

Chapter 3

Managing the Department

Section 3.1

Introduction

- 3.1** The Department needs effective and efficient services to support delivery of its objectives. Over 2008-09 BERR was at the heart of the Government's response to the recession and, in order to meet this challenge, it has been vital to continue to improve the effectiveness and efficiency of our services and increase value for money.
- 3.2** This chapter covers aspects of how BERR was managed and our performance over the year. It refers to BERR during 2008-09, prior to the merger with DIUS on 5 June 2009 to create the Department for Business, Innovation and Skills. The table below shows the structure of the chapter by reporting theme.



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Section 3.2

Professional support, capability and infrastructure

- 3.3** BERR's DSO 5 was to 'Provide the professional support, capability and infrastructure to enable BERR's objectives and programmes to be successfully delivered'¹²¹. In order to achieve this objective BERR required a skilled and committed workforce, specialist advice, and a reliable infrastructure in which to operate.
- 3.4** This section explains how BERR further developed its capability to enable staff to respond to the challenges thrown up by the current recession. For example, we have a new People Strategy incorporating feedback from Capability Reviews and staff surveys. We also have specialist units supplying legal, financial, analytical, communications, human resources, IT and estates management expertise in support of BERR's work.
- 3.5** BERR successfully achieved Investors in People (IIP) re-accreditation for the fourth time in March 2009, this time demonstrating a performance exceeding requirements – level two of the Investors in People Profile. Furthermore, against a number of the indicators, the Department was assessed as achieving level three or four, demonstrating outstanding or exemplary performance.

BERR's People Strategy and values

- 3.6** The aim of BERR's People Strategy was to have highly skilled people who understand business; are well led; and who live by our values and are proud to work for BERR. The strategy was designed to help improve our capability by providing a framework for developing and reinforcing the skills our staff need. The focus of our People Strategy over the next three years has been on four key themes:
- leading our people;
 - growing our skills and capabilities;
 - delivering a workforce of the future; and
 - improving our performance management and reward.
- 3.7** Key activities in 2008-09 in support of these themes were:
- Leadership: improved development programmes for New Leaders to the Senior Civil Service and an increased focus on leadership skills on promotion.
 - Skills and capability: improved on-line learning, mentoring and coaching networks, and an increased emphasis on professional and specialist skills. The effectiveness of these actions is shown by the achievement of level two of the Investors in People Profile.
 - Future workforce: more flexible deployment of staff through an improved recruitment and selection process. Our new diversity strategy will help us to develop a more diverse workforce in the future.

¹²¹ For the assessment of this DSO see chapter 2, section 2.8.

- Performance management and reward: training for managers in giving effective feedback, and a review of the grading structure which will help to simplify our systems and processes.
- 3.8** In order to help our staff act as a ‘voice for business’, we encouraged them to spend time working in business, whether for a ‘week in business’ or on a longer secondment. This helped them understand the way businesses operate and the challenges they face. We also offered a regular programme of talks hosting external speakers from businesses and other stakeholders. This was in addition to internal events informing staff of the work of BERR and its delivery partners.
- 3.9** BERR also had a set of values which supported effective listening, influencing and successful achievement of our objectives as the voice for business in Whitehall.

Making a difference	Working together	It starts with me
We take the lead; we influence others, having an impact on the real world.	We work with openness and respect. We listen to, learn from and value others.	I am confident and committed to getting it right. I am professional and take pride in what I do.

Capability Review

3.10 Capability Reviews were launched by the Cabinet Secretary, Sir Gus O’Donnell, in 2005 as part of a wider Civil Service reform agenda. The reviews seek to improve the capability of the Civil Service to meet current and future delivery challenges.

3.11 The Capability Review Team returned to BERR in October and November 2008, very shortly after the 3 October Machinery of Government changes. The Review Team commended BERR both for its speed and flexibility in responding to the challenges of this re-organisation and in maintaining its focus on the difficult economic situation. The strength of the leadership team and the very highly regarded analytical capability the Department had developed are seen as critical to this success¹²². The reviewers observed that BERR faced greater challenges and expectations in 2008 than the former DTI did in 2006 in the first Capability Review¹²³. In response to these challenges the Department is continuing to focus on strengthening key skills that support our work with business and others to make a difference to the economy.

¹²² *Department for Business, Enterprise and Regulatory Reform: Progress and next steps* (Cabinet Office, 2008): http://beta.civilservice.gov.uk/Assets/BERR-progress_tcm6-6185.pdf

¹²³ *Capability Review of the DTI* (Cabinet Office, 2006): http://beta.civilservice.gov.uk/Assets/Capability_Review_DTI_tcm6-1060.pdf

Staff Survey

- 3.12** The annual staff survey provided an opportunity for staff to inform BERR's senior management about what it was like to work for BERR and the way the Department was led and managed. The results of the 2008 survey presented an encouraging picture of the Department, as well as areas for development. The comprehensive survey took place in October 2008, sixteen months after the creation of BERR. The results showed that staff have a clear sense of purpose, and that their understanding of BERR's role as the voice for business across Government had increased significantly.
- 3.13** The results for BERR exceeded central Government averages for all but two of the 34 benchmarks. 43 of the 71 attitudinal questions showed a statistical improvement on the results for BERR in 2007 across a range of issues, with an increased overall satisfaction and pride in working for BERR, and improved perceptions of leadership.
- 3.14** In response to concerns from the survey, we will continue to consult with staff on ways we can build pride in the new Department, manage increasing workloads and further improve the working environment.

Diversity within BERR

- 3.15** We remain committed to improving diversity in the Department and to embedding diversity considerations throughout the Department's work. BERR launched a refreshed Diversity Strategy in the autumn of 2008¹²⁴. This included a revised Diversity Statement, targets for representation at senior levels and priorities for the coming year including action on the four key themes identified across the Civil Service: representation; leadership and accountability; culture change; and talent management.
- 3.16** BERR complied with the Disability Discrimination Act 1995 and the Disability Discrimination (Employment) Regulations 1996, which introduced important rights for disabled staff and extra protection against discrimination in the workplace. Our Disability Equality Scheme¹²⁵ and the *Secretary of State Report on Disability Equality*¹²⁶ provide further information.
- 3.17** The table below shows BERR's performance against Cabinet Office diversity targets for the Senior Civil Service (SCS).

¹²⁴ BERR Diversity Strategy and Diversity Statement: www.berr.gov.uk/aboutus/corporate/performance/how-we-work/diversity/page49826.html

¹²⁵ Revised DTI Disability Equality Scheme for the Department for Business, Enterprise and Regulatory Reform (BERR, 2007): www.berr.gov.uk/files/file42734.pdf

¹²⁶ Secretary of State Report on Disability Equality (BERR, 2008): www.berr.gov.uk/files/file49041.pdf

Figure 9: Senior Civil Service diversity representation and targets

	1 April 2008	1 April 2009 actual			1 April 2011 targets	
	Percentage	Number of minority staff	Number of staff at Band	Percentage	Civil service target	BERR target
SCS who are women	37%	53	137	39%	39%	40%
Top SCS posts occupied by women	30%	9	30	30%	34%	34%
SCS from ethnic minority backgrounds	4%	5	137	4%	5%	5%
SCS with disabilities	5%	9	137	7%	5%	6%

Flexible deployment and project management

3.18 The Project Pool develops staff skills in project and programme management, and deploys them quickly on assignments of varying duration across the Department's top priority projects. This flexible way of working achieves two primary objectives: it resources priorities in a changing environment, and it embeds and enhances programme and project management principles across the Department, both in terms of approach and practice. It is regarded as an exemplar of flexible resourcing in Whitehall.

3.19 The Project Centre bolsters and protects the success of projects and programmes across the Department and its delivery partners. It is accredited by the Office of Government Commerce (OGC) to conduct Gateway Reviews on medium-risk in-house projects. It provides a highly-regarded assurance function, supplemented by the provision of a range of mechanisms supporting project management within the Department.

Sickness absence

3.20 BERR had a well developed absence management policy. This included a comprehensive Health and Well Being Programme providing, for example, awareness events and support for staff; and a policy that managers follow-up the reasons for any sickness absence. 61% of BERR staff took no sick leave in 2008-09 and the average number of working days lost was 5.4. This compares favourably with the public sector average of nine days per annum per employee.

Legal support

3.21 BERR's Legal Services Group has ensured that: Ministers and colleagues have received the highest quality advice which is essential to the successful delivery of the Department's objectives; legislation has been developed and delivered efficiently; and investigations and prosecutions were timely and effective.

3.22 By providing timely advice, our Legal Services Group has contributed to some of the Department's key policy areas, including a strategy to help businesses through the recession, Digital Britain and Royal Mail. The Group will help business realise reduced administrative burdens of approximately £300 million through implementation of the Companies Act 2006 and help to make it easier to do business in Europe through implementation of the EU Services Directive. The Group will also continue to provide support on the competition, consumer, insolvency and employment frameworks.

- 3.23** Through its effective enforcement of the insolvency and companies regimes, BERR supported legitimate business and protected consumers from rogue business practices. The investigation of offences arising mainly from insolvency has uncovered increasingly complex criminality including high levels of fraud. The successful prosecution of such offences, at a conviction rate of 85%, has resulted in custodial sentences, heavy fines and significant confiscation of assets. BERR worked with the National Fraud Strategic Authority to shape fraud strategy, taking account of the impact of the recession on trends in fraud.
- 3.24** BERR's Legislative Board procedures for coordinating and prioritising the Department's bids for legislation have been emulated across Government and are regarded as an example of good practice.

