



Department  
for Business  
Innovation & Skills

**BIS MID-YEAR REPORT:**

April to September 2014

DECEMBER 2014

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## Executive Summary

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This Mid-Year Report sets out the Department's significant achievements and progress against our objectives over the first six months of the 2014-15 financial year.

Our achievements this year include:

- Key industrial objectives delivered, including the opening of the Aerospace Technology Institute, the first projects to be supported by the Advanced Propulsion Centre, and the over £1 billion of International Education exports a year ahead of schedule;
- £1.5 billion of new financing has reached over 20,000 small businesses in the last year through the British Business Bank;
- Further evidence that the Industrial strategy is having real impact, including significant new investments by Siemens, Rolls Royce and Airbus;
- A third phase of Trailblazers was announced in October bringing together over 700 employers from 37 sectors developing over 75 new apprenticeships. This brings the total number of employers to over 1000 and the first apprentices entering training against new standards in September 2014;
- 30,000 extra university places available this year and continuing work to remove student number controls for Higher Education Institutions altogether in 2015/16. We also set out how we will improve access to higher education through the National Strategy for Fair Access;
- Major legislative changes benefiting more than 20 million employees across the UK and a new system of shared parental leave set to help 285,000 working couples from April 2015;
- £670 million to date invested through the Green Investment Bank to support green projects across the UK. The Bank's current portfolio, once built, is projected to earn taxpayers an average return of 8 per cent per annum; and
- Growth Deals concluded with 39 Local Enterprise Partnerships, allocating £6 billion in total to support economic growth across England.

We continue to deliver this challenging policy agenda against a background of a 50 per cent reduction in our total administration costs and over 20 per cent fall in headcount since 2010. We are focusing on the future shape of the Department to maximise our efficiency and impact. The Department stewards a range of physical and financial assets. Their net value was nearly £44 billion at the start of the year. This position will continue to grow reflecting the impact of our policy agenda: including the Higher Education Student Loan Book, which will see £11 billion of additions this year, and increases in Green Investment Bank and British Business Bank investment in the UK economy.

We are also committed to the development of our staff. Our 2014 People Survey revealed an increase in staff engagement for the third successive year. Areas of particular improvement were on learning and development and leadership and management, particularly the visibility of senior leaders. 50 per cent of our senior leadership team are now women, and we are building an inclusive culture which values diversity and teamwork.

I am proud of all the dedicated staff in BIS and our Partner Organisations who have worked hard to deliver so much over the course of this year so far.

**Martin Donnelly**

Permanent Secretary

## About BIS

**Our purpose is to connect people to opportunity and prosperity right across the country.** It demands a huge variety of specialist expertise and resources across a wide range of areas from skills development and investment in new business ideas, to regulation, consumer rights and building Britain's research base. We're here to help open up and modernise the UK economy.

**We also believe Government has a vital part to play in helping businesses succeed.** As a partner that can see the bigger picture and actively shape the economy. Seeking out the growth opportunities. Creating the open, fertile and fair market frameworks in which companies can flourish. Delivering better regulation and breaking down the barriers to success. Boosting innovation and investing in the new technologies that will transform our lives. And by inspiring the talent that will ensure the UK has a world-class skills and research base.

**Our role is to make the connections that bring together the right mix of skills and resources to deliver sustainable prosperity.** One of our great strengths is the wide range of talent and expertise at our disposal, from our internal teams to our network of partner bodies. This variety gives us the insight and experience to identify and grasp opportunities quickly, to connect across the economy from large enterprises to start-ups, from higher education to research, from central to local Government.

### Our Objectives



The Department's Business Plan set's out the actions that we planned to undertake over the course of the year in order to deliver our objectives. Data is provided against each of the Department's Business Plan indicators throughout the report and in Annex A, with those updated since the Annual Report and Accounts shown in each Group section. Commentary on how we've performance against our key Business Plan commitments has been also been provided throughout the Report, as well as further information which can be found on the performance indicator section of the Gov.UK website.

### Our Structure

An efficient organisational structure which aligns the skills, sector expertise and relationships with our stakeholders is at the heart of achieving our purpose. BIS is structured in seven groups, all contributing to our objectives Enterprise, Skills, Knowledge and Innovation, Markets, and Trade, delivered by an effective BIS.



# Achievements

## Knowledge & Innovation

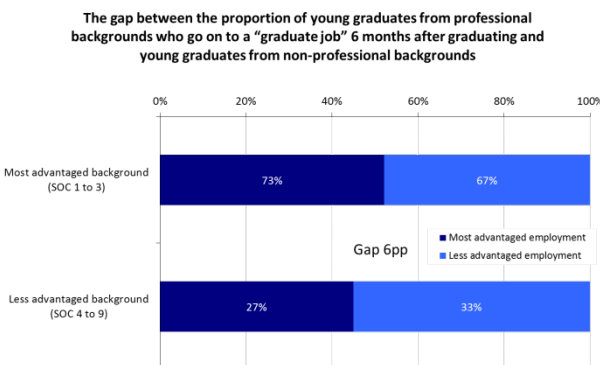
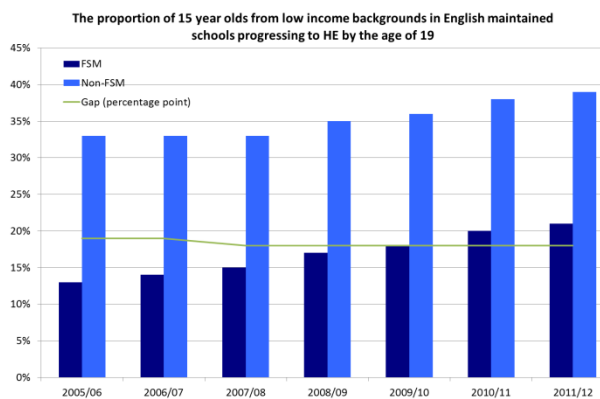
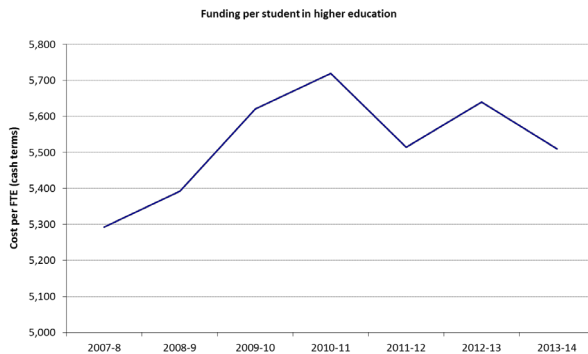
The Knowledge and Innovation group continue to contribute towards building a strong, innovative economy, through establishing a higher education, science and research and innovation framework that promotes world class competitiveness. Ensuring progression, fair access and better quality for students is our key focus. This year we have launched the National Strategy for Fair Access, giving HEFCE and OFFA a clear path to ensure fair access, achievement and progression in higher education. We have delivered the initial reforms to Disabled Student Allowance, due to save the taxpayer £25 million in 2015-16, whilst ensuring that students receive the targeted support they need to succeed.

Higher education remains exceedingly popular, with the highest ever admission figures recorded, up by 4 per cent to 499,730. This has also included an increase in the proportion of students from disadvantaged backgrounds entering Higher Education, reaching a record high of 17.9 per cent. We have made up to 30,000 extra university places available this year on route to removing student number controls for Higher Education Institutions altogether in 2015/16. This provides an opportunity for growth, and improves choices for students whilst ensuring the quality of degree courses remains high.

Key challenges remain on securing the removal of student number controls whilst continuing to manage the higher education budget and improving the quality assurance process for both HEFCE funded institutions and Alternative Providers. Securing this will ensure that standards continue to rise and we move towards greater consistency in how we treat providers.

We have worked with HM Treasury to allocate £150 million of funding to the Medical Research Council's (MRC) Clinical Research Capital Initiative. This money adds to the £80 million funding also pledged to the initiative by the MRC, Devolved Administrations, universities, and charities, bringing the total capital, going to 23 key projects across the country, to over £230 million.

## Latest Indicators



The Initiative will provide funding throughout the UK for new research technologies in clinical studies including research into differences in cellular and molecular make-up and how this affects response to diseases and treatment.

We have also recently completed an extensive programme of stakeholder engagement to gather input and evidence for the Science and Innovation Strategy, including holding more than 60 face to face events, which will help to inform the final strategy.

We continue to promote Innovation, including through the Nesta run 2014 Longitude Prize which challenged everybody to tackle one of today's greatest scientific problems, resistance to antibiotics. Nesta and the Longitude Committee are currently developing the challenge criteria that will set out what is required to win the multi-million pound prize.

### Key Achievements

- Announced a number of changes aimed at modernising the current system of support offered to disabled students, including funding for the most specialist non-medical help. This will ensure that limited public funding is targeted in the best way and to achieve value for money and ensure that those most in need get the help they require.
- In April 2014 we outlined plans for two new Catapult Centres, world leading centres for technology and innovation, both due to become operational during 2015.
- We have taken steps to improve the representation of women in engineering and technology through the development and launch of “Your Life Call to Action” in May 2014. This has led to over 200 organisations making a pledge to take action.
- We launched the £75 million Newton Fund to help develop science and innovation partnerships that promote the economic development and welfare of developing countries.
- Through Innovate UK, we have invested £60 million to support the UK construction sector in designing and developing more energy efficient buildings. The projects are expected to leverage an additional £60 million of industry investment and £30 million extra funding from across Government and other agencies.
- Continued the rapid advance of space technology through the launch of the UK's first national cubesat in July. Built by a Glasgow based SME and weighing only 3kg, UKube 1 is typical of the commercial opportunities that the UK Space Agency is now enabling.
- As part of the Government's Employer Ownership Skills Pilot Fund (EOP) we have announced a £52 million investment in new and emerging science talent, creating more than 7,800 education and skills opportunities over a 2 year period. The new partnership, led by GlaxoSmithKline, will design the vocational training and skills programmes that the life sciences, chemicals and industrial science sectors need to thrive and compete in the global economy.

