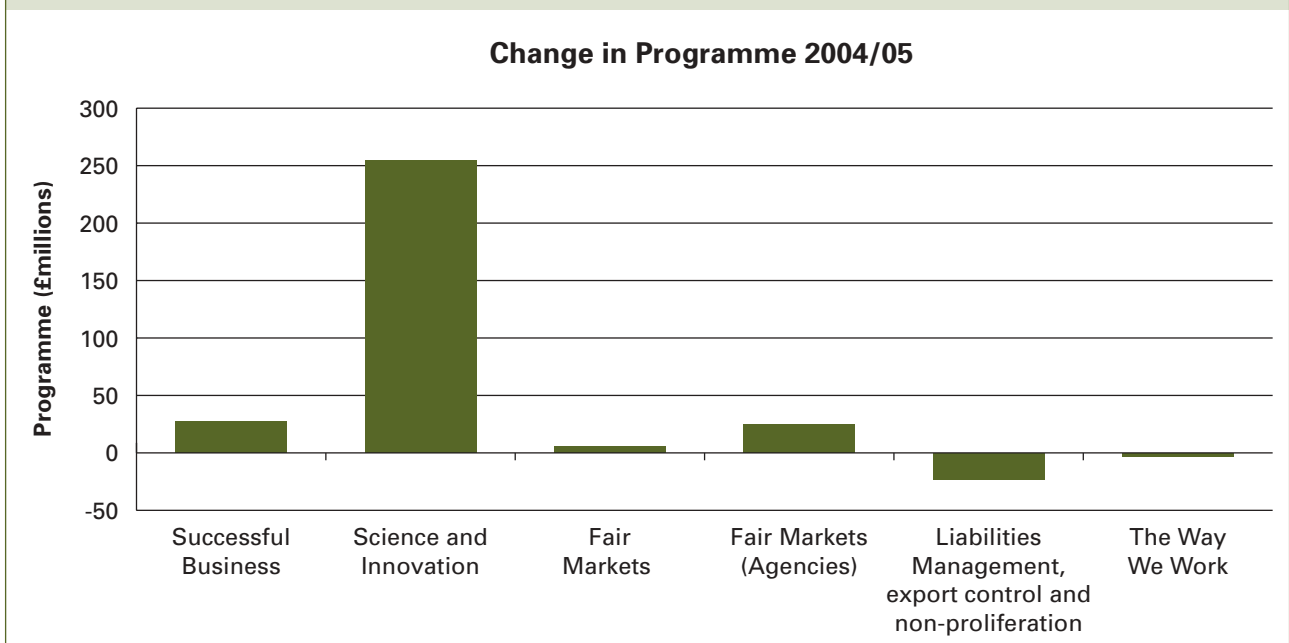
What We Will Do

This Plan outlines our goals and how we will achieve them. In line with the Strategy, we are changing the way we work to meet customer needs better. We are focusing on delivery and strengthened project management, and working more closely with other Government Departments and partners throughout the UK. We are working with partners in Europe to create more open and fairer markets, leading to greater prosperity, innovation and growth in the UK, the EU and globally.

We have also shifted resources to priority areas. We are stopping or scaling down less essential work and increasing efficiency in all areas. For example, we have freed up savings by simplifying our support for business and by rationalising our finance and HR functions. Similarly, in our work on fair and open markets, we have increased resources for influencing the EU and reduced resources for domestic regulation. We are also increasing resources for knowledge transfer, maximising potential in the workplace

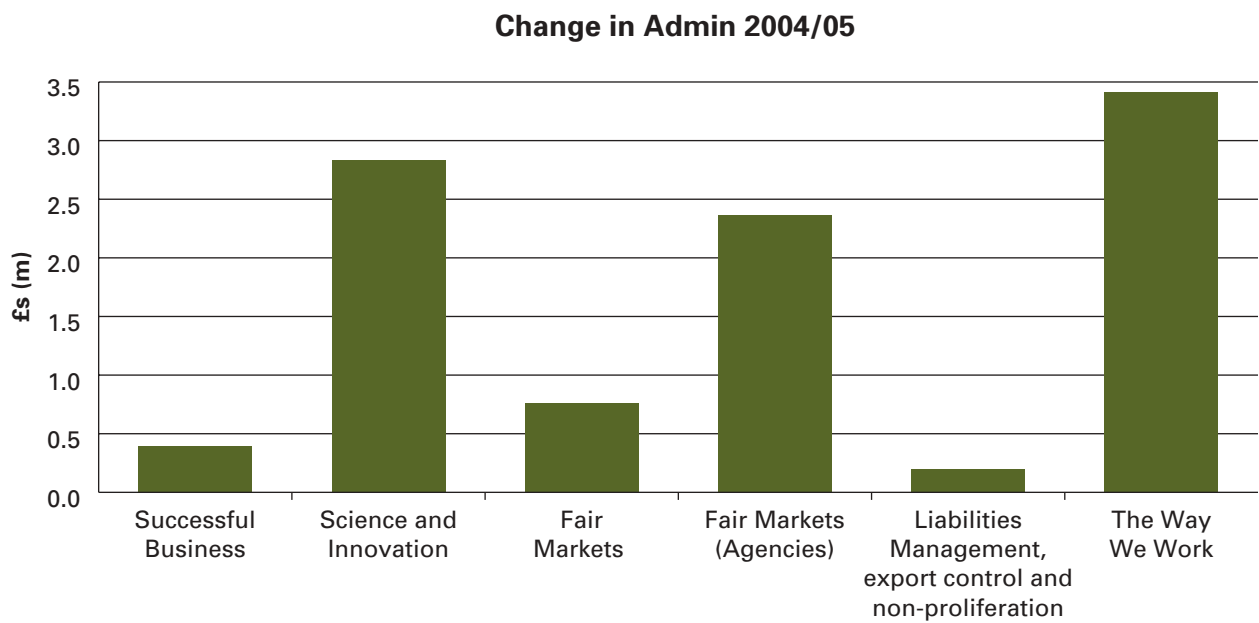
and security of energy supply, and making a one-off investment through our Efficiency Project to increase the effectiveness of the DTI as an organisation. And, across the Department, we will employ fewer people and spend less on consultants. (See Annex C for a high-level summary of where we are allocating our resources and see Figures 1 and 2 below for a summary of how we are moving these resources to our priorities.)

Figure 1: How we are increasing programme resources for our priorities (from 2003/04 to 2004/05)



1 Introduction

Figure 2: How we are increasing admin resources for our priorities (from 2003/04 to 2004/05)



Note: The Way We Work includes a one-off upfront investment for the DTI Efficiency Project.

