

Department for Business, Innovation and Skills Draft Structural Reform Plan

July 2010

Structural Reform Plans

Structural Reform Plans are the key tool of the Coalition Government for making departments accountable for the implementation of the reforms set out in the Coalition Agreement. They replace the old, top-down systems of targets and central micromanagement.

The reforms set out in each department's SRP are designed to turn government on its head, taking power away from Whitehall and putting it into the hands of people and communities. Once these reforms are in place, people themselves will have the power to improve our country and our public services, through the mechanisms of local democratic accountability, competition, choice, and social action.

The reform plans set out in this document are consistent with and form part of the Department's contribution to the Spending Review. All departmental spending is subject to the Spending Review.

We have adopted a cautious view of the timescales for delivering all legislative measures due to the unpredictability of pressures on Parliamentary time.

Foreword from the Secretary of State

Over the past few months, my main objective has been to establish the contribution that BIS can make to tackling the deficit, rebalancing the economy, and creating a stable platform for long-term, private sector-led economic growth. This plan sets out the next steps towards helping to deliver a fair and balanced economy and a well functioning market with the capacity to grow and drive business success.

BIS is a Department for growth. It has a key role to play in creating the conditions for businesses, the drivers of our economy, to start out, invest, grow and be profitable, all of which is critical for the recovery.

For recovery to be sustainable, it has to be led from the private sector. With the right frameworks and support in place, I believe that private enterprise and investment will drive the rebalancing and growth we want to see. Britain cannot be left behind following the rapid emergence of the large developing economies that have radically reshaped global patterns of production and commerce. We will stimulate exports and keep down trade barriers, helping British businesses take advantage of the trade opportunities.

We need to rebalance the economy, moving away from an economy reliant on debt to a sustainable economy that is greener and more technologically advanced – where jobs are created and opportunities seized. It also means creating opportunities which are spread more across the regions, and through those sectors where the UK is strong and can add real value.

In order to help secure a sustainable recovery, we will use our resources and policy levers to support effective public and private investment in capital, infrastructure, higher education, science and innovation which are all crucial to creating growth and being economically competitive and create a highly educated workforce which equips people with the right skills to meet new challenges.

This is vital work and I want to know what you think about it to inform the development of our full business plan in the Autumn. Please send any comments to structuralreformplan@bis.gsi.gov.uk

Vince Cable, Secretary of State for Business, Innovation and Skills

Departmental priorities

1. Boost enterprise

- Help small and medium sized businesses start and thrive through better and more targeted business support and improved access to finance, building a more entrepreneurial culture

2. Create a positive business environment

- Reduce regulation, support flexible labour markets and promote competition across the economy

3. Stimulate exports and inward investment

- Promote open and fair global markets, improve UK Trade & Investment's focus on generating high value inward investment, and strengthen the capability of UK exporters

4. Rebalance the economy

- Ensure new businesses and economic opportunities are more evenly shared between regions and industries, supporting growth and a low-carbon economy

5. Secure the future of Royal Mail and the Post Office

- Secure the future of the universal postal service and create a sustainable future for Royal Mail and the Post Office network

6. Protect consumers

- Protect consumers, especially for the most vulnerable, and promote more responsible corporate and consumer behaviour through greater transparency and by harnessing the insights from behavioural economics and social psychology

7. Support universities, science and research in building a strong, innovative economy

- Offer progression and fair access, establish a new funding settlement which promotes world class competitiveness in teaching and research, with better quality for students, and help foster stronger links between universities and industries

8. Build an internationally competitive skills base

- Create a dynamic and efficient skills system with informed, empowered learners and employers served by responsive colleges and other providers in their areas

1. Boost enterprise (1 / 2)

Help small and medium sized businesses start and thrive through better and more targeted business support and improved access to finance, building a more entrepreneurial culture