### Other Key Data

- The Global innovation index 2014 ranks UK 2nd, up from 3<sup>rd</sup> in 2013 and ahead of the US and 142 other economies.
- Satisfaction levels of students reached its highest ever level with 86 per cent satisfied or very satisfied, up from 85 per cent last year.
- Higher Education Institutions have secured over £900 million co-investment from business and charities via the Research Partnership Investment Fund (RPIF) – which provided £350 million via HEFCE.



## Enterprise & Skills

Enterprise and Skills Group bring together expertise in business regulation, enterprise and skills to create benefits for the economy and society. We do this through understanding what drives enterprise, the skills people need, and the impact of Government regulation on business.

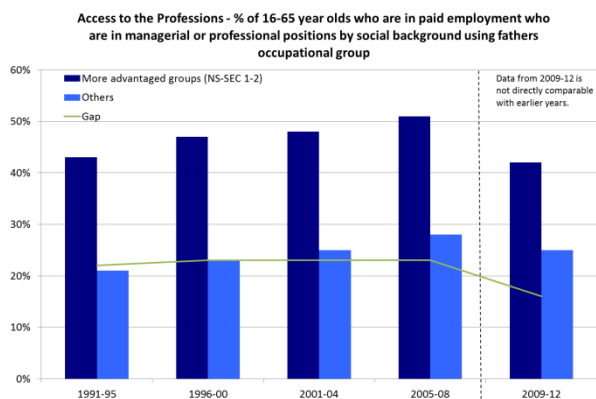
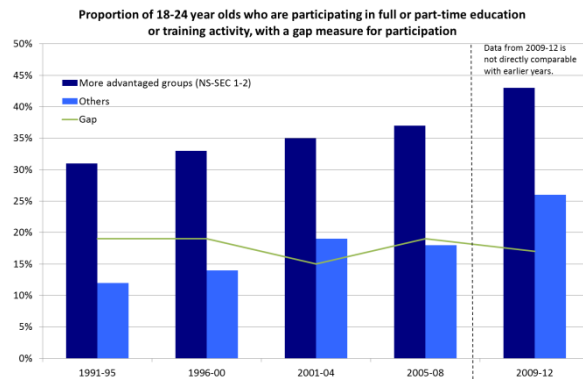
This year, the employer ownership of skills has continued through apprenticeship trailblazers, development of National Colleges and specific Employer Ownership Fund (EoF) calls. Individuals have also begun to take advantage of 24+ Advanced Learning Loans to improve their skills, with over 86,000 applications submitted in total so far, and 15,000 being made this year. We continue to develop and test ideas on the best way to put control of apprenticeship funding in the hands of employers, reacting to the views of the 1,459 respondents to our consultation.

In order to address specific challenges with the underperformance of some colleges, we have strengthened the role of the Further Education Commissioner and Advisers in tackling underperformance. This action has led to an increase in the performance of colleges and providers, with 77 per cent judged good or outstanding between Sept 2013 and July 2014 – up from 72 per cent and the highest level for 3 years.

We have embarked on range of methods to transform the way Government supports businesses, including introducing a new online 'one stop shop' early this year, providing local support through Growth Hubs (17 introduced since April 2014), introducing the Small Business, Enterprise and Employment Bill to Parliament in June, and continuing to deliver the Small Business: GREAT Ambition commitments. Over the coming year we are planning to launch a new integrated service for businesses with growth potential, implement the recommendations in Lord Young's report 'Enterprise for All' as well as ensuring the Small Businesses, Enterprise and Employment Bill achieves Royal Assent.

Under the Red Tape Challenge 3,100 measures were identified for scrapping or improving in January 2014, and we are on track to deliver our target of saving business £850 million per year by the end of this parliament. The Government's better regulation agenda has saved business £1.5 billion overall since January 2011. We have also continued to deliver benefits to business by achieving ten of the thirty recommendations put forward by the Prime Minister's Business Taskforce to cut EU red tape.

## Latest Indicators



## Key Achievements

- In December 2014 we hit our landmark target to create 2 million apprenticeship starts during this Parliament. Highlighting the continued success of apprenticeships in giving people the skills they need to get on, and in supporting businesses of all sizes to grow their talent. This achievement also highlights collaborative work across BIS, its Partner Organisations and other Government Departments.
- 51 new apprenticeship trailblazer standards were approved and published this year, with the first apprentices entering training against new standards in September 2014.
- Details of the process to tackle underperformance in further education were published in May 2014. The strengthened intervention process sets out the role of the FE Commissioner and FE Advisers, how the intervention process is operating and how we will be communicating when and where the FE Commissioner will be intervening.
- Prospects College of Advanced Technology (PROCAT) in Basildon became the first new further education college to open its doors for more than 20 years. The college will provide cutting-edge technical education through partnerships with the engineering and construction industries, including some of the UK's leading employers.
- A Statement of New Regulation was announced, detailed all regulation expected to come into force and be removed between July and December 2014, as well as regulation to be removed - including under the Government's One-in, Two-out rule and the Red Tape Challenge.
- Launched a refreshed GREAT:Business website to provide one stop shop for business support, with a new online tool to help all businesses find the right support for them.
- As of July 2014, over 17,100 businesses have been helped by the Growth Accelerator programme. The programme is on track to achieve growth outcomes of £2.2 billion of additional Gross Value Added to the economy and over 55,000 new jobs.
- Published Lord Young's Report "Enterprise for all: The relevance of enterprise in Education. The latest in a series of moves from the Government to make sure that young people leave education ready to work, with the skills and experience employers are after.
- Given budding entrepreneurs greater freedom to start and grow a business from their home through new legislation and clarification on the necessary regulations.

## Other Key Data

- 86,000 applications for 24+ Advanced Learning Loans have been received since launch.
- 851,500 people were on an apprenticeship in 2013-14 with the gold standard of higher and advanced levels attracting record levels of apprentices.
- Between September 2013 and July 2014 the number of colleges judged good or outstanding in the 2013-14 inspection cycle has improved to 77 per cent the highest level for 3 years. 100 per cent of inadequate colleges improved on re-inspection.
- Participation in Primary Authority continues to increase, with 1746 businesses, 134 local authorities and 93 Fire Partnerships in a primary authority partnership by September 2014.
- The Global Entrepreneurship and Development Institute rank the UK as the most enterprising nation in Europe, and 4<sup>th</sup> in the World.

## Business & Local Growth

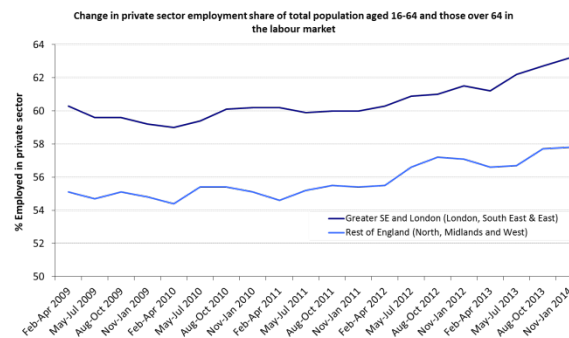
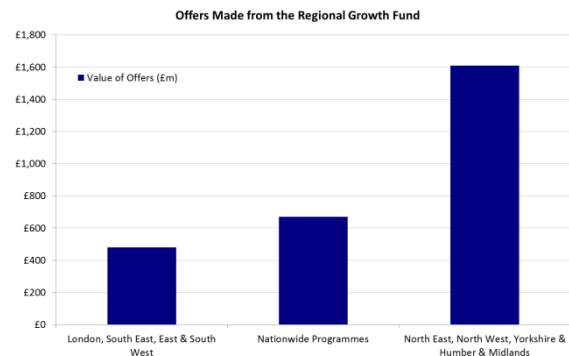
We deliver economic growth, support UK businesses and places, and make Europe work for the UK. Our work encompasses a wide range of key policy areas, including the Industrial Strategy sectors, Local Growth deals, the Regional Growth Fund (RGF), the Advanced Manufacturing Supply Chain Initiative (AMSCI) and European reform.

Significant progress has been made on implementing the Government's industrial strategy which is giving business the confidence to invest and create long term jobs. We have already completed a number of the Strategy's high profile objectives including the opening of the joint Government and industry funded Aerospace Technology Institute, the announcement of the first projects to be supported by the Advanced Propulsion Centre, and the achievement of over £1 billion of International Education exports, a year ahead of schedule. In April, we published a one year update on the Industrial Strategy setting out progress since the publication of the sector strategies. Since the launch of the Advanced Propulsion Centre over £100 million low carbon propulsion projects have commenced, involving 23 organisations with applications in passenger car, bus and off-highway systems. The £70 million Agri-Tech Catalyst, which supports 'proof of concept' development of agricultural innovations, has also begun to make its first awards this year, totalling £22 million.

We have agreed the first £6 billion investment in local projects in the first wave of Growth Deals announced during July this year. This is in addition to RGF Round 5, which is expected to unlock £1.9 billion of additional private sector investment, supporting thousands of jobs. A further round of AMSCI also launched in July 2014 to improve the competitiveness of UK supply chains.

Sector specific support that has been delivered over the last 6 months includes the new joint BIS-DH Office for Life Sciences as well as key sector announcements. These include the launch of the Cyber Essentials scheme to help businesses stay safe online, a package of measures to underpin

## Latest Indicators



(New data not available since publication in the 2013-14 Annual Report & Accounts)

## Other Key Data

- To date more than 260 organisations have benefitted from AMSCI, the majority SMEs.
- In the first phase, announced on 28 March 2014, eleven projects across the UK are benefiting from the Agri-Tech Catalyst.
- The RGF scheme's annual monitoring report, published in July 2014, found the number of direct jobs created or safeguarded through RGF more than doubled in a year, delivering 69,000 jobs.
- Total RGF payments rose by 83 per cent from the previous year to £1.15 billion. RGF payments in 2013 to 2014 totalled £551 million, compared to £161 million in the previous financial year.

the Defence Growth Partnership implementation plan, and the approval for Hinkley Point C which will provide 25,000 construction jobs and generate clean power for nearly 6 million homes.