Priority Actions and Programmes

In 2004/05, our Departmental Board will monitor most closely the following programmes:

- encourage innovation in UK businesses through our Innovation Action Plan (published as part of our Innovation Report in December 2003);
- raise national and regional economic performance by working more effectively with the RDAs and other regional bodies;
- offer better-targeted business support (reduced from over 100 schemes to ten) by introducing the six remaining new products and closing previous schemes; and
- drive forward the decommissioning and clean-up of the UK's civil nuclear sites by establishing the Nuclear Decommissioning Authority by April 2005.

Each chapter of this Plan contains highlights of our actions for the coming year, including the resources that will be allocated to each objective. Summaries of our plans for delivering each objective are given in Annex B.

Supporting Successful Business



Our aim is to close the UK's productivity gap with better-performing G7 countries. We will do this by supporting UK businesses to raise their productivity and to increase enterprise and by working in export markets to champion UK businesses. We will work in partnership with businesses, England's Regional Development Agencies (RDAs), other Government Departments, the devolved administrations and others.

What We Will Do in 2004/05

We will maintain our **business relations** activity, focusing on key companies (including inward investors) and sectors where we can make the most difference. We will also simplify our **support for business**. To **improve business performance** we will:

- act as a champion for business, in Whitehall and the EU, and through UKTI for inward investors and UK companies in international markets;
- improve market penetration of Business Link operators to 30% and customer satisfaction to 90%; and
- work across Government to ensure the UK has the most competitive and extensive broadband market in the G7 by 2005.

To increase the rates of **entrepreneurial** activity in the UK we will:

- meet the targets set out in the Government's Action Plan for Small

Business and implement the Government's social enterprise strategy;

- launch a "core offer" to define the services all business start-ups can expect from Business Link; and
- work with the RDAs to increase the number of women starting businesses.

To **strengthen regional economies** we will:

- raise economic performance in the regions by working more effectively with the RDAs and other regional bodies across the objectives in our Business Plan; and
- put in place a new approach to tasking the RDAs and agree what they will deliver in support of key DTI PSA targets in areas such as innovation and enterprise.

2 Supporting Successful Business

To improve **access to finance** for business we will:

- manage the Regional Venture Capital Funds, Early Growth Funds and the Bridges Community Development Venture Fund to provide small firms with growth capital;
- introduce a pathfinder round of Enterprise Capital Funds to help bridge the market's "equity gap"; and
- review the Small Firms Loan Guarantee scheme to ensure we are doing all we can to help small businesses overcome the obstacles to raising debt finance.

To keep the UK on track to deliver the **low carbon aims** of the Energy White Paper and improve the contribution of business to **sustainable development** we will:

- develop, with the Department for Environment, Food and Rural Affairs, a UK National Allocation Plan for the first phase, covering 2005-07, of the EU carbon emission-trading scheme;
- put in place an effective legislative regime to support further development of offshore wind farms, to help meet our target of obtaining 10% of electricity from renewable sources by 2010; and
- ensure EU Directives and other policies balance environmental aims against costs to business and enable UK businesses to lead in environmental markets.

Table 1: Resources for Supporting Successful Business

| £k | Title of Objective | Programme (04/05) | Capital (04/05) |
|---|------------------------------------|-------------------|-----------------|
| Successful Business | Improving business performance* | 317,784 | 0 |
| | Enterprise for all | 32,911 | 0 |
| | Strengthening regional economies | 477,823 | 1,500 |
| | Sustainability and the environment | 106,060 | 0 |
| | Finance for investment** | 105,224 | -80,600 |
| Successful Business Total | | 1,039,802 | -79,100 |
| * includes UKTI programme spend of £97m | | | |
| **includes £98m of income from launch investment receipts | | | |

3

Promoting World-class Science and Innovation



Innovation is a vital part of economic growth and development in modern advanced economies. In the future, the UK will achieve success in the global market only through exploiting new ideas in areas such as nanotechnology and communication technology.

What We Will Do in 2004/05

To help businesses convert ideas and **knowledge** into **innovative** world-leading products and services we will:

- deliver the Action Plan set out in the Innovation Report, published in December 2003, in particular by:
 - implementing the new Technology Strategy, Technology Programme and new Business Support products to stimulate business demand for research and development in 2004/05;
 - working in partnership with business-facing organisations, unions and RDAs to provide support for UK businesses to increase their levels of innovation; and
 - driving the innovation agenda across Government via a high-level Ministerial team led by the Secretary of State for Trade and Industry, to embed innovation at the heart of Government policy-making.

- provide the underpinning infrastructure to support technological innovation (e.g. the National Measurement System); and
- work with Higher Education Institutes and Public Sector Research Institutes to make it easier to convert research into commercially-viable projects.

To improve still further the relative international performance of the UK's **science and engineering** research we will:

- increase investment by £288m in the very best research in our universities and Research Council institutes;
- introduce a new performance management framework with the Research Councils to improve planning and efficiency over 2004-07, and set up a new Research Council for the Arts and Humanities by 2005, subject to Parliamentary time; and

3 Promoting World-class Science and Innovation

- continue to improve the Government’s scientific advisory system, including re-establishing the top-level Council of Science and Technology.

Table 2: Resources for Promoting World-class Science and Innovation

| £k | Title of Objective | Programme (04/05) | Capital (04/05) |
|---|------------------------------------|-------------------|-----------------|
| World-class Science and Innovation | Knowledge transfer and innovation* | 325,237 | 3,000 |
| | Science and engineering | 2,380,971 | 206,491 |
| World-class Science and Innovation Total | | 2,706,208 | 209,491 |

*gross expenditure on Knowledge Transfer and Innovation is higher than stated because it is offset by a draw down from the Patent Office reserve.

4

Ensuring Fair Markets



Fair markets at home and abroad have a central role in raising productivity and delivering prosperity for all, through providing choice for consumers and businesses, fostering innovation and providing quality jobs for employees.

What We Will Do in 2004/05

To make our new domestic **competition** regime work and, for **consumers**, improve enforcement and redress and tackle the problems in our legislation we will:

- open markets at home and overseas, responding to problems identified by the competition authorities in specific markets and reviewing our competition framework against our economic peers;
- issue a new Consumer Strategy in autumn 2004 and reform the laws on consumer credit to make the market transparent and fair, and help those who get over-indebted; and
- champion the rights of consumers, including advice on their rights and what to do when things go wrong, through timely delivery of Consumer Direct (a national consumer helpline and website) by 2007 and by working closely with the competition authorities and economic regulators.

To ensure vigorous European and international energy markets to deliver **security of energy supply** we will:

- extend competitive markets at home and abroad, as set out in the Energy White Paper, whilst minimising environmental impacts and delivering social objectives, including creating a single wholesale electricity market for Britain by April 2005 and extending choice for Scottish consumers;
- ensure domestic oil and gas production supplies are exploited to the full, by attracting new entrant oil companies and improving the recovery from existing fields; and
- work with the Department for Environment, Food and Rural Affairs to eradicate fuel poverty for vulnerable households by 2010.