ACTIONS	Start	End
1.1 Help improve the flow of credit to viable small and medium-sized enterprises (SMEs)		
i. Develop proposals to support sustainable, affordable lending to business and improvements in service for SME customers, working with HM Treasury and industry	Jun 2010	Oct 2010
ii. Set up Growth Capital Fund to support established small businesses with growth potential, as announced at the Emergency Budget	Jul 2011	
iii. Extend the Enterprise Finance Guarantee to ensure that more businesses have access to credit as the economy recovers, as set out in the Emergency Budget	Oct 2010	
iv. Develop policy options to address market failures in provision of bank lending and equity finance to viable SMEs	Jun 2010	Oct 2011
v. Simplify publicly funded venture capital funds by bringing funds together at the national level to improve value for money	Jun 2010	Apr 2011

MILESTONES		
A. Green Paper published with HM Treasury on business finance, including bank lending, equity and corporate debt		Jul 2010
B. First investment of Growth Capital Fund in SMEs seeking capital to grow		Jul 2011
C. £200m extension to the Enterprise Finance Guarantee in place		Oct 2010
D. Venture capital funds simplified		Apr 2011

1. Boost enterprise (2/2)

Help small and medium sized businesses start and thrive through better and more targeted business support and improved access to finance, building a more entrepreneurial culture

ACTIONS	Start	End
1.2 Make the UK one of the fastest countries in the world to start up a new business, working with Companies House and HM Revenue and Customs		
i. Launch online 'one stop shop' for people looking to start up a new business, co-locating existing online transaction services provided by HMRC and Companies House	Jun 2010	Apr 2011
ii. Develop plans to align Company House and HMRC systems to create a 'one-click' registration process for new companies	Jun 2010	Dec 2010
1.3 Review the services provided by Regional Business Links (RBLs) and rationalise 'Solutions for Business' products		
i. Meet with private sector providers of business mentoring and micro-finance	Jul 2010	
ii. Run workshops with businesses and business representatives on how business support is best provided	Aug 2010	Oct 2010
iii. Simplify the range of 'Solutions for Business' products	Jul 2010	Apr 2011
1.4 Create a stronger entrepreneurial culture		
i. Subject to the Spending Review, work with the Department for Work and Pensions to develop options to support unemployed people in setting up their own business, including 'Work for Yourself'	Jun 2010	Feb 2011
ii. Work with Department for Education to develop a proposal for enterprise education in schools, further education and higher education	Jun 2010	Dec 2010
MILESTONES		
E. Meeting held with private sector providers of business mentoring and micro-finance	Jul 2010	
F. Workshops completed on how business support is best provided	Oct 2010	
G. Launch simplified range of 'Solutions for Business' products	Apr 2011	
H. Online 'one stop shop' launched for people looking to start up a new business	Apr 2011	

2. Create a positive business environment (1 / 4)

Reduce regulation, support flexible labour markets and promote competition across the economy

ACTIONS	Start	End
2.1 Introduce ‘One-in, One-out’ so no new regulation is brought in without other regulation being cut by a greater amount. Impose ‘sunset clauses’ on regulations and regulators to ensure that the need for each regulation is regularly reviewed		
i. Introduce a Reducing Regulation Cabinet sub-committee to impose ‘One-in, One-out’ rule on new regulation	Jun 2010	Sep 2010
ii. Develop guidance for other government bodies to impose ‘sunset clauses’ on new regulations so that they automatically expire unless positive action is taken by Government to renew them	Jun 2010	Sep 2010
iii. Legislate to impose ‘sunset clauses’ on new regulators, so that the regulatory framework is kept under regular review	Nov 2010	Nov 2011
2.2 Develop options to end the culture of ‘tick-box’ regulation, and instead target inspections on high-risk organisations through co-regulation and improving professional standards		
i. Develop plan for delivering co-regulation and improved professional standards, working with central government departments and regulators	Jul 2010	Jan 2011
ii. Develop a statement of policy to reduce ‘tick-box regulation’, working across government to identify key principles for policy-makers and enforcers of regulation	Jul 2010	Jan 2011
MILESTONES		
A. New Reducing Regulation Cabinet sub-Committee established	Jul 2010	
B. Guidance to impose ‘sunset clauses’ on new regulations published	Sep 2010	
C. Statement on ‘tick-box regulation’ and co-regulation plan published	Jan 2011	