We published four Balance of Competences Reports as part of an audit of what the EU does and how it affects the UK, and agreed the framework for how €16 billion of EU funding will be invested in the UK over the next 10 years.

The most significant challenges we face over the next six months will involve working with other Departments to ensure all local areas are able to deliver their growth deals effectively, processing the next rounds of AMSCI and RGF bids, and mapping digital skills to provide a compelling package to meet key skills gaps.

### Key Achievements

- The first £6 billion of investment in local projects was agreed as part of the first wave of Growth Deals announced in July 2014. This included the complete allocation of £2 billion from the Local Growth Fund for 2015-16 for a variety of important growth projects, including infrastructure investment, business support, and innovation projects. We are working with other departments to ensure that all local areas are able to deliver their deals effectively.
- The Advanced Propulsion Centre is established and starting to drive the investment of £1 billion from Government and industry to research, develop and commercialise technologies for the vehicles of the future.
- The Aerospace Technology Institute (ATI) is providing a single, national focus to ensure maximum return from £2 billion joint Government and industry investment into technology research and facilities in the sector.
- The first projects to benefit from Round 2 of the £70 million Agri-Tech Catalyst have been announced, which is aimed at developing innovations to address agricultural challenges such as food security and sustainability, weed control and livestock disease.
- Through the work of the Construction Leadership Council a Construction Supply Chain Payment Charter is now agreed and includes a commitment to reduce payment terms to a supply chain to 30 days – helping give businesses of all sizes the confidence to invest.
- The Regional Growth fund has so far allocated £2.9 billion of support to over 400 awards. These projects and programmes are expected to deliver £16 billion of private sector investment and 573,000 jobs by the mid-2020s. Over £1 billion has reached front line companies so far enabling the creation or safeguarding of over 100,000 jobs and leverage of £3 billion of private sector investment.
- Worked with BIS colleagues to secure approval for the British Business Bank which extends the use of State Aid in new ways to support SMEs.
- The Cyber Essentials scheme, a new Government scheme to help businesses stay safe online, was launched in April 2014, providing clarity to organisations on what good cyber security practice and steps they need to follow to manage cyber risks.

## Economics & Markets

The Economics and Markets group continue to support the creation of open and fair markets, providing wealth, employment, increased consumer choice and improved living standards for the UK.

Employee's rights and fair pay are at the heart of the work we do. New National Minimum Wage (NMW) rates have come into force from October 2014 benefitting more than 1 million of Britain's lowest-paid workers who will receive the largest cash increase in the NMW since 2008.

The right to request flexible working took effect from 30th June 2014, benefitting more than 20 million employees across the UK. From October 2014 Fathers and partners will now have the right to take unpaid time off work to accompany expectant mothers to up to 2 antenatal appointments. This new right is part of a wider programme of changes to enable dads and partners (including same sex) to be more involved in childcare through shared parental leave, which will come into force from April 2015. Our challenge over the coming year will be to ensure that the estimated 285 thousand couples eligible to share leave from April 2015 understand how the changes will affect them.

The launch of the Competition and Markets Authority (CMA) on 1 April 2014 completed the Government's major reform of the UK consumer and competition landscape. Taking over from the Competition Commission and the Office of Fair Trading, the CMA has enhanced powers and responsibilities, and as a single independent authority offers greater speed and predictability in delivering fair, transparent and robust decisions benefitting consumers and business alike. With a greater role in ensuring competition in regulated sectors, the CMA has already launched the first ever market investigation into energy. Alongside this, we have completed our work to establish the Citizens Advice Service as the publically funded source of information, advice and advocacy for consumers.

We have continued to pursue the UK's interests in the Transatlantic Trade and Investment Partnership (TTIP) through three further rounds of negotiation with the US, consulting extensively on UK priorities and working closely with the European Commission to ensure that UK interests are protected and advanced. An ambitious TTIP agreement will be worth up to £10 billion per year to the UK, with significant benefits for consumers and businesses of all sizes. We know there is important work to do in order to respond to public concern on regulatory standards, transparency and accountability. We have published a "separating myth from fact" report in July 2014 as well as engaging with the European Commission to address specific concerns over effects on the way the NHS is run.

The Small Business Enterprise and Employment Bill was introduced on the 25 June 2014 including a statutory code and adjudicator for Pubs which will deliver fair and lawful dealing between pub owning companies and their tenants. The Bill also includes plans to ban exclusivity clauses in zero hours contracts, which are set to benefit an estimated 125,000 zero hours contract workers.

### Key Data

- BIS has helped bring about a historic change when, on 26 June 2014, no all-male boards remained in the FTSE 100.
- As of October 2014, women make up 22.8 per cent of FTSE 100 board positions, up from 12.5 per cent in 2011 and well on the way to our ambition for 25 per cent by 2015.
- Recent labour market statistics show that employment growth is increasing at its fastest ever rate, with the number of those in work now 30.76 million.

## Key Achievements

- All the employment measures in the Enterprise and Regulatory Reform Act have now been implemented including Early Conciliation, one of the Government's flagship dispute resolution initiatives. ACAS are currently receiving around 6,000 notifications as a result of the scheme.
- Successfully published the Balance of Competences report on social and employment policy and on consumer and competition policy on 22 July 2014.
- The Consumer Rights Directive was implemented in July and new rights for victims of misleading and aggressive practices came into force on 1 October. Commons Committee consideration of the Consumer Rights Bill – which streamlines, clarifies and modernises UK consumer rights - concludes.
- Published a consultation on changes to accounting rules which will benefit an estimated 11,000 UK medium-sized companies by up to £8 million a year as result of implementation of the new EU Accounting Directive. The measures will mean that companies will be able to prepare and file more streamlined accounts with Companies House.
- EU trade negotiations were successfully concluded with Canada, Singapore and a total of 27 African countries in three regional blocks; legal and translation work is now underway to allow ratification of these significant deals.
- BIS has also been fully engaged in Whitehall and EU processes associated with the Russia/Ukraine crisis. We have supported in the design of the sanctions packages, kept UK business fully informed of the latest developments, and worked to ensure that Ukraine and other Eastern Partnership economies gain improved access to the European market.



## Shareholder Executive

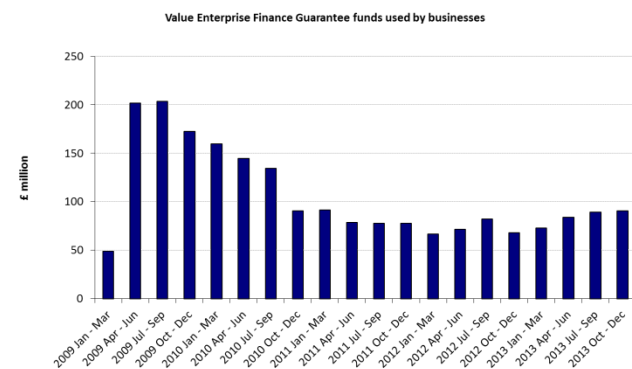
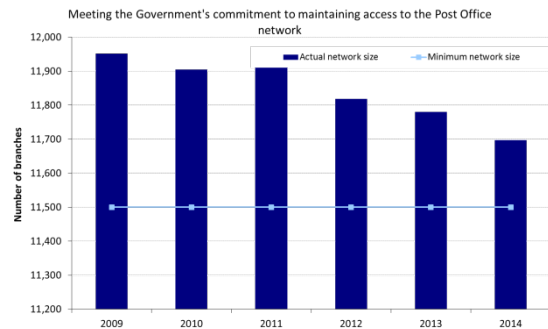
The Shareholder Executive (ShEx) has continued to deliver value for money for the taxpayer by managing some of the vital assets that Government own. As well as the work on privatisation of the Royal Mail, a key project over the past two years, ShEx was instrumental in progressing the establishment of the British Business Bank, which became an independent entity on 1st November 2014. ShEx has also remained active across a range of situations involving companies experiencing financial distress, including the recent successful intervention on UK Coal. More widely, ShEx continues to work across Whitehall, to support other Departments in managing Government assets, to manage Government's interventions in the private sector and to develop the Corporate Finance profession.

The Green Investment Bank has continued to perform well, with a total of £1.6 billion invested in 38 green projects including offshore wind farms, waste management facilities and energy efficiency projects, mobilising over £5 billion of total new investment. However, original projections to commit £3 billion by March 2015 may not be met. The Bank has now announced plans to launch a £1 billion fund to acquire equity stakes in operational offshore wind projects in the UK. The Bank's current portfolio, once built, is projected to earn taxpayers an average return of 8 per cent per annum, with every investment on track to make a profit.

Information is a public asset that plays a key role in a strong economy. We have made great strides in driving forward Government's ambition to give the public more access to data we hold. However, this remains challenging with competing agendas around open data, balanced against the need to charge for some data.

Companies House, in particular, has taken a huge step forward in the open data agenda when it announced that it would be making its digital register available for free – making the UK the first

## Latest Indicators



(New data not available since publication in the 2013-14 Annual Report & Accounts)

## Other Key Data

- Maintained Post Office network of 11,500 branches alongside a network transformation programme to help deliver a sustainable Post Office network.
- The Business Bank has achieved significant progress in supporting lending to smaller businesses. £829 million of new lending and investment was generated through the Business Bank programmes in the 12 months to June 2014, taking the total number of businesses benefiting from the Bank's programmes to over 35,000.

country to establish a fully open register of business information. We are delighted that Companies House has won an international innovation award, confirming their position as a genuine world leader in improving corporate transparency.