Analytical support

- 3.25** Analysts across the Department continue to drive policy development and provide the professional support and capability to enable the successful delivery of the Department's objectives. BERR had a strong commitment to evidence-based policy making, acknowledged by the green rating the Department achieved for 'base choices on evidence' in the 2008 Cabinet Office Capability Review¹²⁷. This rating indicates that the Department has good capability in place for basing choices on evidence when delivering strategy.



- 3.26** This year it has been particularly important to use statistical and economic analysis to underpin our understanding of the current economic conditions and how we can respond to business concerns. Developing a sound evidence base is critical to supporting the Department in setting policy and strategic direction. Analysts also work to ensure that appropriate systems and processes are in place to achieve an efficient allocation of resources.
- 3.27** During 2008-09 BERR analysts worked on key projects with other government departments, including developing a strategic vision for Britain's recovery¹²⁸; the Manufacturing Strategy (with DIUS)¹²⁹; the simplification of business support

¹²⁷ *Department for Business, Enterprise and Regulatory Reform: Progress and next steps* (Cabinet Office, 2008): www.civilservice.gov.uk/Assets/BERR-progress_tcm6-6185.pdf

¹²⁸ *New Industry, New Jobs* (HM Government, 2009): www.berr.gov.uk/files/file51023.pdf

¹²⁹ *Five Dynamics of Change in Global Manufacturing Supporting Analysis for 'Manufacturing Strategy: New Challenges, New Opportunities'* www.berr.gov.uk/files/file47663.pdf
Further information:
www.berr.gov.uk/whatwedo/sectors/manufacturing/strategyreview2008/page45271.html

products (with a range of government departments including HM Treasury, DIUS, Export Credit Guarantee Department and Defra)¹³⁰; and Digital Britain (with DCMS)¹³¹.

- 3.28** Other work undertaken by BERR analysts this year included understanding high growth firms in the UK¹³², the impact of regulation on productivity¹³³, supporting the Risk and Regulation Advisory Council in delivering a programme of workshops to help foster a more considered approach to public risk and how to respond to it, leading the cross-Whitehall Group on the Economics of Regulation and jointly-leading the Government Economic Service Focus Group on Evaluation.

Communications

- 3.29** In 2008-09 we continued to communicate with multiple audiences about BERR's work, using a range of innovative tactics as well as more traditional communications channels. In the worsening economic climate we worked in particular to make the business community better aware of the range of support available.

Media relations and marketing

- 3.30** BERR achieved widespread print, broadcast and online media coverage for our policies and communicated our key messages through an enhanced programme of targeted engagement with stakeholders and staff. Notable examples included communications regarding business support packages, including the 'Real Help for Businesses Now' campaign. Communications activities helped direct 286,000 visits to the campaign webpage by April 2009.
- 3.31** BERR also ran a number of significant marketing communication campaigns on a range of issues, particularly around employment rights and advice. The awareness rate of the National Minimum Wage is now 91% amongst workers and 100% amongst businesses. The campaign used a range of traditional and innovative communications channels including a campaign bus that travelled the country to reach vulnerable audiences (such as those in less stable employment) who are amongst the National Minimum Wage's main beneficiaries.
- 3.32** BERR's Employing People campaign contributed to the reduction in administrative burdens to UK businesses by promoting advice on how to save time and money as part of the Employment Law Guidance Programme. The campaign resulted in a record 500,000 visits to the guidance website in January 2009 alone. Elsewhere, our



¹³⁰ For further information about the Business Support Simplification Programme see: www.berr.gov.uk/whatwedo/enterprise/simplifyingbusinesssupport/page44802.html

¹³¹ *Digital Britain: The Interim Report* (BERR/DCMS, 2009): www.culture.gov.uk/images/publications/digital_britain_interimreportjan09.pdf

¹³² *High growth firms in the UK: Lessons from an analysis of comparative UK performance* (BERR, 2009): www.berr.gov.uk/files/file49042.pdf. For further information about the Enterprise Strategy see: www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/enterprise-framework/index.html

¹³³ *Impact of Regulation on Productivity* (BERR, 2008): www.berr.gov.uk/files/file48147.pdf

Firework Safety campaign reached over 32 million people through TV advertisements, and our Consumer Protection Regulations campaign resulted in over 300,000 businesses receiving direct mail with information on new regulations relevant to them.

- 3.33** In the past year, BERR expanded its commitment to digital initiatives. September 2008 saw the launch of our new corporate website which has a useful email alert service. A BERR YouTube channel – BERRTube¹³⁴ – launched in early 2009 and had received over 10,000 visits by the end of March 2009. Both services allow users to subscribe to receive updates.
- 3.34** In response to stakeholder feedback we have also worked to deepen staff understanding of the wider business context and the Department's work. Surveys we have conducted in the last year to evaluate the effectiveness of staff communication have shown a 10 percentage point increase in the number of staff who say they feel well informed. We have also used focus groups to consult staff about our communication channels.

Correspondence and Enquiry Handling

- 3.35** In 2008 BERR responded to 59% of MPs' correspondence within 15 days against a target of 80%. This compares to 74% for 2007 and 71% for 2006. This below-target performance was primarily due to technical difficulties with a new correspondence management system in the first half of the year, and a heavy correspondence load stemming from BERR's role in the Government's response to the economic downturn in the final quarter. The Department's correspondence management process is being reviewed to cope with hugely increased volumes (over 50% higher year on year) and complexity (up some 25% from 2007-08).
- 3.36** BERR answered 93% of all calls from the public within 15 seconds, meeting internal targets.

Information and workplace services

Estates management

- 3.37** Effective management of the Department's estate and workplace services is important to help achieve cost savings and reduce our environmental impact¹³⁵. Achievements over 2008-09 included:
- relocating the Defence and Security Organisation to Kingsgate House; and



¹³⁴ BERRTube www.youtube.com/berrtube

¹³⁵ For further information about the BERR estate and our commitment to the environment see annex 4.

- holding a property conference for the BERR and DIUS families and benchmarking the whole office estate, helping embed the Office of Government Commerce (OGC) High Performing Property programme¹³⁶.

Sustainable development

3.38 The Department is committed to sustainable development, and reducing our environmental impact. During 2008-09 we

- obtained Carbon Trust Standard¹³⁷ certification for BERR's headquarters estate;
- improved recycling facilities;
- installed an Automatic Metering and Targeting system to monitor, identify and reduce the use of all utilities;
- installed solar photovoltaics on the roof of 1 Victoria Street; and
- installed LED lighting in the reception, conference centre, lift lobby and lifts in 1 Victoria Street to reduce energy consumption.

Security and resilience

3.39 The Department has ongoing business continuity capability and this year ran a range of successful training events and workshops. These have engaged specific response teams and have strengthened planning in response to a range of risks: building and IT incidents, flooding, and pandemic flu. BERR also secured assurance on its business continuity management through its Audit and Risk Committee¹³⁸.

Data handling and security

3.40 BERR made good progress in implementing the requirements in the Government's review of data handling and security and completed the required actions:

- a Senior Information Risk Owner has been appointed, personal data identified, and the PROTECT – PERSONAL DATA security marking and encrypted removable media introduced;
- by 1 July 2008 information risk policy and information asset owners were in place, an information charter published, and protective measures rolled out through delivery chains; and
- actions being completed now and on an ongoing basis include: the accreditation of new systems containing protected personal data; the inclusion of OGC model clauses in new contracts; carrying out privacy impact assessments (a BERR template is in place); penetration testing; and regularised corporate risk assessments.

¹³⁶ For further information about the OGC's High Performing Property Programme see: www.ogc.gov.uk/better_asset_management_efficiency_in_property_asset_management.asp

¹³⁷ For further information about the Carbon Trust Standard see: www.carbontruststandard.com/Aboutus/TheStandard/tabid/150/language/en-GB/Default.aspx

¹³⁸ For further information about BERR's Audit and Risk Committee see section 3.6, Corporate governance.

- 3.41** From April 2009 we are introducing mandatory training for data users, as Cabinet Office sponsored e-learning packages are released by the National School of Government. BERR also worked to ensure communications on data handling are easily understood. This includes poster and BERR TV campaigns emphasising the importance of the correct procedures for handling information and research into attitudes towards information security to enable effective influencing.
- 3.42** The Department's security and information management teams continue to work together to ensure the requirements (and associated guidance issued by the Cabinet Office) are clearly understood by users and key stakeholders (e.g. Information Asset Owners). A network of Management Group Data Champions has been established to provide the BERR family with key data security information and maintain effective communication channels.