2. Create a positive business environment (3/4)

Reduce regulation, support flexible labour markets and promote competition across the economy

ACTIONS	Start	End
2.6 Review BIS employment and workplace laws, for employers and employees, to ensure they maximise flexibility while protecting fairness and providing the competitive environment required for enterprise to thrive	Jun 2010	Apr 2011
2.7 Extend the right to flexible working and develop a new system of shared parental leave		
i. Work with the Prime Minister's Childhood and Families Taskforce to develop proposals for a new system of shared parental leave	Jun 2010	Oct 2010
ii. Put in place secondary legislation to extend the right to flexible working to parents of children up to age 18	Jun 2010	Apr 2011
iii. Consult with business on shared parental leave and extension of flexible working to all employees	Oct 2010	Jan 2011
iv. Develop options following consultation and draft legislation if necessary	Feb 2011	Apr 2011
2.8 Support flexible labour markets and fairness in the workplace to support economic growth		
i. Consult on phasing out the Default Retirement Age, working with the Department for Work and Pensions	Jul 2010	Dec 2010
ii. Delivery of UK objectives in further negotiations on Working Time Directive	Sep 2010	Mar 2011
MILESTONES		
H. Consultation launched on phasing out the Default Retirement Age	Jul 2010	
I. European Commission proposals to amend the Working Time Directive published	Spring 2011	
J. Consultation launched on shared parental leave and flexible working	Oct 2010	
K. Secondary legislation in place to extend the right to flexible working to parents of children up to age 18	Apr 2011	

3. Stimulate exports and inward investment (1 / 2)

Promote open and fair global markets, improve UK Trade & Investment's focus on generating high value inward investment, and strengthen the capability of UK exporters

ACTIONS	Start	End
3.1 Promote open and fair global markets		
i. Develop a Trade White Paper, working with key Departments, to set out the Government's strategy for growth through free, fair and open markets, including trade agreements, promoting trade facilitation, and cutting global red tape	Sep 2010	Dec 2010
ii. Seek to make substantial progress on Korea and India Free Trade Agreements to deliver a joint benefit of £1bn p.a. to the UK economy once implemented	Jun 2010	Mar 2011
iii. Work with international partners to achieve substantive progress on the Doha Development Agenda (DDA), with a credible schedule for conclusion in 2011 to deliver \$170bn to GDP to the global economy	Jun 2010	Nov 2011
iv. Press for EU trade defence decision-making that maximises UK interests	Jun 2010	Mar 2011
v. Press for tangible progress on regulatory discussions between the EU/US (Transatlantic Economic Council) and EU/Japan (the High Level Group)	Jun 2010	Mar 2011
MILESTONES		
A. Trade White Paper published		Dec 2010
B. EU-India Summit held		Oct 2010
C. Trade White Paper published		Dec 2010
D. Provisional implementation of Korea-EU Free Trade Agreement		Jan 2011
E. G20 Summit held		Nov 2011

3. Stimulate exports and inward investment (2/2)

Promote open and fair global markets, improve UK Trade & Investment's focus on generating high value inward investment, and strengthen the capability of UK exporters