### Key Achievements

- ShEx continues to progress and build the momentum of the British Business Bank. In addition, the Start Up Loans Company issued the 20,000th Government Start Up Loan and has now offered more than £100 million to entrepreneurs wanting to set up their own business.
- In June 2014 the British Business Bank, jointly with the Institute of Chartered Accountants, published The Business Finance Guide – a journey from start-up to growth, a major initiative contributed to and endorsed by 19 professional, representative and membership organisations.
- In July 2014, the Public Data Group published a statement setting out its work to date, future commitments and the case for open data including why charges may be necessary.
- Companies House now allows free access to all statutory accounts filed digitally (appx 1.5 million companies) and Land Registry more than 18 million definitive records of monthly residential property price data.
- The Met Office has enhanced the portal by which their data is accessed – generating more than 40 million data requests in the last six months.
- The Land Registry launched MapSearch and PropertyAlert products this year with the latter winning the Innovation in Business Award at the Real IT Awards. Almost 80 per cent of applications to change a registered title are now being delivered electronically, and 97 per cent of information requests are processed through digital channels.
- ShEx continues to manage the Government’s 30 per cent residual stake in Royal Mail, which is valued at more than £1 billion. In July, the Government received a dividend payment of nearly £40 million – this was the first time that Government had received a dividend from the company. One of the key objectives in privatising Royal Mail was to enable the company to raise funds from the capital market to invest and grow the business and, in July, Royal Mail raised £500 million through the issue of guaranteed bonds.
- ShEx supported the Nuclear Decommissioning Authority (NDA) in completing successfully its competition for a new parent body organisation for Magnox Ltd., and Research Sites Restoration Ltd. The award of the contract on 1 September 2014 to the Cavendish Fluor Partnership stands to deliver around £1.5 billion in savings.
- Following a competitive process, on 10th July 2014, the Government announced that the Universities of Strathclyde and Surrey had been selected to develop a new strategic partnership for the National Physical Laboratory. The partnership is intended to strengthen research and engagement with business by applying measurement science to support innovation and growth.

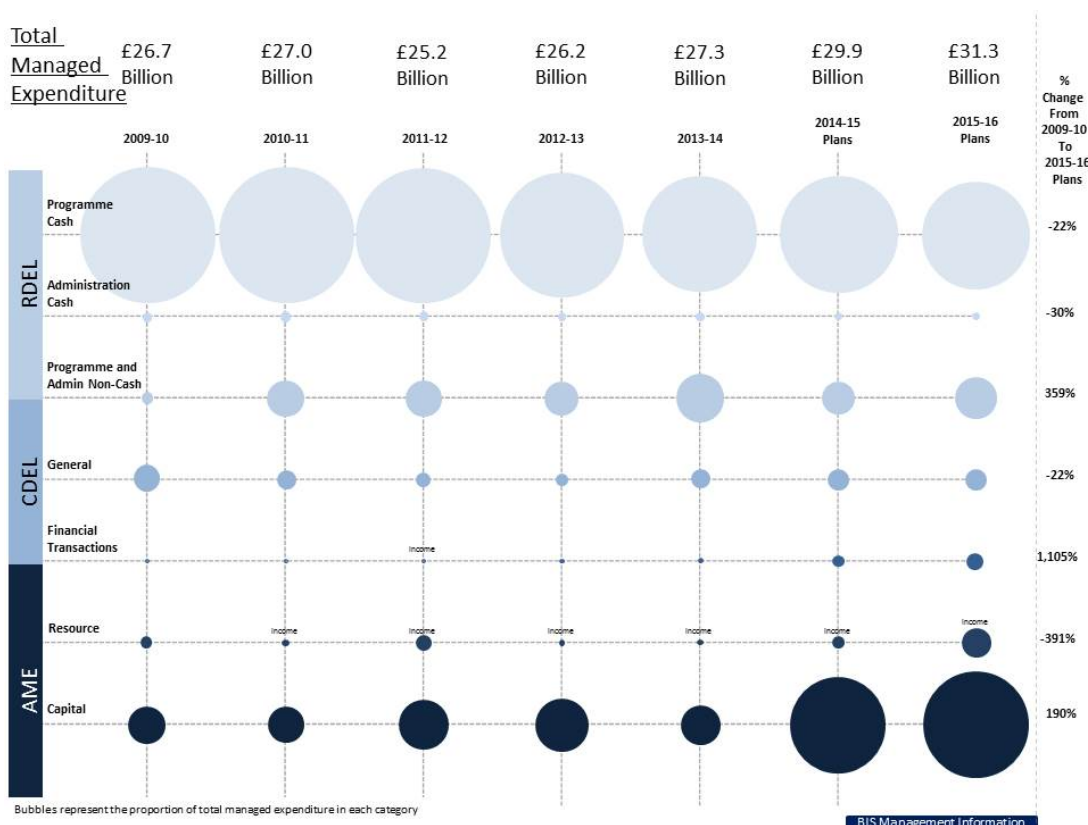


## Financial Performance

Finance and Commercial Group operate across the whole BIS family, supporting and assuring policy delivery, transforming our IT, Estates, Facilities Management, Shared Services, Information Security, Business Change, Project Management and Finance systems. Over the Spending Review period we have continued to prioritise spending on what matters most. This has been achieved through reductions in our running costs, increasing capital investment and overseeing significant policy reforms in many of our high profile areas. We are also continuing to change our spending over the course of the Parliament, driven by factors including:

- The Government’s programme of fiscal consolidation;
- New banking interventions including the Green Investment Bank and the set up of the newly formed British Business Bank;
- Continuing to work with our partners to implement reforms to higher education funding, reducing teaching grant payments and increasing funding provided through income contingent student loans

We are on track to reduce our administrative budgets by nearly 50 per cent, or £500 million in real terms, over the course of this Parliament. In 2014-15 administrative budgets have reduced by 12 per cent from 2013-14. Savings in year have been achieved through consolidation of back office functions, in particular streamlining HR and Finance functions, organisational restructure within the Skills Funding Agency and the reclassification of UKTI. 2015-16 will be our most challenging year yet, as the Department is tasked with delivering an £80 million reduction in administration budgets. To help deliver this further saving, we ran a series of Invest to Save projects during 2014-15 to bring the cost base of the Department down. We have continued to make significant progress on achieving savings through the Corporate Services Portfolio, a four year plan entering its final year, which has included a transformation of the Core Department’s ICT system, delivering significant savings and increasing the productivity of our staff.



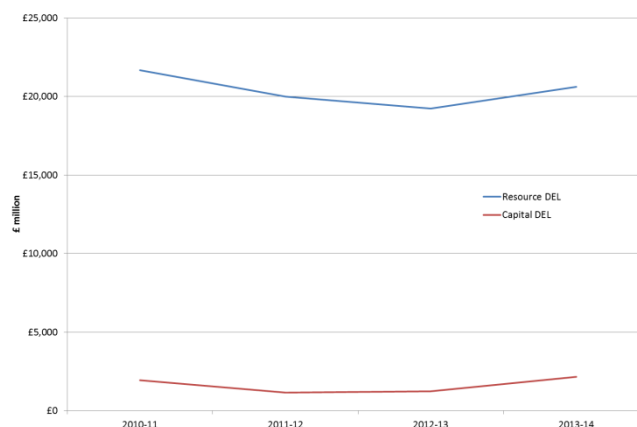
Financial Performance (£ million)	Annual Plan 2014-15	Mid Year Forecast 2014-15	Variance [over]/under	
			£m	%
<b>Total Departmental Expenditure Limit (DEL)</b>				
<i>Resource DEL</i>				
Programme Near Cash	13,243*	13,369	-126	-1%
Programme Non Cash	3,385*	4,572	-1,187	-35%
Administration Near Cash	565	568	-3	-1%
Administration Non Cash	80	52	28	35%
<i>Capital DEL</i>				
Non Ring-fenced	1,892*	2,010	-118	-6%
Ring-fenced	1,108*	632	476	43%
<b>Total Annually Managed Expenditure (AME)</b>				
<i>Resource AME</i>				
Resource Near Cash	494†	435	59	12%
Resource Non Cash	-1,592†	-847	-745	-47%
<i>Capital AME</i>				
	10,747†	9,524	1,223	11%

\* Reserve Claims support is anticipated at the Supplementary Estimate, increasing Annual Plans to match agreed delivery for 2014-15 †AME plans will be updated at the Supplementary Estimate to reflect mid-year forecasts

## Departmental Expenditure Limit

### Programme Near Cash:

BIS is showing a small variance (-1 per cent) against budget arising from overspends across a number of business areas. The Department is developing options to manage down overspends where possible, and seek an appropriate level of agreed additional cover from HM Treasury.



### Programme Non cash:

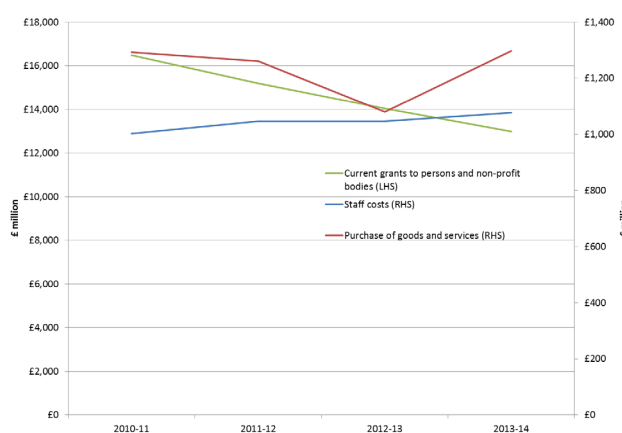
BIS are currently showing a pressure of £1.2 billion, primarily driven by impairments in the value of pre-reform Student Loans. These are due to increased loan outlay increasing the volume of impairment, changes in the modelling approach and reduced expectations of repayment relates to assumptions made on graduate earning since the 2010 Spending Review. This variance does not include any potential Reserve Claims which will be sought from HM Treasury to cover this pressure

### Admin Near cash:

The Department is currently forecasting a £3 million overspend in Admin near cash budgets. This is primarily driven by an overspend on a large IT project in one of our Partner Organisations.