Reporting of personal data related incidents

- 3.43** BERR reported no incidents of the loss of 'protected personal data' to the Information Commissioner's Office in 2008-09. The Department did not centrally record any protected personal data related incidents which were not formally reported to the Information Commissioner's Office in 2008-09.
- 3.44** In August 2008 a laptop containing sensitive information about named individuals was stolen from the Manchester office of the Insolvency Service. The laptop contained information on 385 company directors, including names, addresses, dates of birth and occupation of each director of a given company. This information was already available on the register of companies at Companies House. In addition there was also information relating to any concerns around potential misconduct of directors in the run up to insolvency, and there was also information on associated creditors, complainants and employees relating to around 150 individuals. This included names, addresses and in a small number of cases, bank details, NI numbers and mobile phone numbers. The Insolvency Service wrote to all the individuals affected informing them of the data loss and apologising for any inconvenience caused. The Service also established dedicated communication channels for those who may have been concerned about the loss of personal data. Meetings with all staff were subsequently held to reiterate and re-enforce the Service's policy on the secure use and storage of portable media. All unencrypted media devices were recalled for encryption or destruction and Corporate Governance Section has increased its testing of data security compliance during office visits.

Section 3.3

Value for money programmes

Introduction

- 3.45** The Department has a strong track record in delivering value for money from its budgets. Over 2005-08 BERR (and the former DTI) delivered £358 million in efficiency savings against a target of £209 million. BERR has plans to build on these achievements over the CSR07 period, delivering £148 million (£121 million agreed at the beginning of the CSR07 period and a further £27 million announced in Budget 2009) in value for money savings to be delivered from budgets by 2011.
- 3.46** Value for money savings are calculated by comparing actual spend against a 'counterfactual spend'. This counterfactual is what spending would have been, based on a 'do nothing' approach. For example, if BERR took no action to improve value for money, spending on programmes would rise in line with inflation. Reported savings are all cash-releasing against these counterfactuals. More detail on savings targets and counterfactuals can be found in BERR's Value for Money Delivery Agreement¹³⁹.

Impact of October 2008 Machinery of Government changes

- 3.47** On 3 October 2008, BERR's Energy Group and associated delivery partners were transferred to the newly created Department of Energy and Climate Change, and BERR's 2008-09 budget reduced from £3.2 billion to £1.4 billion. BERR's value for money targets have been updated to reflect this. The three year savings targets for BERR have been reduced from £125 to £64 million in 2008-09; £221 to £93 million in 2009-10; and £307 to £121 million in 2010-11. Since these changes, the delivery target has been increased from £121 million to £148 million in 2010-11, reflecting the extra £27 million savings announced in Budget 2009.

Value for money achievements to date

- 3.48** BERR has delivered £69.5 million of value for money savings in 2008-09 against a target of £64 million. These savings are cash-releasing, allowing BERR's budgets to reduce by over 3% in real terms from 2007-08 to 2008-09. These savings are also net of costs and projected to be sustained into future years. No over-delivery from the SR04 efficiency programme has been included.
- 3.49** Savings were identified across BERR's major programmes and budget areas through a process of zero-based reviews aimed at getting greater value for money from BERR's budgets. Examples of savings delivered in 2008-09 are outlined and grouped by DSO below.

¹³⁹ For further information including BERR's Value for Money Delivery Agreement see: www.berr.gov.uk/aboutus/corporate/performance/Value%20for%20Money%20Delivery%20Agreements/page43140.html

3.50 DSO 1: Promote the creation and growth of business and a strong enterprise economy across all regions – **£30.8 million**, including:

- Business Support Best Practice – £9.6 million
Timely exit from the Support to Implement Best Practice scheme.
- Effective Relationships with Business – £5.7 million
Getting better value for money out of engagement with business across all sectors.
- Regional Selective Assistance/Selected Financial Investment England in Capital Grants – £6.8 million
The previous Regional Selective Assistance scheme provided finance mainly in the form of grant for capital investment projects in assisted areas. The new Selected Financial Investment in England scheme focuses on higher quality projects providing better value for money.
- National Business Link marketing – £3.1 million
Continued activity to promote a national brand for Business Link has been demonstrated at a lower funding level.
- Business Support Legacy Schemes – £1.8 million
Ensuring BERR exits legacy business support schemes efficiently and on schedule.

3.51 DSO 3: Deliver free and fair markets, with greater competition, for businesses, consumers and employees – **£24.1 million**, including:

- Insolvency Service – £14.5 million
Some £10 million of savings have been delivered by moving investigation work carried out by Official Receivers, previously funded by the taxpayer, to a fee based system. Remaining savings were delivered through increased efficiency.
- Acas – £6.5 million
Delivering operationally within a reduced budget for example, making savings from accommodation through their 'one-roof' strategy and better use of ICT.
- Competition Commission – £2.1 million
Savings were delivered via the Competition Commission Council's fundamental review of the Competition Commission, aiming to: reduce the burden on business; make more effective use of all staff; make more effective use of Members; and improve team working.

3.52 Administrative savings – **£14.6 million**

- Delivered through outsourcing pensions administration, centralising back-office finance functions, optimising use of buildings and e-enabling research resources.

Value for money plans

3.53 BERR planned to build on these achievements in 2009-10 targeting value for money savings against counterfactuals of £35 million value for money savings from DSO 1, £32 million from DSO 3 and £25 million from administration budgets. Plans included

making extra savings from exiting business support legacy schemes; further efficiencies by delivery partners such as The Insolvency Service, Acas and the Competition Commission; and further administration savings from the improved use of accommodation and ICT.

RDAs' value for money settlement

3.54 As part of the RDAs' CSR07 settlement, the nine RDAs were tasked with delivering 5% savings a year. The RDAs will also deliver a 5% real reduction in their administration budgets. These savings accrue to the RDAs and did not form part of BERR's value for money savings over the CSR07 period.

RDAs' value for money achievements

3.55 The RDAs have been working towards achieving output targets utilising the budgets they were allocated in the CSR07 settlement. However, economic factors now coming to bear on national and regional economies are making it challenging to achieve these output targets, while at the same time RDAs are playing an important role in delivering help and support to businesses through the economic downturn.

3.56 The RDAs have reported progress towards their value for money savings targets, and over the first three quarters of 2008-09 delivered £41 million in recyclable savings. The majority are working within their reduced budgets and are on course to meet their performance targets as outlined in their corporate plans¹⁴⁰. On administration savings targets, the RDAs have recorded good progress and are on course to meet their full year targets.

3.57 The RDAs have made value for money savings in a number of areas including within Business Link and from improving contract performance through the Business Support Simplification Programme. Administrative savings will be made through restructuring, pay review, productivity improvements, and eliminating unnecessary spend and improving procurement. The RDAs will be reporting on their value for money savings in more detail in their own individual annual reports.

Lyons relocations

3.58 Against a target of 527 posts to be relocated out of London and the South East by March 2010, BERR had relocated 425 posts as of end-March 2009. Areas to which posts have been relocated include Belfast, Leeds, Newport, Birmingham, Manchester and Swindon.

¹⁴⁰ The RDAs' corporate plans and annual reports are available from their websites, a list of which is provided in annex 3.

Section 3.4

Better BERR regulation

- 3.59** The Department leads the regulatory reform agenda across Government through the work of the Better Regulation Executive (discussed in section 2.5), and is also a major regulating department in its own right. Better policy making principles are therefore at the heart of the Department's approach to policy development, particularly since minimising administrative and regulatory burdens on businesses is one way we can help them through the economic downturn.
- 3.60** This section reports how BERR worked to minimise the burdens of its policies on business. However, there are situations where regulation is needed, and, where this is the case, we want to make sure that we understand the costs and benefits, and that regulation is not unnecessarily burdensome.
- 3.61** BERR had a target to reduce the administrative burdens imposed on business by its regulations by a net 25% by May 2010. Over the last year BERR continued to make considerable progress, with net savings of 17% delivered by April 2009. This means that two thirds of the 25% target of around £1 billion has now been achieved. The key measures which will deliver the target are outlined below: more detail can be found in BERR's 2008 Simplification Plan¹⁴¹.
- 3.62** The Department is also committed to reducing regulatory burdens on the public and the third sectors, and has implemented its obligations under the Hampton Review¹⁴², which recommended ways to streamline and modernise the regulatory system in order to reduce administrative burdens.

Culture change

- 3.63** BERR attached a high priority to promoting and maintaining the right attitude towards regulation. We did this primarily through our Better Policy Making Culture Change Programme. The programme promoted good quality impact assessments (IAs), effective use of Programme and project management principles, awareness of light-touch approaches where appropriate, and better regulation 'Champions' within the Department. We also engaged with stakeholders, in particular through our highly regarded Ministerial Challenge Panel, which opened BERR policy development up to external challenge.
- 3.64** All these activities had the strong support of the BERR senior management team, whose own performance and personal remuneration continued to include links to successful delivery of this agenda in 2008-09.

¹⁴¹ *Simplification Plan 2008 Supporting business through better regulation* (BERR, 2008): www.berr.gov.uk/files/file49272.pdf

¹⁴² *Reducing administrative burdens: effective inspection and enforcement* (BERR, 2005): www.berr.gov.uk/files/file22988.pdf

Impact Assessments

- 3.65** BERR helped develop the Government Impact Assessment (IA) template, rolled out in 2007. IAs should accompany any new policy proposal that has an impact on business, and demonstrate that the design of the proposal is informed by comparing the benefits of each option with the costs. Since the introduction of the template, over 200 officials have benefited from regular training workshops, held to help improve the Department's capability in the preparation of IAs. Participants report high levels of satisfaction with the quality of the training.
- 3.66** The Department's economists continue to lead on a number of cross-department better regulation initiatives. In particular, the Impact Assessment Peer Review Group ensures the ongoing engagement of the Department's economists in the development of IAs. The Peer Review Group engages early in the policy development process, advising on, scrutinising and challenging IAs to ensure they meet the requirements of better policy making and are able to withstand wider external scrutiny. A preliminary assessment of the effectiveness of the Peer Review Group suggests broad agreement amongst Peer Review Group members that the Group represents a credible mechanism for providing input into specific policy developments from a broader better regulation perspective. This view has also received support from policy teams who have come before the Group.