ACTIONS	Start	End
3.2 Build stronger connections between UK Trade & Investment and UK businesses		
i. Simplify regional activities to attract foreign direct investment to improve efficiency	Jun 2010	Mar 2012
ii. Improve the speed and quality of responses to business enquiries by increasing the range of online services	Jun 2010	Nov 2010
iii. Ensure UKTI's structures and services provide, where appropriate, a dedicated global point of contact and associated project team expert in the relevant areas of business	Jun 2010	Mar 2012
iv. Align UKTI's sector-based approach to identifying overseas business opportunities for UK business with the Government's approach to rebalancing the economy	Jul 2010	Jan 2011
3.3 Review the approach of UKTI's overseas network to identifying export and inward investment opportunities		
i. Review deployment of UKTI resources overseas against demand from business for UKTI support in mature and emerging markets	Jun 2010	Dec 2010
ii. Launch a trial programme to develop partnerships with leading business people and organisations who will act as advocates for UK business overseas	Jan 2011	Jun 2011

MILESTONES		
F. Improved range of online services introduced		Nov 2010
G. UKTI strategy published, including measures to simplify regional activities		Jan 2011
H. Trial launched for advocates of UK business overseas		Jan 2011
I. Necessary arrangements in place to allow potential investors to speak to a single UKTI specialist point of contact		Mar 2012

4. Rebalance the economy (1 / 3)

Ensure new businesses and economic opportunities are more evenly shared between regions and industries, supporting growth and a low-carbon economy

ACTIONS	Start	End
4.1 Put in place a Regional Growth Fund to encourage private sector enterprise and support to help places currently reliant on the public sector to make the transition to sustainable private sector led growth, working with HM Treasury and the Department for Communities and Local Government	Jul 2010	Apr 2011
4.2 Develop proposals for a 'Green Investment Bank' to support private investment in clean energy and green technologies	Jul 2010	Apr 2011
4.3 Deliver improved access to diverse sources of finance for all businesses by working with HM Treasury to assess developments and address barriers in corporate bond and equity markets		
i. Analysis of the funding landscape for medium sized businesses to identify any finance gaps and develop options to address them	Jul 2010	Apr 2011
ii. Develop proposals to support sustainable, affordable lending to business	Jul 2010	Apr 2011
4.4 With HM Treasury, establish a Cabinet Banking Committee and an Independent Banking Commission into banking structural reform	Jul 2010	

MILESTONES		
A. Green Paper published with HM Treasury on business finance, including bank lending, equity and corporate debt		Jul 2010
B. Cabinet Banking Committee and Independent Banking Commission established		Jul 2010
C. Proposals for a 'Green Investment Bank' published		Apr 2011
D. Regional Growth Fund in place		Apr 2011
E. Independent Banking Commission report published		Autumn 2011

4. Rebalance the economy (2/3)

Ensure new businesses and economic opportunities are more evenly shared between regions and industries, supporting growth and a low-carbon economy

ACTIONS	Start	End
4.5 Develop options to ensure that the UK is not so dependent on a narrow range of economic sectors, with a particular focus on supporting areas of comparative advantage including advanced manufacturing, low-carbon manufacturing, the life sciences, and service and creative industries	Jul 2010	Nov 2010
4.6 Work with the Department for Culture, Media and Sport to deliver universal broadband at speeds of 2mbps and stimulate private sector investment to deliver the best superfast broadband network in Europe by 2015	Jul 2010	May 2015
MILESTONES		
F. New manufacturing framework introduced to encourage growth and investment required in advanced manufacturing sectors	Oct 2010	
G. Proposals to rebalance the economy so that the UK is not so dependent on a narrow range of industry sectors published	Nov 2010	

4. Rebalance the economy (3/3)

Ensure new businesses and economic opportunities are more evenly shared between regions and industries, supporting growth and a low-carbon economy