**Admin Non cash:**

The £30 million admin non-cash variance is mainly comprised of a residual budget resulting from assets having fully depreciated in prior years. The Department's non-cash baseline is above the need but will not be reset to a more appropriate level until the next spending review. As a result of the baseline budget far exceeding the need, a large underspend is forecast this year.

**Capital (non ring fenced):**

BIS are forecasting pressures of £118 million (-6 per cent) against the non-ringfenced capital budget across a number of programmes. This variance does not include any funding agreed at previous fiscal events. BIS is developing options to managing down overspends, where possible, and seek an appropriate level of agreed additional cover from HM Treasury.

**Capital (ring-fenced):**

BIS are forecasting that the funding allocated to the ring-fenced Green Investment Bank (£353 million) and British Business Bank (£123 million) budgets will not all be drawn down during the year. Under cross-year budget flexibility agreements agreed with HM Treasury, both organisations will seek to roll-forward any resulting underspends into 2015-16.

**Annually Managed Expenditure****Resource Near cash:**

BIS are forecasting a small underspend of £60 million, representing a significant achievement in this highly volatile area of spend. The single largest element of Annually Managed Expenditure (AME) near-cash expenditure incurred was through the Redundancy Payment scheme. This scheme covers payments for former employees of companies which have folded without sufficient cover for statutory staff redundancy payments (£340 million). This area of spend comprises the large majority of the anticipated underspend.

**Resource Non-cash:**

BIS are anticipating an overspend of £745 million due to forecast impairment costs ('RAB charge') of post-reform student loans. The final value of these calculations is volatile and sensitive to changes in macroeconomic determinants; it is therefore likely to fluctuate before year-end.

**Capital:**

The current forecast position is an underspend of £1.22 billion. This is largely due to one-off transactions arising from disposals of investment properties and returns from other investments held by the Royal Mail Pension asset legacy.

The largest constituents of Capital AME are Student and 24+ Advanced Learning Loan outlay which are subject to significant volatility and could significantly impact the final position.

## BIS Balance Sheet

Total net assets for the BIS Group at 31<sup>st</sup> March 2014 were £43.7 billion. Other Financial Assets, mainly comprised of the Student loan book value, represent the largest element of this. In-year asset additions up to 30<sup>th</sup> September 2014 total £5.6 billion, from both pre- and post-Higher Education reform Student Loans.

**Student loans:** The loan book is valued at the present value of future cash flows. As at the 31<sup>st</sup> March 2014 they represented £33.31 billion of the total £40.58 billion of other financial assets. As of 30<sup>th</sup> September 2014 the loan book value had increased by £4 billion, with an estimated total of £11 billion of loans set to be issued in 2014-15. These will comprise of £1 billion of pre-Higher Education reform and £10 billion of post-Higher Education reform loans.

**Repayable Launch Investments:** These assets relate to repayable launch investments to companies for a proportion of non-recurring eligible design and development costs on civil aerospace projects. As these are long term investments the valuation techniques used for future cash flows are less subject to impact from cyclical short term economic downturns. These assets were valued at £1.6 billion at 31<sup>st</sup> March 2014. In the period up to 30<sup>th</sup> September 2014 a total of £75 million has been repaid; it is estimated that total repayments in 2014-15 will be £175 million.

**Green Investment Bank:** The organisation predominantly holds investments in its priority sectors of offshore wind, energy efficiency and waste. The fair value of investments as at 31<sup>st</sup> March 2014 was £204 million. In 2014-15 BIS plans to increase its investment in the Green Investment Bank by around £300 million.

## Administrative Savings

Whilst BIS is continuing to deliver on its priorities, this has been in the context of significant challenges in operating with fewer resources. BIS has already reduced its administration spend significantly since 2009-10 and continued to make real savings this year. The majority of the savings and efficiencies achieved this year have been made through:

- Increased efficiency in the Research Councils, gained through corporate services reform and consolidation of back office functions, saving £7 million.
- Significant savings within the Skills Funding Agency through closure of the Learning and Skills Council and an organisational restructure, saving £12 million.
- Corporate Services reform in the Core Department including streamlining in Finance and HR, savings from the transition to the Shared Services centre, and a significant reform to the Departments IT systems, saving the Department £34 million.

We are on track to reduce the Department's overall administrative budget by around £500 million (approximately 50 per cent) by the end of this parliament. To achieve this reduction:

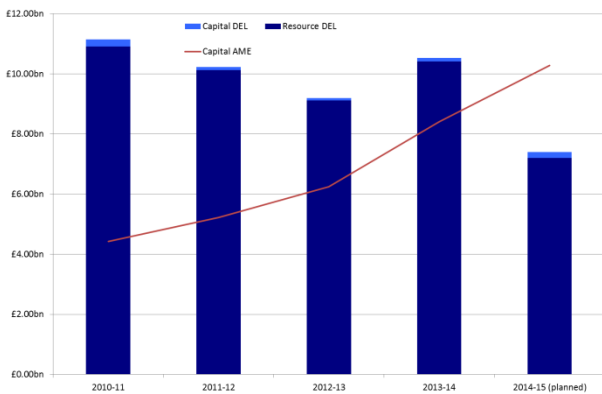
- We are continuing to streamline the number of our Partner Organisations, by 30 per cent from 67 to 46 by April 2015. We currently have 46 Partner Organisations. Significant headcount reductions have also been made, with the central Department achieving more than a 20 per cent reduction in headcount.
- In areas of corporate spend, we have continued with the rationalisation of our estates, and will have achieved a reduction from 181 to 75 buildings by April 2015.

- ICT reforms have been seen across the whole BIS family, leading to gains in efficiency and improved ways of working, as well as delivering savings. Through our shared service function will seek to drive savings in procurement, HR and finance services by benefiting from economies of scale and will contribute to the £63 million total savings from Corporate Service reform over the Parliament.

Whilst undertaking these changes we have taken on additional Coalition Government priority programmes including the Green Investment Bank, Business Bank, Industrial Strategy, BIS Local, Local Enterprise Partnerships, the Regional Growth Fund and Cyber Security.

## Policy Expenditure

### Higher Education

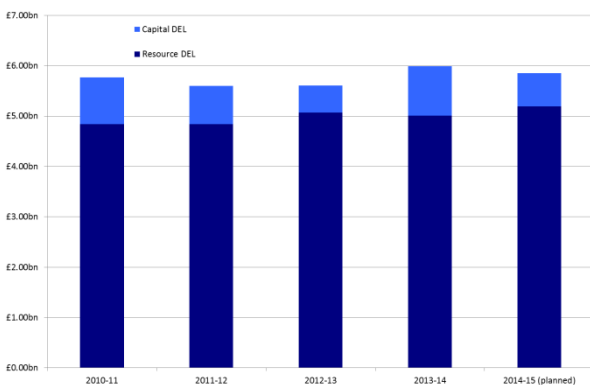


Real Terms Change (% 2010-11 to 2014-15 planned)	
Resource DEL	-34%
Capital AME	133%
Capital DEL	-21%

A world class Higher Education system is vital to supply the necessary skills to innovative and dynamic businesses which underpin the economic recovery.

Coalition reforms have changed the way the sector is funded, shifting the balance from the state to individuals (from resource DEL to Capital AME). Results to date suggest that HE participation and widening participation outcomes have been maintained. Further reforms are under way to remove the cap on student numbers and introduce further market incentives into the system.

### Science & Research

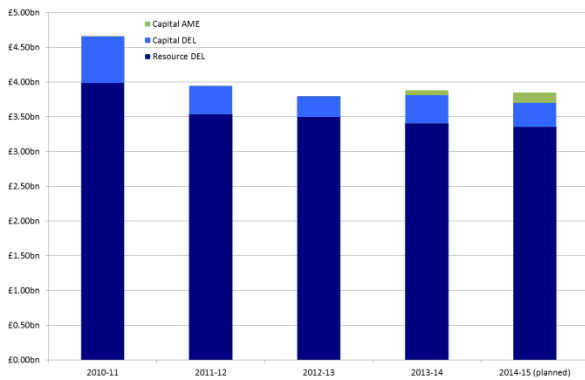


Real Terms Change (% 2010-11 to 2014-15 planned)	
Resource DEL	7%
Capital DEL	-29%

32 per cent of the productivity growth that took place in the UK between 2000 and 2008 was attributable to changes in technology resulting from science and innovation.

During this Parliament, core resource funding for science and research has been protected in cash terms at £4.6 billion per annum, with additional uplifts for specific new programmes. The 2013 Spending Review set a long-term capital budget for science into the next Parliament, which will grow in line with inflation to 2020-2021. The figures published here are derived from the published financial accounts and include non-cash expenditure, and form the basis of the projections outlined above.

## Further Education



Real Terms Change (% 2010-11 to 2014-15 planned)	
Resource DEL	-16%
Capital AME	+1,400%
Capital DEL	-49%

Further Education transforms people’s lives making them more likely to get a job, earn more, be more satisfied in their lives, engage in the community, and enjoy better health. Each £1 of Government investment in Further Education generates net economic benefits of £25 for the rest of the learner’s working life.

Key reforms over the Parliament include the expansion of apprenticeships and introduction of traineeships; and simplification of funding rates and qualifications. Whilst there have been significant reductions to resource DEL in the current spending review (16 per cent in real terms to date) loans for those aged 24 and above studying levels 3 and 4 have also been introduced. The 2014-15 capital AME budget for these loans is £398 million.