To advance the Doha round of World Trade Organisation **trade** negotiations and prepare for the **UK's Presidency of the European Union** in mid-2005 we will:

- work with the European Commission and others to find ways of tackling obstacles to progress on the Doha round and to create more open and fairer markets;

4 Ensuring Fair Markets

- work in Europe to open up markets and ensure they operate fairly, including re-energising the Lisbon agenda on economic reform, and with effective protection for people at work, consumers and the environment; and
- minimise costs to business from the level and strictness of regulations, from their complexity, and from the costs of adapting to changes, and increase engagement of small firms on regulation issues.

To **maximise potential in the workplace** we will:

- work with employers, trade unions and other stakeholders to promote diversity, fair treatment and work-life balance to support high-performance workplaces, including by implementing the Information and Consultation Directive; and
- work with the Department for Education and Skills to implement the Skills Strategy, including creating Sector Skills

Councils and Regional Skills Partnerships to ensure training providers meet regional and sectoral needs.

To ensure the overall UK framework for **corporate and insolvency activity** supports productivity, enterprise and long-term value for stakeholders we will:

- ensure the Companies Bill is successfully enacted and the Enterprise Act's corporate insolvency reforms are successfully bedded in – to reinforce capital market, creditor and investor confidence, enforcement and oversight of company reporting and of the accounting and audit profession; and
- create a framework that ensures we remain at the leading edge of corporate and insolvency regulation by consulting on draft legislative proposals implementing the independent Company Law Review and by ensuring proportionate and effective enforcement within that framework.

Table 3: Resources for Ensuring Fair Markets

| £k | Title of Objective | Programme (04/05) | Capital (04/05) |
|--|---|-------------------|-----------------|
| Fair Markets | Consumers and competition | 62,248 | 700 |
| | Security of energy supply | 8,220 | 20,000 |
| | Free and fair world markets | 6,729 | 0 |
| | Maximising potential in the workplace | 33,617 | 1,600 |
| | Corporate and insolvency activity framework | 11,595 | 0 |
| Fair Markets Total | | 122,409 | 22,300 |
| £k | Title of Objective | Programme (04/05) | Capital (04/05) |
| Agencies and Crown Non-Departmental Public Bodies (NDPBs) | Employment Tribunals Service | 43,509 | 1,600 |
| | Acas | 0 | 1,150 |
| | The Insolvency Service | 36,200 | 100 |
| | OME | 1,700 | 0 |
| Agencies and Crown NDPBs Total | | 81,409 | 2,850 |

5

Liabilities and Assets Management, Export Control and Non-proliferation



We will continue to improve the way we manage our obligations, liabilities and assets.

On behalf of Government, we will:

- administer strategic export controls;
- ensure compliance with the UK's obligations under the Nuclear Non-proliferation Treaty and the Chemical Weapons Convention;
- protect nuclear materials and civil nuclear sites;
- decommission and clean-up UK civil nuclear sites;
- manage coal, steel and shipbuilding assets and liabilities;

- ensure an efficient, reliable system of UK postal services; and
- address the nuclear legacy of the former Soviet Union.

As part of this work, we retain responsibility for the following publicly-owned bodies and public corporations: Royal Mail Holdings plc, British Nuclear Fuels plc and British Shipbuilders. We will continue to sponsor two Non-Departmental Public Bodies – the United Kingdom Atomic Energy Authority (UKAEA) and the Coal Authority. We are also supporting (subject to the conditions for its

Table 4: Resources for Liabilities and Assets Management, Export Control and Non-proliferation

| £k | Title of Objective | Programme (04/05) | Capital (04/05) |
|--|-------------------------------------|-------------------|-----------------|
| Liabilities and Assets Management, Export Control and Non-proliferation | Assets and Liabilities | 403,991 | 21,600 |
| | Nuclear Security and Export Control | 55,800 | 0 |
| Liabilities and Assets Management, Export Control and Non-proliferation Total | | 459,791 | 21,600 |

5 Liabilities and Assets Management, Export Control and Non-proliferation

implementation) the solvent restructuring of British Energy.

During 2004-07, we will continue to improve the effectiveness of our management of these obligations, liabilities and assets.

Priorities will include:

- establishing, by April 2005, the Nuclear Decommissioning Authority to drive forward decommissioning and clean-up of the UK's civil nuclear sites;
- taking forward the JEWEL project to improve export licensing performance through joined-up working across Government and to increase efficiency through electronic services; and
- developing a new three-year strategy for Royal Mail, in partnership with the company, by April 2005.

6

The Way We Work

As a Department, our challenge is to ensure we have the right people, with the right skills and support, to deliver the Business Plan and serve our customers most effectively.

What We Have Achieved So Far

We have already made significant improvements to the way we work. Since our previous Business Plan, we have established strong systems for performance and risk management, with challenge from external independent Board members. There is clear accountability at Board level and quarterly reporting on performance against our measures and targets using a balanced scorecard (see Annex D). Every member of staff develops a Personal Achievement Plan (or, for Senior Civil Service members, a Performance Agreement) that explains why their post exists and how it contributes to achieving the objectives in this Business Plan.

What We Need to Do and Why

The DTI Strategy identified how we can further develop our staff and produce a high-performance workplace with a strong focus on delivery. We are committed to serving our customers better and providing the taxpayer with

greater value-for-money. We are meeting this challenge by taking a hard look at how we do things and how we can work more effectively in achieving our aims and objectives.

We have established a cross-cutting project to ensure our key delivery themes of customer focus, value-for-money and continuous improvement become part of how the Department works. This Efficiency Project is developing a new business model for the Department to enable us to deliver the DTI Strategy efficiently and effectively. Our vision is of a smaller, simpler and more responsive core Department focused on a national policy-making and influencing role. The DTI will develop and pilot plans to rationalise and improve corporate support services, policy-making and support and get better value-for-money from procurement. We will also work effectively with a range of delivery partners to bring services to customers and provide a simple and integrated 'shop-window' through easy-to-access helplines and websites.

6 The Way We Work

People and Skills

Through our Pay and Workforce Strategy, we will develop the diversity, creativity and skills of our workforce to improve how we deliver. We will also reduce the number of people in the Department's Headquarters by 7% by April 2005 and by 10% by April 2006. We will continue to strengthen our leadership at all levels. We will roll out leadership training and development opportunities for all our staff, deliver the Senior Civil Service (SCS) leadership programme and embed the Whitehall "Improving Leadership Capacity" initiative, with enhanced career development, strengthened performance management and four-year time-limited postings for the SCS. And we will step up our programme of two-way secondments and open up more senior posts to people from outside the Civil Service.