Consultation

- 3.67** The Department follows the Government's Code of Practice on Consultation, as revised in 2008¹⁴³. BERR had a good reputation on consulting with stakeholders, for example we engaged with key interested parties in the consultation process concerning the application of the Companies Act 2006 to Limited Liability Partnerships (LLPs). As part of the formal consultation, on both policy and draft regulations, a working group made up of LLP representatives and intermediaries was set up. The Group has met three times since the close of the formal consultation and has helped shape the drafting of a complex and technical set of regulations.

Consultations ¹⁴⁴	
Total consultations	35
Lasted 12 weeks or more	29
Ministerial authorisation for shorter consultation	6
Compliant with the Department's consultation template	33
Two or more consultation methods used	35

¹⁴³ HM Government *Code of Practice on Consultation* (HM Government, 2008): www.berr.gov.uk/files/file47158.pdf

¹⁴⁴ These figures include consultations relating to energy policy, prior to its transfer to DECC on 3 October 2008.

Simplifying and reducing the administrative burden

3.68 BERR's 2008 Simplification Plan¹⁴⁵ charts our previous and planned measures to achieve our target of a net reduction of 25% in administrative burdens by 2010. Key measures are outlined below.

Key Simplification Plan measures delivered May 2006 – October 2008

3.69 Employment Law: £429 million of the projected £589 million savings in administrative burdens reductions have been delivered. Through the Employment Law Guidance Programme indicative savings of over £400 million have been achieved through advising on how to save time and money when complying with employment law obligations, for example by using online tools and proformas.

3.70 Company Law: £237 million of the projected £300 million administrative burdens savings have already been delivered. Example of measures include:

- facilitating the use of electronic communications by companies with shareholders, saving £76 million per year;
- abolition of the requirement for private companies to hold Annual General Meetings, saving £45 million per year;
- abolition of complex capital assistance rules, saving £68 million per year; and
- simpler law for smaller firms, saving £44 million per year.

Helping SMEs

SMEs can face an administrative burden disproportionate to their size. Examples of measures specifically designed to reduce burdens on SMEs include:

- a separate and simpler model Articles of Association for private companies, reflecting the way small companies operate (from October 2009); and
- a separate code of accounting and reporting requirements for small companies (from April 2008).

3.71 Consumer Law: The EU Unfair Commercial Practices Directive (UCPD) implemented in May 2008, introduced a general duty on traders not to treat consumers unfairly. Its estimated potential reductions of up to £260 million are currently subject to validation.

Key Simplification Plan measure to be delivered April 2009 – May 2010

3.72 The Employment Act 2008 abolished costly statutory dispute resolution procedures, delivering £115 million of savings from April 2009 onwards, with a projected further £23 million of savings to come from the implementation of new dispute resolution services by Acas.

¹⁴⁵ *Simplification Plan 2008 Supporting business through better regulation* (BERR, 2008): www.berr.gov.uk/files/file49272.pdf

Validation

3.73 The most prominent simplification measures in the Plan implemented between May 2005 and May 2008 have been approved by a cross-Government External Validation Panel to ensure that they have delivered and communicated real and meaningful benefits to private and third sector organisations. The Panel includes key business organisations, including the CBI and the British Chambers of Commerce. We are therefore confident that the measures are of tangible benefit to stakeholders, and tackle their key 'irritants' in areas such as employment law and company law. The latest Plan also contains many case studies which help demonstrate the programme's benefits.

Legislative Reform Orders

- 3.74** Legislative Reform Orders (LROs) make it quicker and easier to tackle unnecessary or over-complicated legislation, and help bring about a risk-based approach to regulation.
- 3.75** The Legislative Reform (Consumer Credit) Order 2008 amended the Consumer Credit Act 1974 to ensure that changes made through the Consumer Credit Act 2006 effectively deliver the intentions of Parliament¹⁴⁶.
- 3.76** The BERR/Insolvency Service Legislative Reform (Insolvency) (Advertising Requirements) Order 2009 came into force on 6 April 2009. It will deliver a better targeted regime for the advertising of insolvency events which, in combination with parallel changes to the Insolvency Rules, is expected to deliver savings for creditors of insolvent estates of at least £17 million a year from April 2009. An additional BERR/Insolvency Service Legislative Reform (Insolvency) (Miscellaneous Provisions) Order 2009 was laid before Parliament on the 13 May 2009 as part of a package of measures to modernise insolvency processes. Those measures, again in combination with parallel changes to the Insolvency Rules, will deliver further savings for creditors of at least £25 million a year and are planned to be implemented in April 2010.

¹⁴⁶ Specifically, the Order amends the Consumer Credit Act 1974 to exempt buy-to-let lending from regulation, clarify the position on the giving of statement for fixed-sum credit agreements and provide definitions of "payments" for the purpose of issuing notices of sums and arrears.

Section 3.5

Promoting equality of opportunity

- 3.77** The Department is committed to promoting equality of opportunity in all its functions, and as a public sector organisation, is required by law to promote equality of opportunity for race, gender and disability¹⁴⁷. This section provides an update on actions set out in the Department's Race, Disability and Gender Equality Schemes¹⁴⁸.
- 3.78** In May 2008, we published a report on BERR's compliance against its Race Equality Scheme¹⁴⁹. This assessed our performance to date and set out how we plan to improve on promoting race equality and good race relations, as well as ensuring there is no unlawful racial discrimination within the Department. In December 2008 we published a report on the Department's Disability Equality scheme¹⁵⁰. This illustrated some of the progress we have made within our policy areas towards disability equality and improving the lives of disabled people. Key actions in these areas are also outlined in the tables in this section.
- 3.79** All departmental policy proposals are screened for equality issues and the findings reflected in an accompanying Impact Assessment or relevant documentation. Where a proposal gives rise to substantive equality considerations, a separate Equality Impact Assessment (EQIA) is produced. To help raise awareness of the need for officials to consider equality issues when developing their policy proposals, a series of training workshops were held over the year, and in September 2008 we hosted a week of 'equalities events' which included speakers from the public and private sectors. Looking forward, we have begun steps to harmonise our existing schemes on race, gender and disability prior to the extension of the equality duty to include sexual orientation, religion and belief, age, gender reassignment and pregnancy and maternity. Section 3.2 discusses BERR's work on diversity, including race, gender and disability, with regard to BERR employees.

Commitments in race, disability and gender equality schemes

- 3.80** The tables on the following pages show the policy areas in which Equality Impact Assessments have taken place, and their outcome.

¹⁴⁷ The Race Relations Act 1976 (as amended by the Race Relations (Amendment) Act 2000); the Disability Discrimination Act (as amended by the Disability Discrimination Act 2005) and the Sex Discrimination Act 1975 (as amended by the Equality Act 2006). The Equality Bill (laid in Parliament in April 2009) brings together existing equality legislation and extends the scope of the duty to cover the additional areas of gender reassignment, pregnancy and maternity, sexual orientation, religion and belief, and age.

¹⁴⁸ For further information about BERR's Race, Disability and Gender Equality Schemes see: www.berr.gov.uk/aboutus/corporate/performance/how-we-work/equality-schemes/page35704.html

¹⁴⁹ *BERR Race Equality Scheme – Three Year Report* (BERR, 2008): www.berr.gov.uk/files/file46231.pdf

¹⁵⁰ *Secretary of State Report on Disability Equality* (BERR, 2008): www.berr.gov.uk/files/file49041.pdf

Equality Impact Assessments (EQIA)	Outcome
Extension of the right to request flexible working to carers of older children	An EQIA was conducted as part of the final Impact Assessment published as part of the Government response to the consultation on implementing the recommendations of Imelda Walsh's independent review ¹⁵¹ in March 2009. The EQIA suggested that there would not be any disproportionate effects by gender, race or disability.
Digital TV Switchover	An EQIA was published jointly by BERR and DCMS assessing the equity and fairness on groups particularly affected by the switchover from analogue to digital television in the UK ¹⁵² .
Pregnant Workers Directive	An EQIA was carried out on this proposal and published as part of the Government consultation in March 2009 ¹⁵³ . Overall the evidence shows that there would not be a disproportionate impact, as all employees would still be covered by the Sex Discrimination Act. The EQIA suggested that neither would there be a disproportionate effect by race or disability.
Debt Relief Orders	The equality screening of Debt Relief Orders (DRO) ¹⁵⁴ shows no differential impact based on race or age. However, there is potential for a positive impact on women and individuals with disabilities, as such debtors are more likely to meet the entry criteria. The Insolvency Service has ensured that equality data is collected wherever possible, as part of the DRO application process, to enable it to effectively monitor and review this policy's impact.
Debtor's Bankruptcy Petition Process	The initial equality screening of the debtor's petition process (which considers removing the process from court), showed no differential impact based on race or age ¹⁵⁵ . However, there is potential for a positive impact on women and individuals with disabilities. Research shows that women are more likely to feel that there is a stigma associated with bankruptcy, and are therefore more reluctant to access it. Removal of the requirement to attend court to file a bankruptcy petition could reduce this stigma, in addition to benefiting people unable to travel to court due to disability.