The reduced capital funding has been targeted to colleges that can provide value for money proposals. For two years from 2015-16 a total of £660 million to support skills capital projects is under the control of local enterprise partnerships (LEPs) rather than the national Skills Funding Agency. This means that to attract a public grant contribution towards capital projects, colleges need to satisfy local business leaders that proposals are contributing towards local economic objectives.

At the heart of the changes underway are the principles of employer ownership and enterprise, ensuring funding follows learners, and encouraging colleges to be social enterprises, not delivery arms of Government.

## Major Projects

BIS continue to maintain a strong reputation for excellent Project delivery, strengthened even further this year through a number of initiatives. We have implemented a Portfolio of 40-50 projects with tailored support. The Senior Responsible Officer (SRO) community has been set up with accountability for clear leadership, with training, guidance, knowledge sharing and best practice provided in return. We have continued to share good practice and provide focussed support to the most complex projects, of which BIS has many, and actively supported professional development and wider Government Portfolio management in tandem with Cabinet Office initiatives. This portfolio management approach has allowed the Department to be better equipped to focus our resources to support the projects which need it most. We are breaking new ground in the way we analyse and classify BIS projects.

The BIS Executive Board has reviewed and endorsed this approach which helps ensure that projects are closely aligned to BIS's and the Government's key objectives. This greater visibility between project activity and corporate objectives supports clearer governance and provides benefit to SROs by giving clearer routes for escalation.

Each Government Department has published detailed information about projects on the Government Major Project Portfolio (GMPP). This includes a Delivery Confidence Assessment rating, financial information (whole life cost, annual budget and forecast spend), project schedule and project narrative. This information is made available as part of the Major Projects Authority annual report, available here: <https://www.gov.uk/government/publications/major-projects-authority-annual-report-2014>

### BIS Major Projects part of the Government Major Project Portfolio (GMPP)<sup>2</sup>

Project Name	MPA RAG rating	Project - start date	Project - end date	2013-14 Budget (£million)	2013-14 Forecast (£million)	Total budgeted whole life costs <sup>3</sup> (£million)
FE Capital Investment Programme	Amber/Green	31/05/2010	01/09/2015	450	450	5906
The Francis Crick (formerly UKCMRI)	Amber/Green	01/10/2006	21/12/2017	112	112	753
Green Investment Bank	Green	01/06/2010	01/09/2012	0	0	278
HE Reform Programme	Amber/Green	30/06/2011	31/12/2015	970	1180	4600
Royal Mail Sale of Shares	Amber	01/04/2012	17/10/2013	380	350 <sup>1</sup>	31
BIS Shared Services	Amber	04/05/2011	01/04/2014	3.8	3.8	19.3

<sup>1</sup> The Forecast costs of £350m include estimated cost of the employee free shares scheme (£300m) and execution costs (£50m). The budget to pay for the shares scheme came from the sale proceeds.



<b>SLC Transformation Programme</b>	Amber	01/03/2012	19/03/2016	19.9	19.9	139.1
<b>ICR Monetisation</b>	Amber/Red	01/03/2010	31/12/2018	5.5	5.5	28.6
<b>Urenco Future Options</b>	Data exempt under section 27 and 43 of the Freedom of Information Act (2000)	01/02/2010	Data exempt under section 27 and 43 of the Freedom of Information Act (2000)	5.9	4.1	18.4
<b>Further Education 24+ Learning Loans Programme</b>	Amber/Red	30/11/2010	31/10/2013	83.7	84.6	572.3
<b>Business Bank Project</b>	Amber/Green	24/09/2012	15/11/2014	238	186	1568
<b>Catapult Centres</b>	Amber/Green	01/12/2010	01/04/2013	127	127	757

<sup>2</sup> Source: Data as at Q2 2013-14 as part of the Major Projects Authority Annual Report. The Government's transparency policy, which was agreed by Cabinet, governs the publication of data relating to major project delivery performance. It requires departments to publish the MPA's delivery confidence assessments for Government's major projects, accompanied by the department's project narrative every 12 months, six months in arrears. The MPA publishes its Annual Report at the same time (the first MPA Annual Report was published in May 2013 and can be found at <https://www.gov.uk/government/collections/major-projects-data>.) Information on major project performance more recent than that published in the annual report is not permitted to be released into the public domain. The transparency policy and exemptions guidance is published at: <https://www.gov.uk/government/publications/major-projects-transparency-policy-and-exemptions-guidance>. The next publication of the MPA Annual Report will be in May 2015, and will report on Q2 2014/15 data. This will be published on [www.gov.uk](http://www.gov.uk).

<sup>3</sup> including non-government costs

**Business Bank** - In September 2012 the Government announced the creation of a business bank to address long-standing structural gaps in the supply of finance to SMEs and mid-sized corporates. The bank, which has been allocated £1 billion of Government funding remains on track to go live this year.

**Higher Education (HE) Reform Programme** - HE Reform affected academic year 2012/13 onwards, with the system changes reaching full implementation by 2015/16. The assessment of the long-term resource cost of loans has increased since the original cost estimates were made, primarily because the £21,000 repayment threshold for 2016 will now be more generous than originally planned due to lower than typical earnings growth.

**Francis Crick Institute** - Significant progress has been made in terms of progress to time, cost and quality as well as the on-going transition element of the project. The Medical Research Council Monitoring Committee reviews progress of the project monthly.

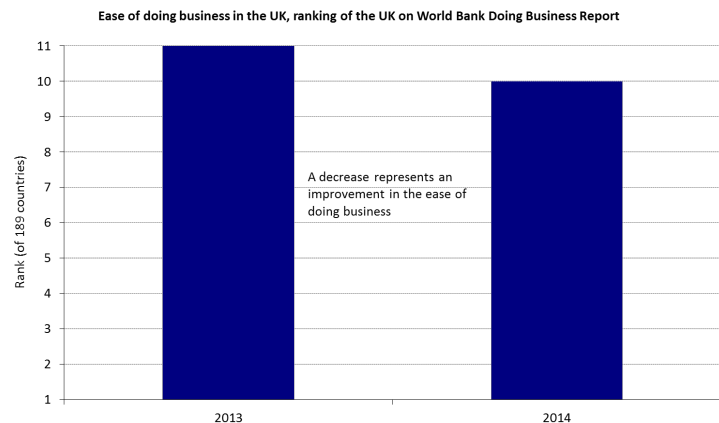
**ICR Monetisation** - At Autumn Statement 2013 the Government committed to selling the pre-Browne Income Contingent Student Loan Book in a number of tranches, with a first sale intended to occur by the end of financial year 2015/16. The project is rated Amber/Red following a decision not to conduct a sale during this Parliament.

**Further Education 24+ Learning Loans Programme** -The Department intended to Introduce loans for those aged 24 or over, undertaking provision at Level 3 and above from 2013/2014. The Amber/Red rating reflected the fact that there were initially concerns that the loans payments system would not be launched on time and there were aspects of the system that had defects. The programme officially closed on 24th October 2013 with a Gateway 5 review planned for November 2014.



## People & Strategy

People and Strategy Group help to build a confident and capable BIS that has maximum impact, is highly respected, and drives forward the longer term strategy and growth agenda. The Group has specific responsibility for, human resources, communications, change programmes, including policy delivery reform, the BIS Board and Committee structures and overall departmental strategy.



