



# Chapter 1

## Introducing the Department

### Section 1.1

## The Department for Business, Innovation and Skills and the Department for Business, Enterprise and Regulatory Reform

- 1.1** On 5 June 2009 the Prime Minister created the Department for Business, Innovation and Skills with a role to build Britain's capabilities to compete in the global economy. The new Department merges the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS) to form a single department committed to leading the fight against the recession and fostering the conditions for future prosperity, building on the work of its predecessor departments.
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- 1.2** During 2008-09 BERR took exceptional and active measures to limit the impact of the economic downturn on the UK economy. BERR also worked with DIUS taking steps to prepare UK business to take advantage of the upturn and the opportunities that will arise from the new drivers for global economic growth including new technologies, the transition to low carbon, and the spread of international supply chains.
- 1.3** It is more important than ever that we maintain the fundamental conditions for business success: our openness to trade and investment, our world class competition regime and flexible product and labour markets. The Department for Business, Innovation and Skills will take forward this agenda, building Britain's future to help us compete in a global economy. The new Department will combine BERR's expertise in shaping the enterprise environment, better regulation, analysing the strengths and needs of the various parts of British industry, building strategies for future industrial strength with DIUS's expertise in maintaining world class universities, expanding access to higher education, investing in the UK's science base and shaping skills policy and innovation through bodies such as the Technology Strategy Board. It also puts the UK's Further Education system and universities closer to the heart of government thinking about building now for the upturn.

Section 1.2

**Ministerial responsibilities of the Department for Business, Innovation and Skills<sup>3</sup>**

**BIS** | Department for Business  
 Innovation & Skills

**Ministerial Team**



**PETER MANDELSON**  
 SECRETARY OF STATE FOR  
 BUSINESS, INNOVATION AND SKILLS



**PAT McFADDEN**  
 MINISTER FOR BUSINESS,  
 INNOVATION AND SKILLS



**KEVIN BRENNAN**  
 MINISTER FOR FURTHER  
 EDUCATION, SKILLS,  
 APPRENTICESHIPS AND  
 CONSUMER AFFAIRS



**MERVYN DAVIES**  
 MINISTER FOR TRADE,  
 INVESTMENT AND BUSINESS



**PAUL DRAYSON**  
 MINISTER FOR SCIENCE  
 AND INNOVATION



**DAVID LAMMY**  
 MINISTER FOR HIGHER  
 EDUCATION AND INTELLECTUAL  
 PROPERTY



**ROSIE WINTERTON**  
 MINISTER FOR REGIONAL ECONOMIC  
 DEVELOPMENT AND COORDINATION



**STEPHEN CARTER**  
 MINISTER FOR COMMUNICATIONS,  
 TECHNOLOGY AND BROADCASTING



**IAN LUCAS**  
 MINISTER FOR BUSINESS  
 AND REGULATORY REFORM



**SHRITI VADERA**  
 MINISTER FOR ECONOMIC COMPETITIVENESS,  
 SMALL BUSINESS AND ENTERPRISE



**TONY YOUNG**  
 MINISTER FOR POSTAL AFFAIRS  
 AND EMPLOYMENT RELATIONS

<sup>3</sup> For information about the BERR governance structure see section 3.6 of this Report.

## Section 1.3

# Strategy and objectives of the Department for Business, Enterprise and Regulatory Reform

## The Strategic Framework

- 1.4** The 2007 Comprehensive Spending Review (CSR07), set Government's performance framework for 2008-11. CSR07 defined 30 cross-Government Public Service Agreements (PSAs) which set out the key priority outcomes which Government wants to achieve, and therefore what the public can expect from Government. Each PSA has a lead department, responsible for co-ordinating and driving delivery, in addition to named contributing departments which support delivery of that PSA<sup>4</sup>.
- 1.5** BERR led delivery of three PSAs during 2008-09 and was considered to be a key contributing department for delivery of a further two. The work of BERR in these areas will be taken forward by the Department for Business, Innovation and Skills.

### PSAs led by BERR:

**PSA 1:** Raise the productivity of the UK economy. Key contributing departments are HM Treasury and the former Department for Innovation, Universities and Skills (DIUS).

**PSA 6:** Deliver the conditions for business success in the UK. Key contributing departments are HM Revenue and Customs, HM Treasury and DECC.

**PSA 7:** Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions. Key contributing departments are HM Treasury, Communities and Local Government (CLG), Department for Work and Pensions (DWP), Department for Transport (DfT), the Department for Environment, Food and Rural Affairs (Defra) and the former DIUS.