¹⁵¹ Extending the right to request flexible working to parents of older children: Government response to consultation on implementing the recommendations of Imelda Walsh's independent review (BERR, 2009): www.berr.gov.uk/files/file50447.pdf

¹⁵² Equality Impact Assessment for Digital Switchover (DCMS, 2008): www.culture.gov.uk/images/publications/EIA_digital_switchover.pdf

¹⁵³ *European Commission proposals to amend the Pregnant Workers Directive: a consultation* (BERR, 2009): www.berr.gov.uk/files/file50575.pdf

¹⁵⁴ *Explanatory Amendment to the Insolvency (Amendment) Rules 2009* No. 642: www.opsi.gov.uk/si/si2009/em/uksiem_20090642_en.pdf

¹⁵⁵ The Impact Assessment of a Reform to the Debtor's Bankruptcy Petition Process: www.insolvency.gov.uk/insolvencyprofessionandlegislation/con_doc_register/impactassessment.doc

Other actions to increase equality

Information Services	
Access to Information services	BERR's website ¹⁵⁶ , re-launched in September 2008, meets level double-A of the Web Content Accessibility Guidelines (WCAG). All web publishers are trained in the principles and practice of website accessibility, and any breaches of the guidelines are quickly fixed. The Department works closely with external accessibility specialists to ensure its online content is made available to the widest possible audience.
Enterprise and Business Group	
Digital Television Switchover	A quarterly 'Switchover Tracker' reports on understanding, awareness and take-up of digital TV, including by gender, age and disability, and is used to inform communication strategies ¹⁵⁷ .
Enterprise Strategy	The Enterprise Strategy published in 2008 ¹⁵⁸ contained a range of measures for women's enterprise, which recognised the importance of changing attitudes amongst women towards enterprise; taking steps to increase female entrepreneurship rates; and providing advice and support to women in starting and growing their businesses. The RDAs made a commitment in the Enterprise Strategy to pilot Women's Business Centres, and BERR has facilitated the development of the National Mentoring Network for women in business. This is a strategic partnership between everywoman, the British Chambers of Commerce, Prowess and RBS/NatWest. The work of BERR's partners Enterprise Insight and the National Council for Graduate Entrepreneurship contains actions targeted at girls and women. These include a range of enterprise awareness activities and the further development of the women's enterprise ambassadors network (now with over 1,000 members) to inspire more girls and women across all sections of society to consider entrepreneurship.
Ethnic Minority Business Task Force	The Ethnic Minority Business Task Force ¹⁵⁹ was launched in June 2007. The Task Force helps foster growth among ethnic minority firms and boost economic participation by ethnic minority entrepreneurs. James Caan (Dragons' Den) was appointed as co-chair to the Task Force in January 2009. The Task Force is expected to present their latest findings to Ministers later in 2009.

¹⁵⁶ BERR website: www.berr.gov.uk

¹⁵⁷ Digital UK Quarterly Reports are available from: www.digitaluk.co.uk/press_office/reports/quarterly_reports

¹⁵⁸ For further information about the Enterprise Strategy see: www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/enterprise-framework/index.html

¹⁵⁹ For further information about the Ethnic Minority Business Task Force see the website: www.embtf.org.uk/index.php

Enterprise and Business Group	
London 2012 Olympic Games and Paralympic Games	London won the bid to run the 2012 Games on the promise that the event would be truly multi-cultural. Regional events have been held in the South West, West Midlands and the North West, Yorkshire and Humberside, London and the East of England to help businesses owned by ethnic minorities and women to compete for contracts related to the London 2012 Games.
Make Your Mark	The Government is funding the Make Your Mark campaign ¹⁶⁰ run by Enterprise Insight. Enterprise Insight is building a network of accessible champions and ambassadors who will act as role models for young people in ethnic minority communities. The opportunities enterprise offers for young people will be communicated through existing Enterprise Insight events and specific activities such as the 'Black Boys into Business' event held in Tottenham in November 2008.
Prince's Trust	The Prince's Trust is a UK charity with a proven track record of helping young people realise their potential and has strong and established links with disadvantaged communities. Over 70% of the ethnic minority community are based in disadvantaged areas. A £1 million grant to enable the Trust to identify role models and raise awareness of the benefits of enterprise amongst some of our most disadvantaged young people was announced on 15 May 2008. 100 Enterprise Ambassadors have been appointed, including some from ethnic minority backgrounds. The Prince's Trust held workshops between some of these young entrepreneurs and leading business people including James Caan and Deborah Meaden. These workshops were filmed and placed on The Prince's Trust YouTube channel ¹⁶¹ to raise awareness of the benefits of enterprise among young people. This site has now received more than 200,000 hits.
Fair Markets Group	
Fair Treatment at Work Survey	This monitors the extent of employee discrimination, unfair treatment, bullying and sexual harassment. The first survey was conducted in 2005 (by the former DTI) ¹⁶² and the results helped to inform the second survey, which was conducted in 2008. The results of the second survey are expected to be published in autumn 2009.
National Minimum Wage	BERR continues to raise awareness of the National Minimum Wage amongst vulnerable and migrant workers. Two thirds of its beneficiaries continue to be women.

¹⁶⁰ For further information about Make your Mark see the website: www.makeyourmark.org.uk

¹⁶¹ The Prince's Trust YouTube channel: www.youtube.com/profile?user=princestrust&view=videos&sort=v

¹⁶² The First Fair Treatment at Work Survey (DTI, 2007): www.berr.gov.uk/files/file38386.pdf

Fair Markets Group	
Face-to-face debt advice projects	There is a dedicated Disability Project that employs 17 advisers in a variety of Citizens Advice Bureaux and other agencies. The project targets those with hearing, sight, mental health and other disabilities. Other projects ensure services are targeted at a range of social groups, including people from black and minority ethnic (BME) backgrounds, and extra resource has been made available to assist provision of advice to these groups, for example through interpreters.
Doorstep selling	Vulnerable groups may be particularly at risk from rogue traders and bogus selling practices – not only where a trader has made a cold call but also in situations where the consumer has requested a visit by the trader. No consumer should be put at a disadvantage when purchasing goods or services in their own home. In 2007 the Government introduced new regulations to extend the seven day cooling off period and cancellation rights to include contracts made as a result of a solicited visit by a trader to a consumer's home.
Package Travel	Over the last two years BERR has been working to raise the awareness of British Muslims of their rights under the UK Package Travel Regulations (which protect consumers in a number of ways when they pay for certain travel arrangements) when they book Hajj pilgrimages to Saudi Arabia. We continue to be engaged in this area with the aim of reducing the number of complaints and problems in the sector.

UK Trade & Investment	
Outreach	UKTI undertakes a range of outreach initiatives involving minority groups, including female entrepreneurs and ethnic minority businesses. For example UKTI's regional team in the South West sponsored (with others) the 'Enterprising Women Make A Difference Conference 2008', in addition to speaking and displaying a stand at the event.
Ensuring compliance with equality requirements	UKTI seeks to ensure that its policies, practices and procedures – in terms of both staff and customers – are compliant with current legislation as it develops and follow best practice. We are currently commissioning external validation of our approach.

UK Trade & Investment

Performance and Impact Monitoring Survey (PIMS)	UKTI monitors the use of its services through its Performance and Impact Monitoring Survey (PIMS), which is carried out by an independent specialist market research company. The PIMS survey also obtains annual information about the use of UKTI services by minority groups. This allows data to be collected on the percentage of businesses using the services who are majority owned by, or have one or more owner, partner, or director who are women, from ethnic minority groups, or have any long-standing illness or disability. For example, PIMS results for the survey carried out from April to June 2007 and from April to June 2008 show that 4% of the 1,641 firms surveyed had owners, partners or directors who had a disability or long-standing illness, 32% were female, and 12% were from an ethnic minority community. PIMS results in future years will allow UKTI to monitor the extent to which there is an increase in the number of currently under-represented groups accessing its services.
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BERR Delivery Partners

Insolvency Service	The Insolvency Service has continued to undertake research to help assess the relevance and impact of proposed policies on equality and diversity (see EQIA section on Debt Relief Orders and Debtor's Bankruptcy Petition Process). The Service is currently reviewing research undertaken for the equality screening of its project to modernise and consolidate the secondary legislation regarding insolvency.
Acas	Acas is aware of the needs of ethnic minorities who may be disadvantaged due to language. To help overcome this Acas have introduced a translation facility as part of their employment relations helpline. The facility can provide simultaneous translations in a wide range of languages and since its inception at the end of 2006 has been used in over 1,800 calls.
Companies House – Training	Companies House continues to deliver diversity awareness training covering the six strands of diversity to all staff. Bullying and harassment workshops have been delivered to all managers in the organisation that have direct line management responsibilities. An e-learning tool is also being implemented to increase staff awareness of diversity.
Companies House – EQIA Action Plan	Companies House are currently working through their IA action plan to: <ul style="list-style-type: none"> • engage the organisation in the review and assessment process through briefing and communication notices; • catalogue and prioritise the policies and projects according to which need to be reviewed and assessed most urgently; • determine which (if any) require a full IA; and • report outcomes and recommend actions accordingly.