ACTIONS	Start	End
4.7 Work with the Department for Communities and Local Government (DCLG) and other government departments to abolish the Regional Development Agencies (RDAs). Support the creation of Local Enterprise Partnerships (LEPs), including working with local authorities and business to promote the early formation of LEPs to accelerate the transition of functions from RDAs and enable them to bid for the Regional Growth Fund. Ensure that the transition from RDAs to new structures at LEP or national level supports economic development		
i. Develop a White Paper on measures to ensure that new business and economic opportunities are more evenly shared between regions, working with the Cabinet Office, HM Treasury and DCLG	Jun 2010	Autumn 2010
ii. Legislate through the Public Bodies Bill and the Localism Bill, working with the Cabinet Office and DCLG respectively	Nov 2010	Nov 2011
iii. Review and transfer all remaining RDA functions to other bodies	Jun 2010	Apr 2012
iv. Complete RDA projects (stand-alone ongoing major developments)	Jun 2010	Apr 2012
v. Manage out assets, commitments and liabilities of RDAs in an orderly fashion	Jun 2010	Apr 2012

MILESTONES		
H. White Paper published on rebalancing new business and economic opportunities		Autumn 2010
I. Localism Bill (creation of LEPs) passed		Nov 2011
J. Public Bodies Bill (abolition of RDAs) passed		Nov 2011
K. Regional Development Agencies dissolved		Apr 2012

5. Royal Mail and the Post Office Network

Secure the future of the universal postal service and create a sustainable future for Royal Mail and the Post Office network

ACTIONS	Start	End
5.1 Seek to ensure an injection of private capital into Royal Mail to secure the future of the universal postal service and create a sustainable future for Royal Mail and its employees. Seek to minimise ongoing risk to the taxpayer and ensure that Royal Mail employees are engaged in the transformation of the business and are able to share in its future success		
i. Legislate through the Postal Service Bill to introduce private sector capital, take on the bulk of Royal Mail's pension fund deficit, and create a fit for purpose regulatory regime	Oct 2010	Jul 2011
ii. Seek State Aid clearance from the European Commission for Government taking on the bulk of the pension deficit	Oct 2010	Dec 2011
5.2 Help put in place measures to sustain the Post Office and its nationwide network of post offices		
i. Ensure that Post Offices are allowed to offer a wide range of services (such as a Post Office Bank) in order to sustain the network	Dependent on commercial negotiations	
ii. Legislate through the Postal Services Bill to allow for the legal and operational separation of Post Office Ltd from Royal Mail. The Post Office will not be for sale	Oct 2010	Jul 2011
iii. Develop a new commercial strategy in partnership with Post Office Ltd, improving the long term financial sustainability of the network and improving the customer experience	Jun 2010	Dec 2010
MILESTONES		
A. Postal Services Bill introduced into Parliament	Nov 2010	
B. Postal Service Bill passed	Jul 2011	

6. Protect consumers

Strengthen consumer protections, especially for the most vulnerable, and promote more responsible corporate and consumer behaviour through greater transparency and by harnessing the insights from behavioural economics and social psychology

ACTIONS	Start	End
6.1 Review the role of all publicly-funded consumer bodies to strengthen the regulatory framework for consumer protection	Jun 2010	Spring 2011
6.2 Introduce stronger consumer protections		
i. Put in place measures to end unfair bank and financial transaction charges and to protect credit and store card users	Jun 2010	Oct 2011
ii. Undertake a joint review with HM Treasury of consumer credit and personal insolvency in the UK	Autumn 2010	Summer 2011
iii. Introduce a Groceries Code Adjudicator in the Office of Fair Trading to enforce Grocery Supply Code of Practice through the Adjudicator Bill	Nov 2011	Nov 2012
6.3 Develop options to enhance customer service in the public and private sectors	Jun 2010	Apr 2011
6.4 Work with the industry to develop proposals that credit card companies will provide better information to their customers in an electronic format that will allow them to compare the cost of their current deal with others online and increase transparency	Jul 2010	Dec 2011
6.5 Ensure the UK has world-class corporate governance frameworks		
i. Reinstate an Operating and Financial Review to ensure that directors' social and environmental duties have to be covered in company reporting	Jul 2010	Mar 2011
ii. Develop options to improve corporate accountability and transparency	Jul 2010	Dec 2010
iii. Work with business to increase the number of women on Boards of listed companies	Jul 2010	Nov 2010
MILESTONES		
A. Review of consumer credit and personal insolvency published with HM Treasury		Summer 2011
B. Operating and Financial Review reinstated on social and environmental duties		Mar 2011
C. Stronger consumer protections on bank and financial transaction charges in place		Oct 2011
D. Adjudicator Bill passed		Nov 2011