### PSAs, led by other departments, for which BERR was a key contributor to delivery:

**PSA 2:** Improve the skills of the population, on the way to ensuring a world-class skills base by 2020, for which DIUS formerly led delivery.

**PSA 8:** Maximise employment opportunity for all, for which DWP leads delivery.

- 1.6** CSR07 also set Departmental Strategic Objectives for each department, which cover the full range of a department's activity and provide the framework for business planning and resource management.

<sup>4</sup> Lead Departments are also responsible for the public reporting of that PSA. PSAs to which BERR contributed are reported in the Departmental Report or Annual Report and Accounts of the lead departments, available from the websites: [www.dius.gov.uk](http://www.dius.gov.uk) and [www.dwp.gov.uk](http://www.dwp.gov.uk)

**Departmental Strategic Objectives for BERR:**

**DSO 1:** Promote the creation and growth of business and a strong enterprise economy across all regions.

**DSO 2:** Ensure that all government departments and agencies deliver better regulation for the private, public and third sectors.

**DSO 3:** Deliver free and fair markets, with greater competition, for businesses, consumers and employees.

**DSO 4<sup>5</sup>:** Ensure that Government acts as an effective and intelligent shareholder, and provide a source of excellent corporate finance expertise within Government.

**DSO 5<sup>5</sup>:** Provide the professional support, capability and infrastructure to enable BERR's objectives and programmes to be successfully delivered.

- 1.7** On 3 October 2008 the Prime Minister announced earlier changes to the way in which Government is organised. Responsibility for energy and climate change policy passed respectively from BERR and the Department for Environment, Food and Rural Affairs (Defra) to the newly created Department of Energy and Climate Change (DECC). Responsibility for two Departmental Strategic Objectives, relating to energy security and supply, and managing energy liabilities, passed from BERR to DECC. Performance against these objectives will be covered in the DECC Annual Report and Accounts<sup>6</sup>. Likewise, BERR's Resource Accounts have been restated to reflect these Machinery of Government changes such that they represent the position of BERR after the creation of DECC, but prior to the creation of the Department for Business, Innovation and Skills.

**BERR's delivery partners**

- 1.8** Through 2008-09 BERR delivered a wide range of products and services to diverse groups by working with a network of delivery partners. These included BERR's Executive Agencies: Companies House and the Insolvency Service; and Executive Non-Departmental Public Bodies, including the Regional Development Agencies. We include some information about BERR's delivery partners during 2008-09 in chapter 2, the Performance Report, but more comprehensive accounts of their work are available in their own annual reports, available from delivery partners' websites. For a complete list of BERR's delivery partners, during 2008-09 and their websites, see annex 3.

<sup>5</sup> DSO 4 was numbered DSO 6, and DSO 5 numbered DSO 7, prior to the 3 October 2008 Machinery of Government changes.

<sup>6</sup> DECC's Annual Report and Accounts are available from the DECC website: [www.decc.gov.uk](http://www.decc.gov.uk)

### The National Economic Council

- 1.9** The National Economic Council (NEC), launched in October 2008, is a Cabinet level Committee which provides a new approach to coordinating economic policies across Government. By taking advice from external experts across different sectors of the economy, and by framing and coordinating the appropriate departmental and cross-governmental policy responses, the Council has advised on measures to steer the economy through the current global crisis.
- 1.10** Given the impact of the downturn on business, BERR played a key role in developing an effective policy response. Departmental examples of successful policy delivery resulting from the NEC discussions include the Real Help for Businesses package and Building Britain's Future: New Industry New Jobs.

### The Business Council for Britain

- 1.11** During 2008-09 BERR provided the dedicated secretariat for the Business Council for Britain. The Council advises the Prime Minister and Government, and the Secretariat ensure the Council has a relevant agenda that stimulates joined up thinking on issues that affect business and the long-term competitiveness of the UK economy. Discussions in 2008-09 focused strongly on the strategic challenges facing the UK, both domestic and global<sup>7</sup>.

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<sup>7</sup> For further information about the Business Council for Britain see:  
[www.berr.gov.uk/aboutus/corporate/bcb/index.html](http://www.berr.gov.uk/aboutus/corporate/bcb/index.html)

## Supporting business through the recession: Real Help

**1.12** Real Help for Businesses brings together a range of real, targeted support from Government to help business through the recession. In addition to the summary below, further details of individual policies are included in the relevant sections of this Report.