BERR Delivery Partners	
Companies House – Electronic and business transformation	A HR Senior Manager with at least seven years diversity experience has a seat on major programme boards which relate to electronic and business transformation and Companies Act programme implementation. This gives Companies House the capacity not only to provide direct advice and input as the programme and supporting projects develop, but also to highlight areas of concern in relation to diversity related issues, ensure diversity issues are considered at each stage, and assess and review each programme and project in the light of Impact Assessments.
Companies House – Service Delivery	Information is available in alternative formats on request including audio, large print and Braille. Information is also available in an electronic format through the internet and the site is compliant with W3C standards.
Companies House – Monitoring	Companies House produces a comprehensive Diversity Statistical Monitoring Report which covers all diversity related categories and provides information on other areas such as recruitment, training and work-life balance.

Social and community responsibility

3.81 The Department aims to integrate social and community responsibility in all it does, whether in framing government policies or in its day to day operations. Further information about our work to encourage sustainable development and limit our environmental impact is in annex 4. Examples of policies aimed at particular groups, such as protecting vulnerable workers and encouraging women into enterprise are included above and in chapter 2.

Section 3.6

Corporate governance arrangements

3.82 This section describes the corporate governance arrangements for BERR during 2008-09, prior to the merger with DIUS on 5 June 2009 to create the Department for Business, Innovation and Skills. Corporate governance arrangements for the new Department are currently being finalised. New arrangements are being put in place for a register of interests for the new Board of the Department for Business, Innovation and Skills. Anyone wishing further information on Board interests can contact the Department as follows:

- By e-mail to: mpst.fraser@bis.gsi.gov.uk
- By writing to: Private Office of the Permanent Secretary, Department for Business Innovation and Skills, Room V8.27, 1 Victoria Street, London SW1H 0ET

3.83 BERR's corporate governance structure comprised the Management Board and three Committees: the Executive Committee, the Operating Committee and the Audit and Risk Committee.

Appointments

3.84 Members of the Management Board and Committees are Senior Civil Servants appointed in accordance with the Civil Service Management Code¹⁶³. The exceptions are the Non-Executive Board Members who are recruited via fair and open competition. The remuneration report in section 3.7 provides details of remuneration and fees.

3.85 Non-Executive Board Members provide a valuable external perspective to help improve internal processes, service delivery and change management. As independent members of the Management Board and Committees, they take on important advisory and challenge functions. Biographies of the Non-Executive Board Members can be found on the BERR website¹⁶⁴.

3.86 Appointments to the boards of the Department's Non-Departmental Public Bodies and agencies are made by Ministers in accordance with the *Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies*¹⁶⁵.

3.87 Simon Fraser was appointed as BERR's Permanent Secretary from 5 May 2009. In addition to Chair of the Management Board, he was Chair of the Executive Committee and Accounting Officer for BERR. On 5 June 2009 Simon Fraser was appointed as the Permanent Secretary for the Department for Business, Innovation and Skills.

BERR's Management Board

3.88 BERR's Management Board provided corporate strategic leadership to the Department. This involved:

- working with Ministers to set the Department's Strategy and allocate resources;
- agreeing business plans and monitoring departmental performance;

¹⁶³ For further details about the Civil Service Management Code see: www.civilservice.gov.uk/about/work/codes/csmc/index.aspx

¹⁶⁴ Biographies of Non-Executive Board Members: www.berr.gov.uk/aboutus/corporate/corpgov/non-exec/index.html

¹⁶⁵ Code of Practice for Ministerial Appointments to Public Bodies: www.publicappointmentscommissioner.org/Publications/publication,86855496500.html

- assessing risks/issues which could undermine BERR's strategy or corporate plan;
- assessing departmental capability and plans for the future; and
- setting standards, values and controls.

3.89 The full terms of reference of the Management Board can be found on the website¹⁶⁶.

3.90 The Members of the Management Board as at 31 March 2009 were:

Sir Andrew Cahn, Acting Chair (from 28 March 2009)	Acting Permanent Secretary
John Alty	Director General, Fair Markets Group
John Edwards (from 1 July 2008)	Director General, Finance
Hilary Douglas	Chief Operating Officer
Philip Rutnam (from 23 March 2009)	Director General, Enterprise and Business Group
Jitinder Kohli	Chief Executive, Better Regulation Executive
Vicky Pryce	Chief Economic Adviser and Director General, Economics
Rachel Sandby-Thomas	Solicitor and Director General, Legal Services
Dominic Jermy (from 28 March 2009)	Acting Chief Executive, UK Trade & Investment
Professor Arnoud De Meyer	Non-Executive Board Member
Roger Urwin CBE	Non-Executive Board Member
Dr. Brian Woods-Scawen CBE	Non-Executive Board Member
In addition, the following were Board members in 2008-09:	
Sir Brian Bender, Chair (until 27 March 2009)	Permanent Secretary
Mark Gibson (until 20 March 2009)	Director General, Enterprise and Business Group
William Rickett (until 2 October 2008)	Director General, Energy Group
Mark Clarke (until 19 June 2008)	Director General, Finance and Strategy Group
Also attending in 2008-09 were:	
Russell Grossman	Director of Communications
Ceri Smith	Director, Business Environment Unit
Professor Brian Collins (from 12 May 2008)	Chief Scientific Adviser

¹⁶⁶ Terms of reference for BERR Management Board are available from:
www.berr.gov.uk/aboutus/corporate/corpgov/management-board/page14179.html

BERR's Executive Committee

3.91 BERR's Executive Committee made decisions on strategic, department-wide internal management issues. These included:

- broad decisions on resource allocation;
- departmental honours list;
- monitoring organisational capability;
- internal management issues requiring endorsement by Directors-General; and
- Senior Civil Service performance, development and pay.

3.92 The members of the Executive Committee as at 31 March 2009 were:

Sir Andrew Cahn, Acting Chair (from 28 March 2009)	Acting Permanent Secretary
John Alty	Director General, Fair Markets Group
John Edwards (from 1 July 2008)	Director General, Finance
Hilary Douglas	Chief Operating Officer
Philip Rutnam (from 23 March 2009)	Director General, Enterprise and Business Group
Jitinder Kohli	Chief Executive, Better Regulation Executive
Vicky Pryce	Chief Economic Adviser and Director General, Economics
Rachel Sandby-Thomas	Solicitor and Director General, Legal Services
Dominic Jermey (from 28 March 2009)	Acting Chief Executive, UK Trade & Investment
Also attending when the Executive Committee convened as the Performance and Development Committee in 2008-09 were:	
Stephen Lovegrove	Chief Executive, Shareholder Executive
Jean Irvine OBE	Non-Executive Board Member
In addition, the following were Committee members in 2008-09:	
Sir Brian Bender, Chair (until 27 March 2009)	Permanent Secretary
Mark Gibson (until 20 March 2009)	Director General, Enterprise and Business Group
William Rickett (until 2 October 2008)	Director General, Energy Group
Mark Clarke (until 19 June 2008)	Director General, Finance and Strategy Group

BERR's Operating Committee

3.93 BERR's Operating Committee made decisions on BERR processes and resources relating to people, planning, financial management, communication, project management, IT and property. Its functions included looking at key enabler projects and coordinating the implementation of change and efficiency initiatives. The members of the Operating Committee as at 31 March 2009 were:

Jitinder Kohli	Chief Executive, Better Regulation Executive
John Edwards (from 1 July 2008)	Director General, Finance
John Dodds	Director, Regulatory Reform Directorate and Head, Priority Projects Directorate
Hilary Douglas	Chief Operating Officer
Claire Durkin (from 10 July 2008)	Director, Europe, International Trade and Development
Russell Grossman	Director of Communications
Susan Haird	Deputy Chief Executive, UK Trade & Investment
David Hendon	Director, Business Relations
Susanna McGibbon (from 8 April 2008)	Director, Legal Services
Karen Pile (from 10 July 2008)	Director, Information and Workplace Services
Ceri Smith (from 7 May 2008)	Director, Business Environment Unit
Tom Smith (from 10 July 2008)	Director of Customer Services, Companies House
Stephen Speed	Inspector General and Chief Executive, Insolvency Service
Ken Warwick	Deputy Chief Economic Adviser
Susan Young	Director, Human Resources
Claire Ighodaro CBE	Non-Executive Board Member
Jean Irvine OBE	Non-Executive Board Member
Tim Walton	Non-Executive Board Member
In addition, the following were Committee members in 2008-09:	
Mark Clarke (until 19 June 2008)	Director General, Finance and Strategy Group
Geoff Dart (until 2 June 2008)	Director, Corporate Law and Governance
Peter Lowe (until 2 June 2008)	Director, Information and Workplace Services
Simon Virley (until 2 October 2008)	Director, Renewal Energy and Innovation Unit

BERR's Audit and Risk Committee

3.94 BERR's Audit and Risk Committee's overall objective was to support the Board and the Accounting Officer by ensuring the overall governance arrangements were appropriate and operating effectively, overseeing the work of the internal and external auditors and reviewing the annual financial accounts. It was comprised entirely of Non-Executive Members. The full terms of reference of the Audit and Risk Committee can be found on the BERR website¹⁶⁷. The scope of the objectives covered all of BERR's activities including those of its Executive Agencies and Non-Departmental Public Bodies.