Organisation and Systems

We will continue to transform our organisation and practices to improve our customer service and delivery. We will rationalise and remodel our London offices to bring efficiency gains, new ways of working and better working conditions from use of technology.

We will also develop and ensure effective communications, and provide and maintain consistent, accurate and co-ordinated advice and other legal services to meet Departmental needs.

In all our activities we remain committed to the Department's core commitments: Reach Out, Value People, and Be Courageous.

| £k | Title of Objective | Programme (04/05) | Capital (04/05) |
|------------------------------|--|-------------------|-----------------|
| The Way We Work | Setting and delivering priorities | 1,350 | 0 |
| | Communications, reputation and Stakeholder relations | 2,080 | 0 |
| | Excellent Corporate Services | 6,037 | 7,000 |
| | Excellent Legal Services | 2,700 | 0 |
| The Way We Work Total | | 12,167 | 7,000 |

Annex A:

Business Plan Objectives for 2004/05 and Relevant Public Service Agreement (PSA) Targets

| Title of Business Plan Objective | Title of Relevant PSA Target * |
|--|---|
| <p>OBJECTIVE 1: Improve business performance to raise competitiveness at home and abroad.</p> | <p>PSA Target 1: Demonstrate progress by 2006 on the Government's long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the US, France and Germany. <i>Joint target with HM Treasury</i></p> <p>PSA Target 6: Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms and (iii) more enterprise in disadvantaged communities</p> <p>PSA Target 8: Make the UK the best place in the world for e-business, with an extensive and competitive broadband market, judged using international comparative measures of business uptake and use of information and communication techniques</p> <p>PSA Target 11: Deliver a measurable improvement in the business performance of Trade Partners UK's customers; and maintain the UK as the prime location in the EU for foreign direct investment. <i>Joint target with FCO</i></p> |
| <p>OBJECTIVE 2: Promote effective transfer of knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies.</p> | <p>PSA Target 2: Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base, and the overall innovation performance of the UK economy</p> |

| Title of Business Plan Objective | Title of Relevant PSA Target * |
|--|---|
| <p>OBJECTIVE 3: Place empowered and protected consumers at the heart of an effective competition regime.</p> | <p>PSA Target 3: Place empowered consumers at the heart of an effective competition regime, bringing UK levels of competition, consumer empowerment and protection up to the level of the best by 2006, measuring the effectiveness of the regime by peer review and other evidence, to ensure a fair deal for consumers and business working in collaboration with the relevant regulatory agencies</p> |
| <p>OBJECTIVE 4: Ensure the continuity and security of energy supply at affordable prices through competitive markets, whilst minimising environmental impacts and delivering social objectives.</p> | <p>PSA Target 4: Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (<i>Joint target with DEFRA</i>) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help to reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010</p> |
| <p>OBJECTIVE 5: Extend free and fair markets across Europe and throughout the world.</p> | <p>PSA Target 5: Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. <i>Joint target with DfID and FCO</i></p> |
| <p>OBJECTIVE 6: Build an enterprise society, embracing all communities and groups of people.</p> | <p>PSA Target 6: Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms and (iii) more enterprise in disadvantaged communities</p> |

| Title of Business Plan Objective | Title of Relevant PSA Target * |
|--|--|
| <p>OBJECTIVE 7: Strengthen regional economies through sustainable improvements in the economic performance of all English regions and closing the gap in growth rates between the regions.</p> | <p>PSA Target 7: Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. <i>Joint target with ODPM and HM Treasury</i></p> |
| <p>OBJECTIVE 8: Improve the relative performance of UK science and engineering and its use by Government and society.</p> | <p>PSA Target 2: Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base, and the overall innovation performance of the UK economy</p> |
| <p>OBJECTIVE 9: Maximise potential in the workplace by raising the level of and demand for skills, developing a diverse and flexible labour market, and increasing the take-up of ways of working that foster high performance workplaces. Additionally, outside the workplace, to promote gender equality and diversity across Government and internationally.</p> | <p>PSA Target 9: By 2006, working with all departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion</p> <p>PSA Target 10: In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities</p> |
| <p>OBJECTIVE 10: Improve access to finance for investment in business and innovation to support enterprise and productivity growth.</p> | <p>PSA Target 6: Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms and (iii) more enterprise in disadvantaged communities</p> |

| Title of Business Plan Objective | Title of Relevant PSA Target * |
|--|---|
| <p>OBJECTIVE 11: Promote sustainability, through the delivery of the low carbon aims of the Energy White Paper and improving the contribution of business to sustainable development.</p> | <p>PSA Target 4: Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (<i>Joint target with DEFRA</i>) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help to reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010</p> |
| <p>OBJECTIVE 12: Promote and deliver an effective framework for corporate and involvency activity, giving confidence to investors, business and other stakeholders.</p> | <p>No specific PSA Target</p> |
| <p>OBJECTIVE 13: Safe, economic, efficient and effective management of energy and other Departmental assets and liabilities.</p> | <p>No specific PSA Target</p> |
| <p>OBJECTIVE 14: Ensure nuclear security and safety and effective and efficient DTI contribution to preventing proliferation of arms and other strategic goods.</p> | <p>No specific PSA Target</p> |
| <p>The Way We Work</p> | <p>PSA Target 12: Achieve value for money improvements of 2.5% a year across the Department as measured by a basket of indicators. (Note: we are implementing this target across all the above objectives.)</p> |
| <p>* In addition to cross-cutting PSA Target 1 (Demonstrate progress by 2006 on the Government's long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the US, France and Germany. <i>Joint target with HM Treasury</i>)</p> | |

Annex B:

Summary of Objective Delivery Plans for 2004-2007

Objective 1: Improving business performance

Responsible:

Mark Gibson, Director General Business Group and Sir Stephen Brown, Chief Executive UK Trade and Investment

Our Challenge

Through dialogue, joint working and appropriate independent research, to provide a credible and persuasive voice for business within Government and the EU.

To improve how businesses access the full range of Government and other business support services, especially for small businesses, making services better and cheaper. (PSA Target 6)

In partnership with UKTI, to enhance the competitiveness of companies in the UK through overseas sales and investments and a continuing high level of quality direct investment from overseas. (PSA Target 11)

To have the most competitive and extensive Broadband market within the G7 by 2005. (PSA Target 8)

To influence public procurement to adopt a true "best value" approach and to encourage innovation, competition and supplier diversity.

Our Plan

Launch two new business support products (April 2004). The first will help disseminate new and existing best practice. The second will help implement best practice activities through subsidised consultancy.

Implement the Government strategy for building the capability for SME growth of smaller businesses; and improve the effectiveness of Business Link Operators.

Pilot a project to simplify funds from various Government Departments for delivery of business support services through the RDAs (2005/06).