### Real help for businesses now

What we said	Progress by end June 2009
To get real help for your business go to <b>www.businesslink.gov.uk/realhelp</b> or speak to a Business Link adviser.	<ul style="list-style-type: none"> <li>There have been around <b>294,000</b> visits to the Real Help for Business campaign webpage.</li> </ul>
<b>Finance from your bank:</b> you may be able to benefit from the Government's <b>Enterprise Finance Guarantee</b> if you apply for a loan from your bank.	<ul style="list-style-type: none"> <li>Over <b>£546 million</b> of eligible applications from over 4,850 firms have been granted, are being processed or assessed.</li> <li>Over <b>3,500</b> businesses have been offered loans totalling over <b>£346 million</b>.</li> </ul>
<b>Regional Loan Transition Funds:</b> loans available from some regional development agencies (access via local Business Link)	<ul style="list-style-type: none"> <li>Around <b>£26.2 million</b> of loans have been agreed.</li> </ul>
The <b>Capital for Enterprise Fund</b> provides equity investment which you can use to pay off existing debt or invest in your business.	<ul style="list-style-type: none"> <li>Fund managers have made offers totalling approximately <b>£13 million</b> to <b>nine</b> businesses.</li> <li><b>Six</b> businesses have accepted the terms of the offer issued with a value of <b>£7.9 million</b>.</li> </ul>
<b>Free guides on managing your finances</b> are available at <a href="http://www.businesslink.gov.uk/realhelp">www.businesslink.gov.uk/realhelp</a> .	<ul style="list-style-type: none"> <li>There have been over <b>76,000</b> downloads of the guides.</li> </ul>
<b>Need more time to pay your tax bill?</b> Call the Business Payment Support Service: 0845 302 1435. (With HMRC.)	<ul style="list-style-type: none"> <li>Around <b>153,000</b> businesses have gained agreement to defer payment of tax worth over <b>£2.6 billion</b>.</li> </ul>
<b>Business Link 'Health Check':</b> Get a free review of your business with a professional business adviser for hands-on advice and help accessing the full range of government help.	<ul style="list-style-type: none"> <li>Over <b>64,000</b> businesses have benefited from a free Healthcheck.</li> </ul>

**1.13** In addition Budget 2009 announced further measures to help businesses through the recession:<sup>8</sup>

- a **Vehicle Scrappage Scheme** which provides a £2,000 discount (jointly funded by the Government and the manufacturer) on new vehicles bought by consumers

<sup>8</sup> For further information see 'Fiscal Stimulus Programmes' in section 4.2 and Notes 25.2 and 39 to the Accounts.

scrapping a vehicle which is ten years old or more and which they have owned for at least 12 months;

- a **Trade Credit Insurance Scheme** to provide up to £5 billion of top-up trade credit insurance to businesses who have suffered partial reductions in their level of cover.

## A strategic vision for Britain's recovery

**1.14** In April 2009, the Prime Minister, Secretary of State for Business, Enterprise and Regulatory Reform and the Secretary of State for Innovation, Universities and Skills jointly launched the publication of **Building Britain's Future – New Industry, New Jobs**<sup>9</sup>, the Government's strategic vision for taking a more active approach to building British competitiveness, growth and productivity. This vision will now be taken forward by the Department for Business, Innovation and Skills. The strategy identifies how government action can support the UK's economic renewal and future growth. In particular, the paper sets out how the Government will:

- adapt and strengthen Britain's general competitiveness policies in critical areas like innovation, skills, finance, infrastructure and access to global markets;
- use its role and influence in the market in a new and more strategic way;
- use a new approach to targeted interventions to ensure that Britain continues to retain and develop strengths in high-value areas of global growth or rapid and fundamental technological change;
- better coordinate action at the national, regional and local levels; and
- develop a different way of making policy, taking account of its impact on the total business environment and make better use of its existing levers (such as procurement, regulation, taxation and spending) with a clearer sense of the effect on the business environment.

**1.15** Budget 2009 established a £750 million **Strategic Investment Fund (SIF)**. The aim of the Fund, which will support advanced industrial projects of strategic importance to the UK's economic renewal and future growth, is to help ensure that the UK is able to emerge from the economic downturn in a globally competitive position.

**1.16** Of the £750 million: £250 million is ring-fenced to support a range of projects on renewable energy and low-carbon business opportunities; £50 million is for the Technology Strategy Board to support business innovation in areas of UK capability with opportunities for future growth; and £10 million is for UK Trade & Investment (UKTI), to support a package of major trade and investment events in sectors identified in *New Industry, New Jobs*.

**1.17** The Department for Business, Innovation and Skills will manage this Fund, although the £250 million low carbon element will be allocated only to those projects that have been jointly agreed with the Department of Energy and Climate Change.

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<sup>9</sup> *New Industry, New Jobs* (HM Government, 2009): [www.berr.gov.uk/files/file51023.pdf](http://www.berr.gov.uk/files/file51023.pdf)