7. Support universities, science and research in building a strong, innovative economy(1 / 2)

Offer progression and fair access, establish a new funding settlement which promotes world class competitiveness in teaching and research, with better quality for students, and help foster stronger links between universities and industries

ACTIONS	Start	End
7.1 Consider Lord Browne's report into higher education funding		
i. Receive Lord Browne's Review and prepare the Government's response	Autumn 2010	Aut/Win 2010
ii. Develop and implement reform strategy for higher education in England, including international competitiveness, quality of research and teaching, patterns of participation progress from further to higher education, and the promotion of entrepreneurialism	Aut/Win 2010	Summer 2011
7.2 Improve information for prospective students on the quality and performance of higher education institutions		
i. Publish information on how well university courses equip graduates for employment including the costs, graduate earnings and student satisfaction of different university courses	Jul 2010	Summer 2012
MILESTONES		
A. Universities produce statements to show how well courses equip students for employment	Aug 2010	
B. Government response to the Browne Review published	Autumn/Winter 2010	
C. All necessary decisions taken, and any legislation in place, so that higher education and the Student Loans Company can implement any new arrangements from Academic Year 2012/13	Summer 2011	

8. Build an internationally competitive skills base (1 / 2)

Create a dynamic and efficient skills system with informed, empowered learners and employers served by responsive colleges and other providers in their areas

ACTIONS	Start	End
8.1 Raise the quality and scope of the apprenticeships programme, as the primary route within a refocussed programme of work based training		
i. Provide a credible training offer supporting the creation of apprenticeships, including ensuring 50,000 new places	Jun 2010	Autumn 2011
ii. Develop options to encourage greater employer investment in skills to support work-based training, including improved information for employers and greater involvement in the content of further education courses	Jun 2010	Autumn 2011
8.2 Subject to the Spending Review, explore other training measures to get Britain working, including Service Academies, working with the Department for Work and Pensions	Jun 2010	Spring 2011
8.3 Enable people to choose the learning that will help them achieve their goals, and empower and inform learners so they can hold colleges and providers to account		
i. Launch improved careers service to help people make informed choices	Aug 2010	
ii. Develop programmes to promote informed learner demand, including through Lifelong Learning Accounts	Jul 2010	Sep 2011
iii. Publish information about providers and their performance to inform choice of learners and employers	Nov 2010	
MILESTONES		
A. Improved adult careers service operational	Aug 2010	
B. First contracts in place for employer co-funded projects in growth and innovation fund to encourage greater employer investment in skills	Dec 2010	
C. 50,000 new apprenticeship places available	Apr 2011	

8. Build an internationally competitive skills base (2/2)

Create a dynamic and efficient skills system with informed, empowered learners and employers served by responsive colleges and other providers in their areas

ACTIONS	Start	End
8.4 Set colleges free from direct state control and abolish many of the further education quangos. Ensure public funding is fair and follows the choices of students		
i. Remove unnecessary controls and regulation within the funding, auditing and monitoring framework for colleges and training organisations	Jul 2010	
ii. Consult on, and publish, revised funding methods for allocating budgets once determined in Spending Review	Jul 2010	Autumn 2011
8.5 Reform adult and community learning		
i. Involve more voluntary organisations, charities and social enterprises as providers to develop greater community involvement and ownership	Autumn 2010	Autumn 2011
ii. Encourage joint working across local services and with self organised groups	Autumn 2010	Autumn 2011

MILESTONES		
D. Consultation launched on revised funding methods for further education	Jul 2010	
E. Reduced bureaucracy for college funding system in place	Aug 2011	