3.95 The members of the Audit and Risk Committee as at 31 March 2009 were:

Dr. Brian Woods-Scawen CBE, Chair	Non-Executive Board Member
Bryan Jackson OBE	Non-Executive Member
Hunada Nouss	Non-Executive Member
Barry Rourke	Non-Executive Member
Darrel Sheinman	Non-Executive Member

3.96 The Permanent Secretary (as the Accounting Officer), Director General, Finance, Head of Internal Audit and a Director of the NAO also attended meetings of the Committee.

BERR's Secretariat

3.97 BERR's Secretariat ensured the smooth running of the Board and the Committees. The Secretariat was comprised of two civil servants and was part of the Permanent Secretary's Private Office. The main activities of the Secretariat were:

- working with the Board and Committee Chairs on agenda setting and forward planning;
- ensuring that the Board and Committees were properly constituted and provided with clear terms of reference;
- reviewing changes in governance requirements that might affect the organisation or the way the Board and Committees operate;
- ensuring that the standards and disclosures required of the organisation were observed;
- supporting the Non-Executive Board Members; and
- partnering with the Cabinet Office on best practice for departmental boards across Whitehall.

¹⁶⁷ The terms of reference for BERR's Audit and Risk Committee are available from: www.berr.gov.uk/files/file42437.pdf

Section 3.7

Remuneration report

Remuneration policy

- 3.98** The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.
- 3.99** The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.
- 3.100** In reaching its recommendations, the Review Body is to have regard to the following considerations:
- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
 - regional/local variations in labour markets and their effects on the recruitment and retention of staff;
 - Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
 - the funds available to departments as set out in the Government's departmental expenditure limits; and
 - the Government's inflation target.
- 3.101** The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations¹⁶⁸.

Performance and reward

- 3.102** The Senior Civil Service (SCS) pay system consists of relative performance assessments. Individuals are assessed as being in Group 1, 2, 3 or 4 of their pay band. All individuals in Groups 1 and 2 and a small proportion of the individuals in Group 3 receive a non-consolidated performance related award for in-year performance against objectives. These awards vary in amount within an overall cost envelope set by the Senior Salaries Review Body and approved by the Government¹⁶⁹.

¹⁶⁸ Further information about the work of the Review Body can be found on the website: www.ome.uk.com

¹⁶⁹ Further information about the performance and reward arrangement for Senior Civil Servants can be found at: http://beta.civilservice.gov.uk/people/pay_and_reward/scs_pay.aspx

3.103 The table below shows the number of Senior Civil Service (SCS) staff in BERR by pay range as at 31.03.09. Bonuses are not included and salary ranges represent full time equivalent rates. These pay ranges cover those staff employed on open-ended and fixed term contracts.

Figure 10: Senior Civil Service Salaries

Pay Range	No. of BERR SCS staff within the range as at 31.03.2009
Below £55,000	0
£55,000-£59,999	8
£60,000-£64,999	33
£65,000-£69,999	23
£70,000-£74,999	12
£75,000-£79,999	25
£80,000-£84,999	15
£85,000-£89,999	14
£90,000-£94,999	12
£95,000-£99,999	4
£100,000-£104,999	4
£105,000-£109,999	1
£110,000-£114,999	3
£115,000-£119,999	11
£120,000-£124,999	2
£125,000-£129,999	0
£130,000-£134,999	2
£135,000-£139,999	0
£140,000-£144,999	3
£145,000-£149,999	0
£150,000-£154,999	1
£155,000-£159,999	0
£160,000-£164,999	0
£165,000-£169,999	0
£170,000-£174,999	0
£175,000-£179,999	3
£180,000-£184,999	1
£185,000-£189,999	0
£190,000-£194,999	0
£195,000-£199,999	0
£200,000-£204,999	1

Service contracts

3.104 Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Principles, which require appointments to be on merit on the basis of fair and open competition but also include the circumstances when appointments may otherwise be made¹⁷⁰.

3.105 Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age. Early termination, other than misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

- Andrew Cahn was appointed on a four year contract commencing 27 March 2006. His contract was extended until 26 March 2011 during 2008-09. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed term contract.
- Mark Clarke was appointed on a three year contract commencing 5 June 2006. The notice period for the employee was three months. For the employer the notice period was six months or a period, if less, equal to the unexpired part of the fixed term contract. Mark Clarke resigned and left the Department on 19 June 2008.
- Vicky Pryce was re-appointed on a three year contract commencing 10 March 2005. Her contract was extended until 26 August 2009 during 2007-08. Her contract was extended until 26 August 2010 during 2008-09. The notice period for the employee and employer is three months.
- John Edwards was appointed on a three year contract commencing 1 July 2008. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed term contract.
- Philip Rutnam was appointed on a three year contract commencing 23 March 2009. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed term contract.

¹⁷⁰ Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.org.

Salary and pension entitlements for Ministers of the Department:

- 3.106** The remainder of this Remuneration Report contains audited information. The remuneration of Ministers is determined in accordance with the provisions of the Ministerial and Other Salaries Act 1975 (as amended by the Ministerial and Other Salaries Order 1996) and the Ministerial and Other Pensions and Salaries Act 1991. The salary and pension entitlements of the Ministers of the Department for Business, Enterprise and Regulatory Reform for the year ending 31 March 2009 are shown on the following page.
- 3.107** This report is based on payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as a MP (£63,291 FROM 1 April 2008), and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures below.

2008-09	Accrued pension at 65 at 31/03/09	Real Increase in pension at age 65	CETV at 31/03/09	CETV at 31/03/08 ¹	Real increase in CETV ¹	Ministerial salary received 2008-09	Ministerial salary received 2007-08 (restated)
	£000	£000	£000	£000	£000	£000	£000
Secretary of State							
Rt Hon Lord Mandelson, (from 3 October 2008) ²	5-10	0-2.5	86	57	22	52,320	-
Rt Hon John Hutton, MP (from 2 July 2007 to 2 October 2008) ³	10-15	0-2.5	157	135	11	45,835	58,658
Rt Hon Alistair Darling, MP (to 29 June 2007) ⁴	-	-	-	-	-	-	25,635
Ministers of State							
Lord Jones (from 4 July 2007 to 2 October 2008) ⁵	-	-	-	-	-	-	-
Lord Drayson (from 2 July 2007 to 7 November 2007) ⁶	-	-	-	-	-	-	-
Pat McFadden, MP (from 2 July 2007) ⁷	0-5	0-2.5	28	17	6	40,759	28,571
Gareth Thomas, MP (from 2 July 2007) ⁸	-	-	-	-	-	-	-
Lord Davies of Abersoch CBE (from 14 January 2009) ⁹	-	-	-	-	-	-	-
Rt Hon Stephen Timms, MP (from 2 July 2007 to 25 January 2008) ¹⁰	-	-	-	-	-	-	19,947
Rt Hon Ian McCartney, MP (to 29 June 2007) ¹¹	-	-	-	-	-	-	-
Rt Hon Margaret Hodge MBE, MP (to 29 June 2007) ¹²	-	-	-	-	-	-	13,298
Malcolm Wicks, MP (to 2 October 2008) ¹³	5-10	0-2.5	155	138	14	31,089	40,400
Parliamentary Under-Secretaries of State							
Baroness Vadera (from 24 January 2008) ¹⁴	0-5	2.5-5	26	14	7	72,575	12,589
Lord Carter of Barnes (from 3 October 2008) ¹⁵	-	-	-	-	-	-	-
Ian Pearson MP ¹⁶	-	-	-	-	-	-	-
Jim Fitzpatrick, MP (to 29 June 2007) ¹⁷	-	-	-	-	-	-	7,570
Lord Truscott, MP (from 13 November 2006 to 29 June 2007) ¹⁸	-	-	-	-	-	-	-

- 1 The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.
- 2 Salary figure quoted is for the period 3 October 2008 to 31 March 2009, the full year equivalent is £106,356.
- 3 Salary figure quoted is for the period 1 April 2008 to 2 October 2008, the full year equivalent is £78,575. CETV stated as 'at 31/03/09' is in fact at 2 October 2008. Salary for 2007-08 restated to include basic pay adjustment, paid in 2008-09. 2007-08 full year equivalent is £77,044.
- 4 The 2007-08 salary figure quoted is for the period 1 April 2007 to 29 June 2007, full year equivalent is £77,367.
- 5 Salary and pension details can be found in the Departmental resource accounts for 2008-09 of the Foreign and Commonwealth Office.
- 6 Salary and pension details can be found in the Departmental resource accounts for 2007-08 of the Ministry of Defence.
- 7 The 2007-08 salary figure quoted is for the period 2 July 2007 to 31 March 2008, full year equivalent is £41,446.
- 8 Salary and pension details can be found in the Departmental resource accounts for 2008-09 of the Department for International Development.
- 9 Elected not to draw a Ministerial salary and is not a member of the Parliamentary Contribution Pension Fund.
- 10 The 2007-08 salary figure quoted is for the period 2 July 2007 to 25 January 2008, full year equivalent is £39,821.
- 11 Salary and pension details can be found in the Departmental resource accounts for 2007-08 of the Foreign and Commonwealth Office.
- 12 The 2007-08 salary figure quoted is for the period 1 April 2007 to 29 June 2007, full year equivalent is £40,112.
- 13 Salary figure quoted is for the period 1 April 2008 to 2 October 2008, the full year equivalent is £50,921. CETV stated as 'at 31/03/09' is in fact at 2 October 2008. Salary for 2007-08 has been restated to include pay adjustment, paid in 2008-09.
- 14 Salary for 2007-08 has been restated to include basic pay adjustment, paid in 2008-09, of which £757.66 is a payment relating to previous appointment at the Department for International Development (DFID). The 2007-08 salary figure quoted is for the period 24 January 2008 to 31 March 2008, full year equivalent is £71,895.
- 15 Salary and pension details can be found in the Departmental resource accounts for 2008-09 of the Department for Culture, Media and Sport.
- 16 Salary and pension details can be found in the Departmental resource accounts for 2008-09 of HM Treasury.
- 17 The 2007-08 salary figure quoted is for the period 1 April 2007 to 29 June 2007, full year equivalent is £30,446.
- 18 Elected not to draw a Ministerial salary and is not a member of the Parliamentary Contribution Pension Fund.