Implement the Broadband Britain Action Plan, including ensuring intelligent procurement of £1bn of broadband for public services on a regional basis (December 2005).

Help businesses and other stakeholders implement the Office of Government Commerce Action Plan on competition and capacity building in public procurement.

Pursue Digital TV switchover, with the Department for Culture, Media and Sport, broadcasters and other stakeholders.

Objective 2: Knowledge transfer and innovation

Responsible:

David Hughes, Director General
Innovation Group

Our Challenge

To encourage knowledge transfer from the science and engineering base by improving the capacity of Higher Education Institutes, Public Sector Research Institutes and Research Councils to interact with business and Government. (PSA Target 2)

To stimulate demand for R&D amongst businesses in the UK.

To ensure a world-class system of standards, measurement, intellectual property, and scientific and technological infrastructure.

Our Plan

Further enhance knowledge transfer from the science base by delivering the second round of Higher Education Innovation Funds and Public Sector Research Establishment funds (October 2004).

Develop new Technology Strategy (fully complete by April 2005).

Use regional participation to help identify technology priorities through which DTI business support funding should be channelled, drawing on the work on horizon scanning already carried out in the regions.

Implement the Technology Programme and introduce new Business Support products on Collaborative R&D and Knowledge Transfer Networks (phased implementation completed April 2005).

Work with the UK Energy Research Council, the Carbon Trust, industry and others to co-ordinate and promote research and development into energy technologies.

Build on the UK MicroNano Network to develop regional and local collaboration between the science and engineering base and businesses.

Complete the new facilities at the National Physical Laboratories (April 2005).

Increase direct services to industry from National Weights and Measures Laboratory by 42%, implement the forthcoming Measuring Instruments Directive and a new programme on measurement for emerging technologies, by April 2006.

Work with other Member States and UK stakeholders to take forward measures outlined in the EU's Innovation Action plan.

Enhance the efficiency and value for money provided by the organisations that create and support the infrastructure for innovation, including implementing a National Standards Strategic Framework (by April 2007).

Objective 3: Consumers and competition

Responsible:

Stephen Haddrill, Director General Fair Markets

Our Challenge

To have among the best consumer protection and empowerment and competition regimes in the world. (PSA target 3)

To make new domestic competition system work effectively, and in particular tackle dysfunctional markets while promoting a proactive competition approach in the EU economic reform process.

To empower consumers, improve enforcement and redress, and tackle the gaps, overlaps and complexity of our legislative framework, and the costs they impose on business and consumers.

Our Plan

Publish and implement a new Consumer Strategy (autumn 2004).

Reform the Consumer Credit laws, as set out in the Consumer Credit Market White Paper (published December 2003).

Deliver Consumer Direct by 2007.

Work with the Office of Fair Trading and Competition Commission to promote competitive markets at home and abroad.

Continue to lead EU debate on consumer and competition policy (e.g. unfair trading, sales promotion), and negotiate to open up EU services while maintaining appropriate levels of consumer protection.

Objective 4: Security of energy supply

Responsible:

Joan MacNaughton, Director General
Energy Group

Our Challenge

To ensure the continuity and security of energy supply at affordable prices through competitive markets, whilst minimising environmental impacts and delivering social objectives. (PSA Target 4, with objective 11)

To ensure the UK energy system plays a full part in providing UK competitiveness and productivity; and ensure consumers have access to competitively-priced gas and electricity.

To help meet the Government's target of eradicating, as far as practicable, fuel poverty for vulnerable households in England by 2010, and for all households by 2016.

To address the developing EU agenda on security of supply and the environment to deliver solutions that are compatible with our own market economy.

Our Plan

Exploit domestic oil and gas production to the full to ensure sustained, long term, secure production.

Reach agreement with Norway on the detail of the oil and gas treaty to provide a framework for co-operation on cross-border projects, including gas pipelines, and facilitate access to Norwegian gas for UK consumers.

Maintain, improve and exercise our plans for avoiding and/or mitigating the effects of a gas, oil or electricity emergency.

Work with Ofgem and Energywatch to ensure electricity and gas markets deliver secure energy at competitive prices.

Open up the Scottish electricity market to competition and deliver other regulatory enhancements associated with the Energy Bill by April 2005.

Continue to work to deliver competitive EU energy markets and fair access to international markets, including access for UK suppliers (full opening of non-domestic markets by July 2004 and domestic markets by July 2007).

Play our part in ensuring that energy resources of Iraq are properly managed in the interests of the people of Iraq.

Objective 5: Free and fair world markets

Responsible:

Stephen Haddrill, Director General
Fair Markets

Our Challenge

To work with partners in Europe and the World Trade Organisation to create more open and fairer markets, leading to poverty reduction, greater prosperity, innovation and growth in the UK, the EU and globally. (PSA Target 5)

To advance the Doha round of WTO trade negotiations, aiming to make the world trading system freer and fairer and, in so doing, contribute to increased prosperity and growth, improved global security and the achievement of the Millennium Development Goals.

To avoid or manage trade disputes, and reduce barriers to imports and exports.

To work with partners and stakeholders in the UK and EU to improve progress towards making Europe the most competitive knowledge-based economy in the world.

Our Plan

Prepare for the UK's EU and G8 Presidencies during the second half of 2005 to ensure that we are able to make maximum use of these opportunities.

Work with others to complete the Doha round and other trade negotiations on terms acceptable to UK, including significant benefits to developing countries.

Continue seeking to minimise trade disputes, their consequences for UK business, and the disruption they cause to the international trading system.

Publish a White Paper on Trade and Investment Policy (summer 2004) to set out how the UK can best respond to the opportunities and challenges of globalisation, and how globalisation can work for people worldwide.

Promote prosperity for all in Europe – re-energise the Lisbon agenda on EU economic reform; promote a single market in services; expand and develop the role of the Competitiveness Council.

Through the Better Regulation Programme, streamline regulations, improve processes for new regulation, including stakeholder engagement, promote greater engagement of small firms on regulation issues.

Objective 6: Enterprise for all

Responsible:

Mark Gibson, Director General
Business Group

Our Challenge

To build an enterprise society, embracing all communities and groups of people. (PSA Target 6)

To implement the Government's action plan for small business.

To develop a more enterprising culture with more people considering going into business and feeling equipped to do so and help create a dynamic start-up market.

To increase rates of business start-up and growth in disadvantaged areas and amongst under-represented groups and to encourage greater growth and prominence of social enterprise.

Our Plan

Support work to raise levels of enterprise awareness, such as Young Enterprise, and encourage creative new initiatives in this area through the Enterprise Promotion Fund.

Through Small Business Service pilots and other regional initiatives, better align business support with Regional Economic Strategies.

Working with the Department for Work and Pensions, the Inland Revenue and others, review what more can be done to encourage and help people to move off benefits into self-employment (interim recommendations by July 2004).

