

The Department for Business, Enterprise and Regulatory Reform (BERR) was created by the Prime Minister in June 2007 to lead the Government's work to raise the rate of UK productivity through the creation of the conditions necessary for business success, and to ensure the UK responds effectively to the challenges of globalisation.

The 2007 Comprehensive Spending Review (2007 CSR) provides BERR with a total budget of £3.3 billion in 2008-09, £3.2 billion in 2009-10 and £3.2 billion in 2010-11. This will be underpinned by an ambitious value for money reform programme, generating annual net cash-releasing savings of £307 million by 2010-11, supported by modernisation funding of up to £21 million over five years from 2006-07 to 2010-11. Together these enable BERR to deliver key priorities within a **budget fixed in nominal terms on average over the CSR07 period**, including:

- **continued support for business and the promotion of enterprise**, including the allocation of a total of three rounds of Enterprise Capital Funds at £50 million per year;
- **an ambitious better regulation programme** that reduces unnecessary regulatory burdens and works for everyone in the public, private and third sectors;
- **additional funding for the Nuclear Decommissioning Authority** of £338 million by 2010-11 to ensure the continued safe management of nuclear waste liabilities; and
- **funding from BERR of £200 million over the CSR07 period** for the development and deployment of new energy and energy efficiency technologies through the joint BERR/Defra **Environmental Transformation Fund**.

Achievements so far **DII.1** Through sustained increases in funding for skills, innovation and infrastructure and ambitious programmes to reform policies on enterprise and competition, the Government has continued to drive the UK's productivity and business growth over the last decade. The UK's productivity gap with France and Germany has been narrowed, supported by higher rates of business formation and small firm productivity growth.

Responding to global challenges **DII.2** Intensified cross-border economic competition and accelerated innovation and technological diffusion pose challenges to the UK's global economic position. BERR will work with other departments and stakeholders to deliver the conditions necessary for business success in the UK, including taking forward an ambitious programme of work to strengthen the links between innovation and enterprise and reducing the burdens on business from regulation. BERR will also work to ensure fair and effective employment rights that protect employees and reflect the demands of balancing work and life. In response to increased pressure on natural resources and the global climate, BERR will also promote sustainable growth in the UK and elsewhere, in particular by working with the Department for Environment, Food and Rural Affairs (Defra) to address the problem of climate change. **Over the CSR07 period, delivery of these priorities will be driven by the Departmental Strategic Objectives (DSOs) to:**

- **promote the creation and growth of business and a strong enterprise economy across all regions;**
- **ensure that all departments and agencies deliver better regulation for the private, public and third sectors;**
- **deliver free and fair markets, with greater competition, for businesses, consumers and employees;**

- ensure the reliable supply and efficient use of clean, safe and competitively priced energy;
- manage energy liabilities effectively and responsibly;
- ensure that the Government acts as an effective and intelligent shareholder, and provide a source of excellent corporate finance expertise within departments; and
- provide the professional support, capability and infrastructure to enable BERR's objectives and programmes to be successfully delivered.

DII.3 BERR will also lead delivery of the cross-governmental Public Service Agreements (PSAs) to raise the productivity of the UK economy, deliver the conditions for business success in the UK, improve the economic performance of all English regions and reduce the gap in economic growth rates between regions.

RESOURCES AND REFORM

DII.4 The 2007 CSR provides BERR with a total budget of £3.3 billion in 2008-09, £3.2 billion in 2009-10 and £3.2 billion in 2010-11. This will be supported by a far-reaching programme of value for money reforms at BERR that will generate annual net cash-releasing savings of £307 million by 2010-11. In addition, the Government will provide BERR with up to £21 million modernisation funding over five years between 2006-07 and 2010-11 to support the transitional costs of transforming the department. Together these enable BERR to deliver key priorities within a budget fixed in nominal terms over the CSR07 period, including:

- the rundown of legacy business support schemes, generating annual net cash-releasing savings of £7 million by 2010-11; and
- value for money savings by BERR's Fair Markets Group and delivery partners, realising annual net cash-releasing savings of £42 million by 2010-11.