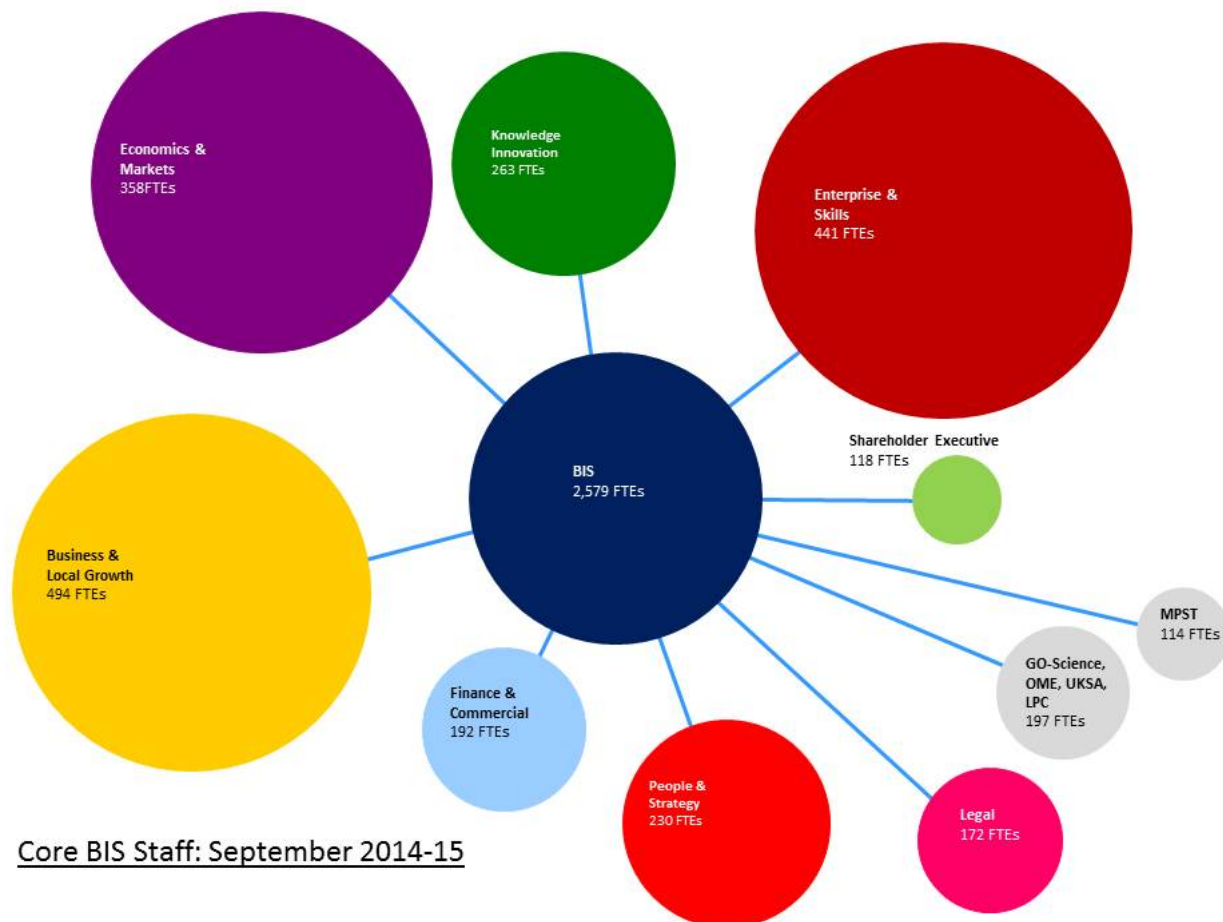
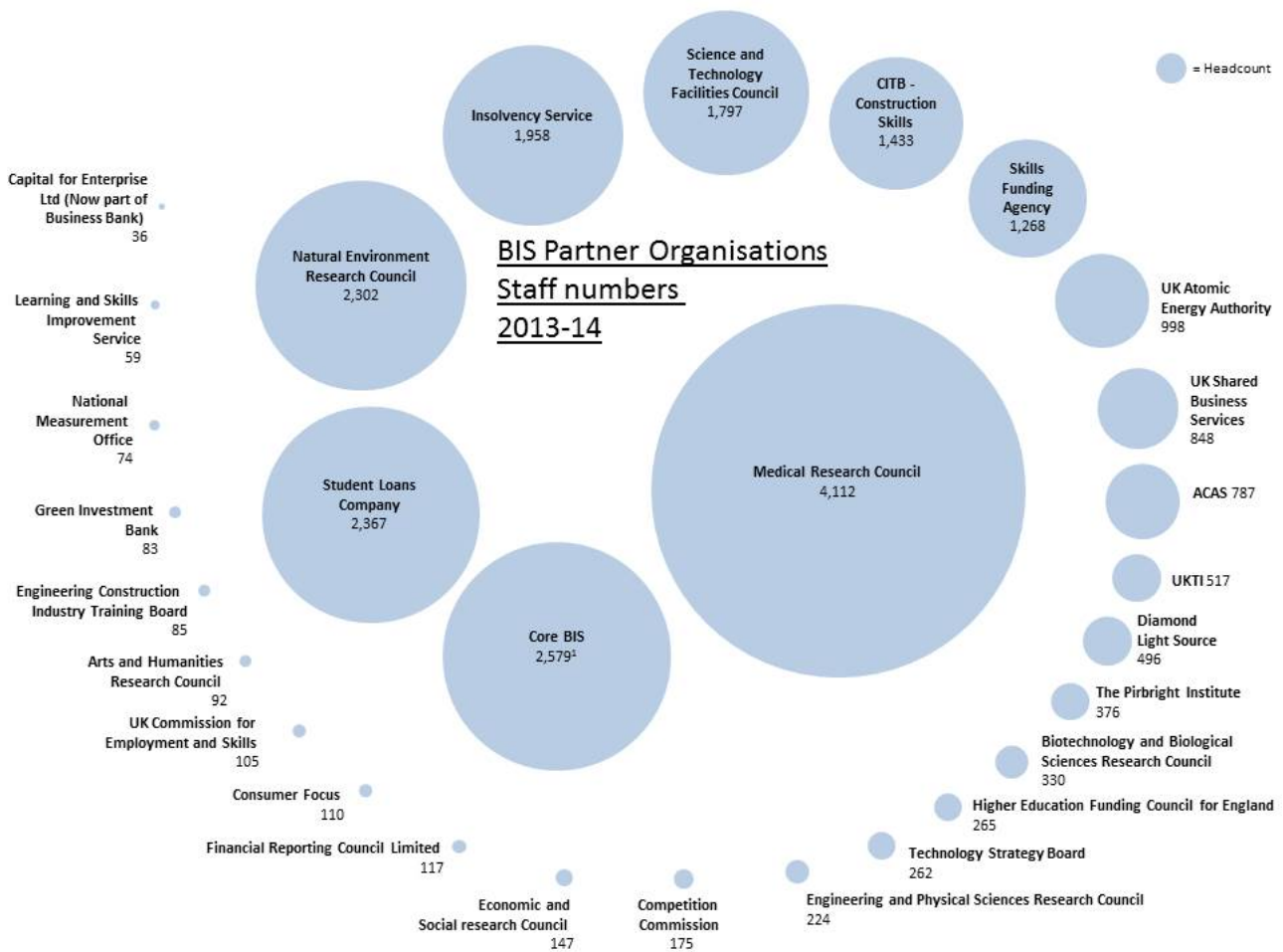
Over the last six months BIS has continued to make the UK one of the best places to start and grow a business in the world. After identifying areas where Government could take action, we have overseen an improvement in the UK's ranking in the World Bank 'Doing Business 2014' report, now 8<sup>th</sup> best in the world.

We have also continued to promote the Department's policy agenda through a number of targeted marketing and advertising campaigns – which are producing real results. The Business is GREAT Britain campaign is building confidence amongst small businesses and using behavioural theory to showcase inspirational examples of “companies like me”. The first phase of the campaign has yielded a strong set of results and was announced as a “Gold Winner” at the recent Public Sector Communications Excellence Award 2014.

Our Apprenticeships “Get in, Go Far” campaign has also proved to be successful in mainstreaming Apprenticeships. To date the campaign has received 971,749 views on YouTube and over 2 million visitors to the Skills Funding Agency website (up 88 per cent on last year).

### People

The core department has achieved a 2 percentage point increase in its overall engagement score in 2014, building on the 2 point increase in 2013. We have seen a continuous increase of our Engagement Index for the last 4 years as we make steady progress on key initiatives to make BIS a better place to work. The most notable areas of improvement this year are on learning and development; team working and collaboration; and access to the right tools to perform effectively. This positive trajectory is encouraging, but we recognise there is more to do to achieve our ambition to be in the top quartile of Civil Service Departments. Achieving administrative savings continues to be a significant challenge and whilst we are continuing to deliver on our priorities we have to be flexible and work smarter. Over 87 per cent of our staff are in our Partner Organisations, shown in the diagram below.



<sup>1</sup> Core BIS figure represents FTEs as at 30<sup>th</sup> September 2014 and includes 56 UKSA staff, other figures are as at 31<sup>st</sup> March 2014.

## Workforce Size and Recruitment

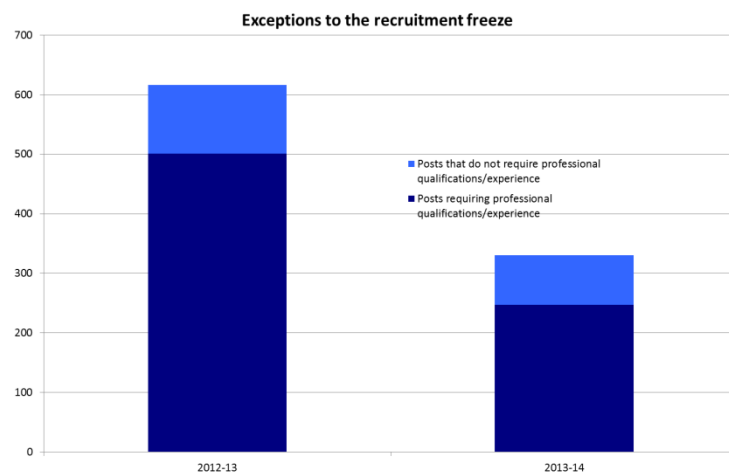
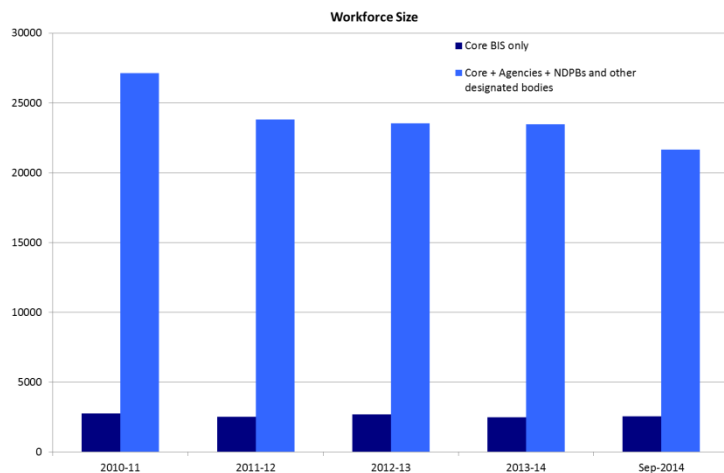
Against a challenging agenda the BIS Family has continued to maintain a reduced headcount following the Department’s major restructure in 2010-11. As at the 30<sup>th</sup> September 2014 headcount in the Core Department was 2579.

Through regularly reviewing our workforce plan for 2014-15 we have made sure we have the right people in the right place at the

right time. This means remaining flexible, addressing skills shortages and maintaining the Department’s headcount at a sustainable level. We have also brought in specialist skills where necessary to support frontline delivery, fill business critical posts and to increase capability for short term periods in critical projects, such as the transition to the Department’s new ICT programme in May 2014.