Develop new and innovative business support for disadvantaged communities or under-represented groups through effective management of the Phoenix Development Fund and BRIAN (benchmarking tool for social enterprises – to be rolled out from April 2004 to March 2005).

Continue to work with the Community Development Finance Association (CDFA), the RDAs and individual CDFIs to ensure the availability of appropriate finance to enterprises in disadvantaged areas and among under-represented groups.

Work with the EU and other stakeholders to ensure the EU Entrepreneurship Action Plan removes many of the barriers and issues facing small firms in the EU.

Establish regional strategic partnerships to increase the number of women starting businesses.

Implement the Government's Social Enterprise Strategy including implementation and subsequent full use of the Community Interest Company legislation, by July 2005.

Objective 7: Strengthening regional economies

Responsible:

Mark Gibson, Director General
Business Group

Develop and implement a new model for working in partnership with the English regions to develop policy and deliver it.

Our Challenge

To strengthen regional economies through sustainable improvements in the economic performance of all English regions and close the gap in growth rates between the regions. (PSA Target 7)

Implement the new approach to tasking the RDAs, review the way they are funded and their performance is monitored, and continue to improve the diversity and quality of applicants for RDA Chair and other Board appointments.

To create the best possible environment for England's Regional Development Agencies (RDAs) to deliver sustainable growth in productivity and prosperity for all.

Work with the rest of DTI to enable regional Government Offices to play their part in implementing the DTI Strategy and Business Plan.

To secure the best possible outcome for the UK from the next EU Structural Funds negotiations and get value for money out of the current programmes.

With the RDAs, implement the new support product for investment in Assisted Areas by April 2004.

To increase DTI influence in ensuring land use planning and transport systems meet the needs of the UK economy.

Negotiate for the UK on the European Commission's proposed Regulations for Structural Funds after 2006 (starting in June/July 2004), and oversee the implementation of current programmes to avoid loss of EU funds.

Our Plan

Drive forward regional development across DTI and with Government Offices and RDAs.

Work in partnership with Department for Transport, ODPM and other relevant bodies to ensure transport policy/decisions and land-use planning reform meet the needs of business.

Objective 8: Science and engineering

Responsible:

Professor Sir David King, Chief Scientific Adviser to HM Government and Sir Keith O’Nions, Director General Research Councils

Our Challenge

To improve the relative international performance of UK science and engineering and its use by Government and society. (PSA Target 2)

Our Plan

With HM Treasury & the Department for Education and Skills, develop 10 year investment framework for science and research, as part of SR2004.

Provide effective top-level scientific support to the Prime Minister in taking forward his priorities, in particular climate change.

Complete reviews of other Government Departments’ science and innovation strategies, working with HM Treasury and taking full account of the Innovation Review.

Encourage Research Councils to develop their engagement with RDAs and support RDA activities to develop Science and Industry Councils and build greater involvement in science/business interaction.

Get the new Council for Science and Technology off to a good start (from June 2004).

Complete Foresight projects on Flood/Coastal Defence, Cybertrust and novel uses of the Electromagnetic spectrum and start new projects.

Complete science reviews of Department for Culture, Media and Sport and the Health and Safety Executive and start new reviews (2004/05).

Deliver changes to aspects of the system of Dual Support to improve the sustainability of HEI Research.

Establish Arts and Humanities Research Council (by 2005, subject to Parliamentary time).

Improve performance management and planning framework and administration strategy for Research Councils.

Take forward Science and Society Agenda.

Objective 9: Maximise potential in the workplace

Responsible:

Stephen Haddrill, Director General Fair Markets and David Hughes, Director General Innovation Group

Our Challenge

To maximise potential in the workplace by raising the level of, and demand for, skills, developing a diverse and flexible labour market, and increasing the take-up of ways of working that foster high performance workplaces. Outside the workplace, to promote gender equality and diversity across government and internationally. (PSA Targets 9 and 10)

Our Plan

Influence proposals in Europe so that they better reflect labour market conditions in the UK (e.g. working time, agency work, data protection and skills).

Implement and publicise the Information and Consultation Directive and update the legislative framework for employee involvement at work (Employment Relations Bill). Promote partnership and union modernisation. Consider the impact of migrant workers on skills and other needs.

Look at alternatives to regulation and assess rigorously the costs and benefits of employment regulation. Change domestic employment law only on two dates in the year (in 2004/05 this will be on 6 April and 1 October) and publish internet guidance on what a new law says and means 12 weeks

before it comes into effect. Acas and other partners will produce practical "how to" guidance.

Lead work across Government on the scope for extending the concept of common commencement to other areas of legislation.

Drive forward implementation of the Skills Strategy (published July 2003) to include creation of a network of Sector Skills Councils and Regional Skills Partnerships that help to create and articulate employer demand for skills.

Use the new business support products to promote the value of high performance workplaces and skills.

Finalise regulations preventing age discrimination so that we can work with partners to help employers and employees prepare for their coming into force in 2006.

Improve the way that employees and employers work together to tackle disputes in the workplace, working with the Employment Tribunals Service and Acas.

Provide effective enforcement mechanisms for the National Minimum Wage, Working Time and Employment Agency Standards.

Support the successful passage of the Civil Partnership Bill. Work towards the creation of a single equality body that will have the job of creating a strong partnership with business to tackle discrimination.

Objective 10: Finance for investment

Responsible:

David Hughes, Director General
Innovation Group

Our Challenge

To improve access to finance for investment in business and innovation to support enterprise and productivity growth.

To increase access to growth capital for small businesses with potential to grow.

To increase investment in equipment, skills and intellectual property by UK businesses.

To increase the number of SMEs making use of tax credits, grants and equity finance to undertake and exploit the results of research and development activities.

Our Plan

Prepare a no-nonsense guide to access to finance for small businesses (spring 2004).

Continue to operate the Small Firms Loan Guarantee, while also undertaking a review (summer 2004) to ensure we are doing all we can to help small firms overcome obstacles to raising debt finance.

Develop an Enterprise Capital Fund programme to increase the availability of growth capital to small businesses affected by the equity gap (autumn 2004).

As part of the European Growth Initiative, encourage greater take up of finance from the European Investment Bank.

Support continued investment by the Regional Venture Capital Funds, Early Growth Funds and the Bridges Community Development Venture Fund to help small firms access the growth capital they need.

Work with the RDAs and Government Offices to align regional and national priorities in addressing market failures and ensure the tax and regulatory frameworks support access to finance.

Manage the Launch Investment business portfolio effectively, aiming to maximise revenues.