CREATING THE CONDITIONS FOR ECONOMIC GROWTH

DII.5 As set out in Chapter 4, the UK, in common with all developed nations, is facing an increasingly competitive and globalised economic environment. Over the CSR07 period BERR will continue to address this challenge, in particular through creating an economic environment in which business can innovate, invest and prosper.

Access to finance for SMEs

DII.6 In the 2004 Spending Review the Government introduced Enterprise Capital Funds (ECF) to increase the availability of growth capital to small and medium-sized enterprises (SMEs) affected by the 'equity gap', so helping to alleviate what would otherwise remain a significant barrier to enterprise and productivity growth. **Continuing this commitment to business growth, BERR will fund a total of three ECF rounds at £50 million per year by 2010-11.**

Free and fair markets

DII.7 High levels of competition in UK markets drive productivity and ensure lower prices and greater choice for consumers. Value for money reforms over the CSR07 period will enable the Office of Fair Trading's budget to fall by 5 per cent a year in real terms, while also delivering measurable benefits to consumers amounting to five times its spending. Chapter 4 provides further detail on the Government's plans to improve competition within the UK and wider European Union over the CSR07 period.

- Protecting employees** **DII.8** The Government also believes that all employees should have core employment rights that prevent unscrupulous employers from taking advantage of vulnerable people. BERR is working with the enforcement agencies to better protect employees. It is also monitoring the implementation of the right to request flexible working to support parents and carers in balancing their commitments at work and at home.
- Nuclear Decommissioning Authority** **DII.9** Over the CSR07 period, BERR will oversee the Nuclear Decommissioning Authority (NDA) to ensure that the UK's civil nuclear liabilities continue to be managed safely, securely and cost effectively. The introduction of competition and subsequent implementation of new ways of working have the potential to significantly enhance decommissioning work, and the NDA will generate annual net cash-releasing savings totalling £125 million by 2010-11. These savings, together with additional Government funding over the CSR07 period rising to £338 million by 2010-11, will allow the NDA to deliver material risk reduction at the UK's highest hazard facilities, and an appropriate strategy for the management of commercial operations at SMP (Sellafield MOX Plant) and THORP (Thermal Oxide Reprocessing Plant).
- Sustainable energy** **DII.10** **The 2007 CSR settlement for BERR provides £200 million over the CSR07 period for the establishment of an Environmental Transformation Fund (ETF).** Led by Defra and BERR, the domestic element of the ETF is a dedicated fund totalling £370 million over the CSR07 period that brings together the Government's existing and new funding commitments within England and the UK to support the demonstration and deployment of new energy and energy efficiency technologies. Chapter 7 provides further detail on the ETF.
- UK Trade and Investment** **DII.11** **The 2007 CSR will provide UK Trade and Investment (UKTI) with a programme budget of £89 million by 2010-11.** In total, taking account of resources from both FCO and BERR, UKTI's budget will be £256 million by 2010-11. Over the CSR07 period, UKTI will deliver the ambitions of its new five-year strategy, focussing resources on the customers and markets with the greatest potential, and where UKTI's services add most value. UKTI's key objectives will be to deliver measurable improvement in the business performance of its international trade customers, increase the contribution of foreign direct investment, and deliver measurable improvement in the reputation of the UK in leading overseas markets as the international business partner of choice.

Tables and key figures

Table DI8: Business, Enterprise and Regulatory Reform baseline and additions

	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	2,130	-20	-66	-71
<i>of which near-cash</i>	2,033	-32	-75	-71
<i>of which administration</i>	325	-8	-16	-23
Capital DEL	1,136	92	93	96
Total DEL¹	3,209	56	9	7

¹ Full resource budgeting basis, net of depreciation.