Salary and pension entitlements for the senior managers of the Department

3.108 The salary and pension entitlements of the most senior members of the Department for Business, Enterprise and Regulatory Reform were as follows:

2008-09	Accrued pension at age 60 at 31/03/09 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/03/09	CETV at 31/03/08 ¹	Real increase in CETV	Salary including performance pay
	£000	£000	£000	£000	£000	£000
Sir Brian Bender (to 6 April 2009)	75-80 plus 230-235 lump sum	0-2.5 plus 0-2.5 lump sum	1,830	1,734	5	190-195
John Alty	45-50 plus 140-145 lump sum	0-2.5 plus 2.5-5 lump sum	890	811	15	130-135
Sir Andrew Cahn ²	40-45	0-2.5	824	740	15	245-250
Dominic Jermey (from 28 March 2009) ³	-	-	-	-	-	-
Mark Clarke (to 19 June 2008) ⁴	0-5	0-2.5	67	59	9	65-70 (205-210 full year equivalent)
Hilary Douglas	50-55 plus 160-165 lump sum	0-2.5 plus 0-2.5 lump sum	1,215	1,129	7	150-155
Mark Gibson (to 20 March 2009) ⁵	50-55 plus 160-165 lump sum	0-2.5 plus 0-2.5 lump sum	1,158	1,075	2	135-140 (140-145 full year equivalent)
Stephen Lovegrove	0-2.5	0-2.5	17	-	14	215-220
Vicky Pryce	5-10 plus 20-30 lump sum	0-2.5 plus 2.5-5 lump sum	206	164	28	200-205
William Rickett (to 2 October 2008) ⁶	55-60 plus 175-180 lump sum	0-2.5 plus 0-2.5 lump sum	1,242	1,191	3	85-90 (155-160 full year equivalent)
Rachel Sandby-Thomas	20-25 plus 65-70 lump sum	2.5-5 plus 7.5-10	332	266	46	120-125
Philip Rutnam (from 23 March 2009)	-	-	-	-	-	0-5 (180-185 full year equivalent)
John Edwards (from 1 July 2008)	0-5	0-2.5	23	-	19	105-110 (140-145 full year equivalent)
Jitinder Kohli	15-20 plus 50-55 lump sum	0-2.5 plus 2.5-5 lump sum	204	176	11	120-125

- 1 The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.
- 2 2008-09 salary figure quoted includes salary earned in the period as Acting Permanent Secretary from 28 March to 31 March 2009.
- 3 Salary and pension details can be found in the resource accounts for 2008-09 of UK Trade & Investment (UKTI).
- 4 CETV stated as 'at 31/03/09' is in fact at 19 June 2008.
- 5 CETV stated as 'at 31/03/09' is in fact at 20 March 2009.
- 6 CETV stated as 'at 31/03/09' is in fact at 2 October 2008.

2007-08	Accrued pension at age 60 at 31/03/08 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/03/08	CETV at 31/03/07 ¹	Real increase in CETV	Salary including performance pay
	£000	£000	£000	£000	£000	£000
Sir Brian Bender	70-75 plus 220-225 lump sum	0-2.5 plus 5-7.5 lump sum	1,847	1,586	60	185-190
John Alty	40-45 plus 130-135 lump sum	0-2.5 plus 2.5-5 lump sum	852	720	23	130-135
Martin Bryant (to 1 July 2007) ²	5-10	0-2.5	87	80	11	155-160 (180-185 full year equivalent)
Sir Andrew Cahn	40-45	0-2.5	860	720	28	225-230
Mark Clarke	0-5	0-2.5	62	25	28	195-200
Hilary Douglas	50-55 plus 155-160 lump sum	0-2.5 plus 2.5-5 lump sum	1,196	1,030	34	150-155
Mark Gibson	50-55 plus 155-160 lump sum	0-2.5 plus 5-7.5 lump sum	1,149	961	51	140-145
Anthony Inglese (to 3 March 2008) ³	50-55 plus 160-165 lump sum	0-2.5 plus 5-7.5 lump sum	1,226	1,046	37	130-135 (140-145 full year equivalent)
Stephen Lovegrove (from 2 July 2007) ⁴	-	-	-	-	-	145-150 (170-175 full year equivalent)
Scott Milligan (to 29 March 2008) ⁵	40-45 plus 120-125 lump sum	0-2.5 plus 0-2.5 lump sum	961	949	9	5-10 (115-120 full year equivalent)
Vicky Pryce	5-10 plus 20-25 lump sum	0-2.5 plus 2.5-5 lump sum	177	128	30	185-190
William Rickett	55-60 plus 170-175 lump sum	0-2.5 plus 5-7.5 lump sum	1,260	1,063	47	150-155
Rachel Sandby-Thomas (from 31 March 2008) ⁶	-	-	-	-	-	-
Jitinder Kohli (from 1 April 2007)	15-20 plus 45-50 lump sum	0-2.5 plus 2.5-5 lump sum	199	156	10	115-120

1 Due to certain factors being incorrect in last years CETV calculator there may be a slight difference between the final period CETV for 2006-07 and the start of period CETV for 2007-08.

2 CETV stated as 'at 31/03/08' is in fact at 1 July 2007. The salary amount excludes compensation but includes payments made in accordance with his contractual rights.

3 CETV stated as 'at 31/03/08' is in fact at 3 March 2008.

4 Opted out of the Pension Scheme.

5 CETV stated as 'at 31/03/07' is in fact at 4 March 2008 and CETV stated as 'at 31/03/08' is in fact at 29 March 2008.

6 Joined the Department on 31 March 2008 and was paid by HMRC, her former employer to 31 March 2008. This officer will not appear on the Department's payroll until 1 April 2008.

Notes

- The information relates only to the most senior managers of the core department. Similar information relating to the Chief Executives and most senior managers of the executive agencies and other bodies of the BERR family is given in the separate accounts of those bodies.
- "Salary" includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.
- None of the most senior managers of the Department received any benefits in kind during the year.

Ministerial pensions

- 3.109** Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).
- 3.110** Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other employees of the PCPF, can opt for a 1/50th accrual rate and the lower rate of employee contribution.
- 3.111** Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Prices Index (RPI). Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% of salary if they opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 26.8% of the ministerial salary.
- 3.112** The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

Civil Service pensions

- 3.113** Pension benefits are provided through the Civil Service Pension (CSP) arrangements¹⁷¹. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). The statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the RPI. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account).
- 3.114** Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium.

¹⁷¹ Further details about the CSP arrangements can be found at the website: www.civilservice-pensions.gov.uk

In nuvos a member builds up a pension based on the pensionable earnings during the period of scheme membership. At the end of the Scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with the RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

- 3.115** The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). There were no employer contributions by the most Senior Managers to partnership pension accounts during the year.
- 3.116** The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

The Cash Equivalent Transfer Value

- 3.117** A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

3.118 This reflects the increase in CETV effectively funded by the employer. In the case of ministerial pensions, this is effectively the element of the increase in accrued pension funded by the Exchequer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fees paid to Non-Executive Board Members

3.119 Below are the fees paid to the Non-Executive Board Members of BERR's Management Board. The total payments for the year to each person were in the following ranges:

Non-Executive Member	Fees for 2008-09	Fees for 2007-08
	£000	£000
Dr. Brian Woods-Scawen CBE ¹	5 – 10	5 – 10
Fields Wicker-Miurin OBE ²	5 – 10	5 – 10
Arnoud De Meyer (from July 2007) ²	5 – 10	0 – 5
Roger Urwin CBE (from July 2007) ²	5 – 10	0 – 5
Crawford Gillies (to June 2007) ³		0 – 5

1 Fees paid for independent membership of the Management Board and chair of the Audit and Risk Committee

2 Fees paid for independent membership of the Management Board

3 Fees paid for independent membership of the Management Board and ex-officio Chair of the Audit and Risk Committee until the appointment ended in June 2007



Simon Fraser
Principal Accounting Officer and Permanent Secretary
10 July 2009