Objective 11: Sustainability and the environment

Responsible:

Joan MacNaughton, Director General
Energy Group

Our Challenge

To promote sustainability, through the delivery of the low carbon aims of the Energy White Paper and improving the contribution of business to sustainable development. (PSA Target 4, with objective 4)

To implement the strategy and commitments in the Energy White Paper, keeping the UK on track to obtain 10% of electricity from renewable sources at acceptable cost by 2010, and double that amount by 2020.

To ensure business is given a clear way forward to reduce carbon emissions and UK business responds to environmental challenges by innovating to compete successfully in domestic and overseas markets.

Our Plan

Develop an effective legislative regime for offshore wind farms as part of the Energy Bill.

Agree our National Allocation Plan for the EU Emissions Trading Scheme (ETS) with both UK industry and the European Commission (ETS to start in January 2005).

Ensure redundant oil and gas facilities are decommissioned with proper regard for safety, environmental, economic and international requirements.

Ensure EU Directives and other policies are negotiated and implemented to balance environmental aims against costs to business.

Take forward the EU's Action Plan on Environmental Technologies. This will lead to improvements in the environment whilst also boosting the competitiveness of companies in the EU.

Promote corporate social responsibility and de-couple economic growth and environmental degradation.

Objective 12: Corporate and insolvency activity framework

Responsible:

Stephen Haddrill, Director General
Fair Markets

Consult on detailed draft legislative proposals implementing the independent Company Law Review (CLR).

Our Challenge

To promote and deliver an effective framework for corporate and insolvency activity, giving confidence to investors, business and other stakeholders.

To support confidence in the capital market through effective company reporting; promote a system of governance that improves transparency and drives up business performance; ensure a legal framework which enables businesses to get started easily and grow; and enforce the framework to support enterprise, ensure compliance and deter wrongdoing.

Ensure a smooth transition to International Accounting Standards.

Deliver and promote e-filing services and implement Companies House pricing review.

Introduce the Bankruptcy Restrictions Orders process contained within the Enterprise Act 2002.

Develop and promote effective means of enhancing shareholder activism and engagement and work with stakeholders to identify and find solutions to emerging issues on Corporate Governance.

Increase the effectiveness of company investigations by raising the profile and understanding of the work of Companies Investigations Branch.

Our Plan

Ensure new legislative powers contained in the Companies (Audit, Investigations and Community Enterprise) Bill are successfully enacted and implemented, and the new Financial Reporting Council structure is fully operational and effective.

Take enforcement action in the public interest at the earliest possible stage.

Objective 13: Assets and liabilities

Responsible:

Joan MacNaughton, Director General
Energy Group

Our Challenge

To implement new arrangements to clean up the UK's nuclear legacy safely, securely and more cost-effectively.

To manage coal, steel and shipbuilding liabilities including coal health schemes as efficiently and fairly as possible.

To produce an efficient, reliable system of UK postal services.

Our Plan

Establish Nuclear Decommissioning Authority by April 2005.

Refocus BNFL and UKAEA to reflect the establishment of the NDA.

Settle coal health compensation claims efficiently and effectively.

Deliver National Concessionary Fuel Scheme to 120,000 people in line with national agreements.

Meet obligations and enforce rights in respect of former British Coal Corporation assets and non-health employee and commercial claims.

Develop future strategy for Royal Mail and post office network by April 2005.

Objective 14: Nuclear security and export control

Responsible:

Joan MacNaughton, Director General
Energy Group

Our Challenge

To administer export controls effectively, so as to deliver objective of preventing undesirable exports, and efficiently, so as to minimize burden on exporters.

To meet the UK objectives and obligations under international non-proliferation agreements, improving the framework for civil nuclear security and regulating it effectively.

To prevent rogue states and groups gaining access to UK-originated nuclear technology or materials concerned with weapons of mass destruction.

In restructuring British Energy, to ensure the safety of its nuclear stations and cost-effective long-term management of their liabilities as well as protecting security of UK electricity supplies.

To address the nuclear legacy of the former Soviet Union, in particular nuclear submarine dismantlement, disposition of fissile materials and employment of weapons scientists.

Our Plan

Deliver an export licensing performance improvement project (JEWEL) to create a joined-up export licensing community across Government.

Introduce new controls under the Export Control Act from May 2004.

Lead an inter-departmental programme to mitigate the nuclear legacy of the former Soviet Union.

Establish Civil Nuclear Constabulary as a stand-alone force by April 2005.

Work with British Energy to secure its safe and cost-effective continued operation.

The Way We Work

We will improve our efficiency and effectiveness:

Efficiency Project

- develop a more flexible, project-based approach to policy-making, to ensure resources are directed to our priorities, and rationalise the policy support function;
- focus our service delivery on providing our customers with simple and easy-to-access services, increasingly on an electronic basis wherever possible;
- strengthen and professionalise our corporate services functions (finance, HR, ICT and procurement);
- streamline the Department's internal planning and decision-making processes; and

- provide the opportunity for our staff to build a wider range of professional skills such as project management and marketing.

Leadership

- roll out leadership training and development opportunities for all staff, including weeks in business for senior staff, and encourage secondments to and from external organisations; and
- embed the Improving Leadership Capacity Initiative to enhance career development, strengthen performance management and embed four-year time-limited postings in the SCS.

People & Skills

- provide training and development opportunities for staff through our Pay and Workforce Strategy to address key skills requirements;
- reduce the number of people in the Department's HQ and conducting limited external recruitment to meet specific skills needs;
- implement the three-year diversity strategic plan and the disability-at-work strategy; and
- increase awareness of EU legislation on sexual orientation and on religion.

Organisation & Systems

- implement new e-enabled arrangements for vacancy filling and people deployment;
- introduce a service centre for HR enquiries and transactions, with an improved HR intranet and centres of expertise – to provide a better service to DTI employees and managers while reducing the numbers of people engaged in HR activity; and
- remodel accommodation in the main London HQ buildings to support flexible working and hold increased staff numbers as other buildings are vacated.

Communications

- reinforce the one Department one brand approach through the launch of a transformed www.dti.gov.uk website, with stronger and coherent branding and improved navigability;
- co-ordinate DTI marketing strategies more effectively, maximising the coherence and cost-effectiveness of what we spend on communications; and
- enhance relationships with our regional partners through greater coherence of our marketing.

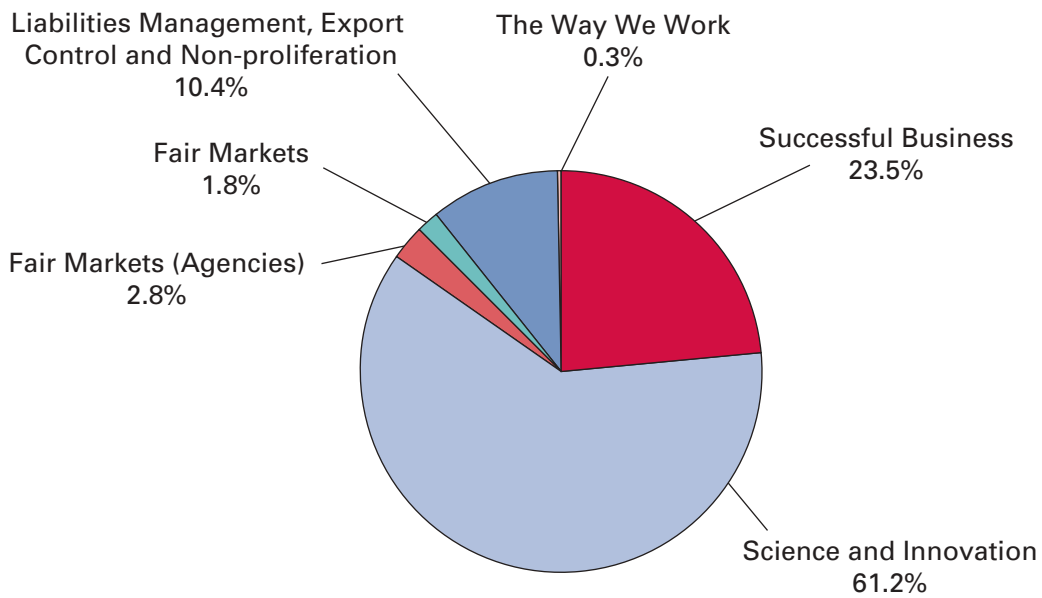
Legal Services:

- support the delivery of the DTI Strategy by securing high quality, timely and cost-effective legal services, and providing a focal point for legal policy.

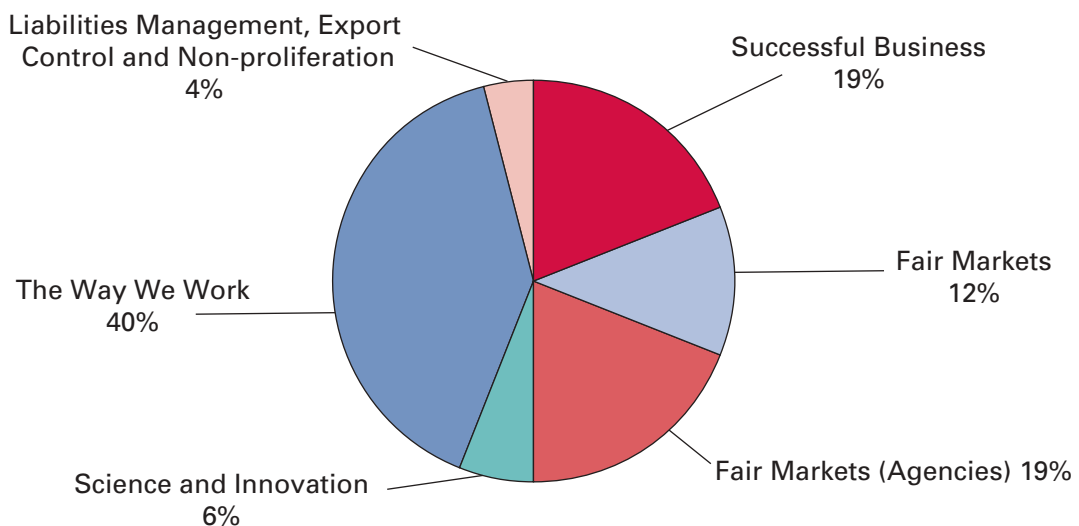
Annex C:

How We are Going to Spend the Money

Breakdown of DTI programme expenditure of £4,422m in 2004/05

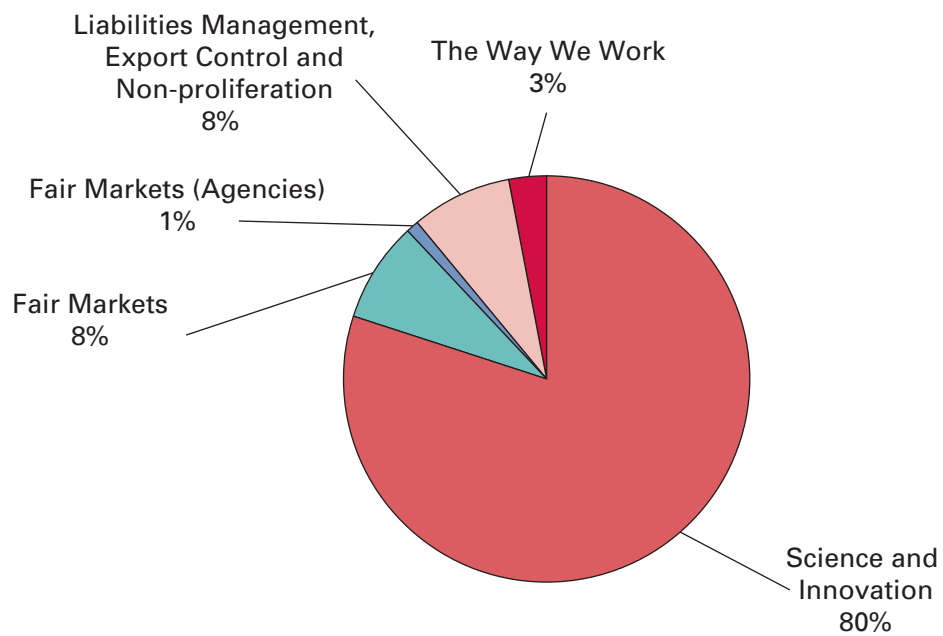


Breakdown of DTI administration expenditure of £401m in 2004/05



Note: Fair Markets (Agencies) includes £27m admin for ETS; £2m for the Insolvency Service; £2m for OME and £46.8m for Acas. This pie-chart excludes trading funds, which operate on a net basis - i.e. their activities are funded directly from fees income.

**Breakdown of DTI capital expenditure of Gross £263m/
Net £184m in 2004/05**



*Note: The pie chart excludes £79m of capital receipts.
These figures include some assumed End Year Flexibility for capital expenditure.*

Annex D:

Managing our Performance: Departmental Scorecard for Forthcoming Financial Year

| Cross-cutting Objectives | |
|--|---|
| Customers and Stakeholders | Working in Whitehall and Europe |
| Priority Actions | |
| Encourage Innovation in UK Businesses | Establish Nuclear Decommissioning Authority |
| Raise Economic Performance in the Regions | Introduce Six New Business Support Products |
| Business Objectives by Exception | |
| Progress against Objective Delivery Plans reported for exceptionally-strong performance and where there are issues that require the Departmental Board's attention | |
| The Way We Work | |
| Setting and Delivering Priorities | Delivering Efficiency |
| Leadership, People and Skills | Pay and Workforce |



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