This year we have also strengthened the BIS Career Deal through clearly articulating the 'offer' and the 'ask' for our staff and ensuring we all understand what is asked of us and what we can expect in return. This has also included work to develop and implement a talent management offer across all grades with focussed succession planning through development centres for those at grade 7, 6 and senior civil service.

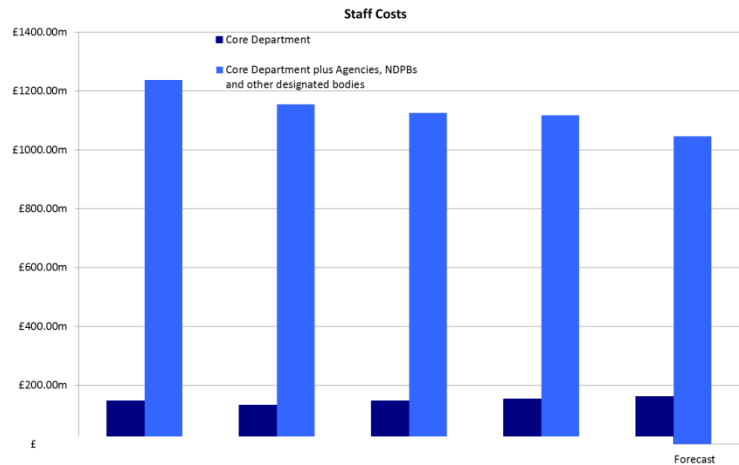
Turnover in BIS is currently 15 per cent, around the civil service average, and within the Department’s expected levels as set out in our workforce plan. This level of turnover ensures that we continue to have the right skills, and people, to deliver the Department’s objectives. BIS and Partners are continuing to abide by the principles of the recruitment freeze and are only recruiting externally where necessary. In 2013-14, more than 72 per cent of exceptions to the recruitment freeze for permanent staff related to recruitment of specialist skills, with this figure increasing to 76 per cent for temporary staff. Core BIS has made 197 recruitment exceptions so far this year, with 28 per cent of these for temporary staff.



## Staff Costs

Administrative spend on staff costs in the BIS family are forecast to decrease from £1,118 million in 2013-14 to £1,046 million this year. In the Core department in spend on staff costs in 2014-15 are forecast to be £162 million, up from £154 million in 2013-14.

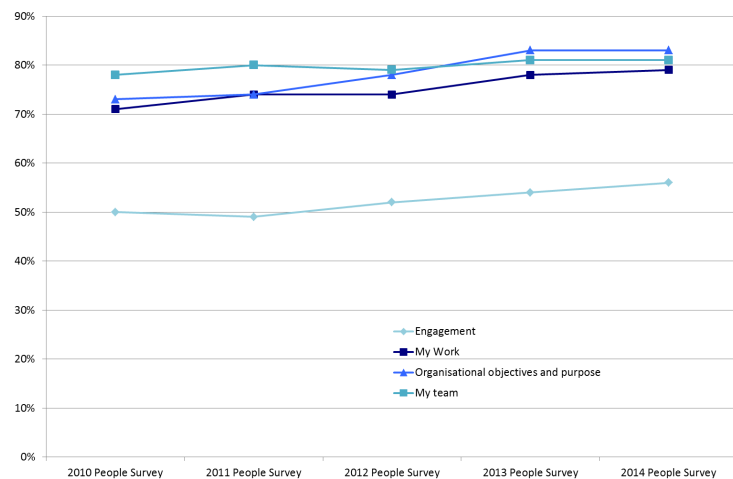
The Core Department's sickness absence is stable, at an average of 5.4 days in 2013-14, following the implementation of more robust absence reporting. Since the end of 2013-14 this figure has continued to fall. As at the end of September 2014 the sickness absence rate in the Core Department was 3.1 days.



## Engagement

In the 2014 People Survey, the headline engagement index increased from 54 per cent to 56 per cent. This increase continues to build on successive improvements in staff engagement, with a 7 percentage point increase since 2011. This is encouraging given the challenges in the Department, but there is still more to do.

Our staff are engaged in the work of the Department, and feel involved in the decisions that affect them. This is demonstrated by the increase in the My Work theme to 79 per cent, 4 points above the Civil Service median and places BIS as a high performer across the Civil Service.



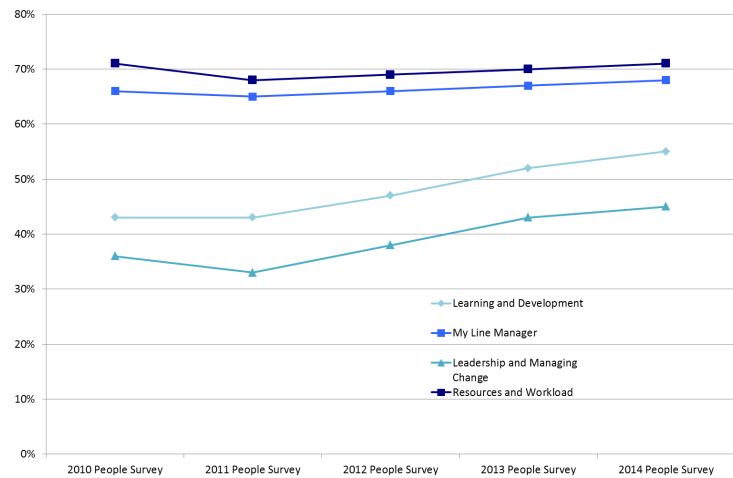
BIS also continues to perform well in the My Team theme, 2 percentage points above the Civil Service median at 81 per cent. However we recognise that we can drive engagement higher. Although at similar levels to other Government Departments, the extent to which our staff have a clear understanding of the Department's purpose and objectives remained constant at 83 per cent.

## Capability

In 2014 the overall score for Leadership and Managing Change was up 2 points to 45 per cent. Building on last year's progress the results continue to place BIS ahead of the Civil Service median. Access to learning and development continues to show strong improvement with a 3 point increase to 55 per cent, 6 points ahead of the Civil Service median and placing BIS as a high performer in Whitehall for Learning and Development.

We have continued to place the emphasis on ensuring that our staff have the capacity and capability to succeed in their role, focussing on promoting excellent management. To develop the capability of our staff this year we:

- Implemented a managers charter to set out what it means to be a good manager in BIS and ensuring good management practice is shared, making management a key part of all line manager's role. We have also taken opportunities to support aspiring managers at HEO and SEO level through focussed support programmes.
- Continued a pilot programme, launched earlier this year, to provide in-depth support for newly promoted managers at Grade 7.
- Are developing and implementing a talent offer for staff.
- Published our Development Offer and Ask, clearly setting out what support managers and staff can expect in relation to their development and what BIS expects in return, and held workshops for senior managers around how they can develop their staff.
- Provided a variety of events for managers and staff to raise confidence around giving feedback.



The People Survey shows improvements in the way managers are providing timely feedback on the performance of their staff and how this is helping staff to improve performance. 71 per cent of staff positively reported that their manager motivates them to be more effective in their job, up 3 points and 3 points above the Civil Service median.

Whilst this is positive progress we realise that we have further to go to improve buy-in of our performance management approach and have been working closely with senior leaders to support them in encouraging greater ownership.

## Workforce Shape

The core Department seeks to promote equality and diversity in all we do, both within the Department, and in implementing policy. Following the launch of our new Equality, Diversity and Inclusion Strategy, we have taken forward a programme of activity which focuses on four themes: improving our leadership and accountability on Equality and Diversity; improving our data capability; harnessing the input of various people across BIS on Equality and Diversity; and making improvements to our existing practices to further break down barriers and open doors for all staff.

We have created a Director General chaired Equality, Diversity and Inclusion Governance Board to monitor and improve our equality objectives, challenge existing practices and suggest new ways to promote diversity. We have also appointed a Director General level Diversity Champion and three Director level Champions for Disability, Race and Gender to ensure the challenges and barriers faced by staff from different backgrounds are highlighted and addressed quickly. Going forward we are also seeking to appoint senior level champions for Lesbian, Gay and Bisexual and

age related issues. This commitment to equality and diversity is already showing results. We are proud of our progress on gender, with nearly half our workforce (47 per cent) female, with a similar pattern in our most senior levels including the core BIS Executive Board (50 per cent female).

Work is underway to improve the quality of our diversity data with a campaign to encourage staff to declare their diversity information. We are also running a programme of events around addressing the issue of unconscious bias within BIS. Completion of the Civil Service e-learning package on Unconscious Bias has also been mandated for all managers. BIS currently uses a blind sift process for all SCS jobs advertised using the full Civil Service e-recruitment system. In such schemes, the applicant details are therefore only revealed at the point they are selected for interview. We will also continue to monitor the shortlists from SCS recruitment campaigns to ensure shortlists are gender balanced, as well as ensuring final selection panels are also gender balanced.

Alongside the workforce reductions, the grading profile of the Department has changed since the beginning of this Parliament. Through changes to our business models we have seen a reduction in AA – EO roles. Examples include the outsourcing of operational roles such as pay processing to a shared service provider and a new ICT delivery model. Our reduced resources in the core Department are now more focused on our policy development and delivery, resulting in a greater proportion of staff at higher grades. At this point in the year, it is too early to have a full set of comparable data for 2014-15, but we do know that we have made progress in some key areas of diversity through other work we have undertaken. For example, at Director Level and above, the Core Department now has 50 per cent women in these posts.

		2010-11		2011-12		2012-13		2013-14	
Shape (%)	AA/AO	24.7		17.1		15.9		15.7	
	EO	21.7		20.0		19.2		12.3	
	HEO/SEO	28.6		39.6		40.1		38.3	
	G7/6	21.6		19.2		20.6		29.1	
	SCS	3.4		4.1		4.2		4.6	
	Part Time	13.4		13.2		13.2		13.2	
		All	SCS only	All	SCS only	All	SCS only	All	SCS only
Diversity (%)	Black and Minority Ethnic	11.0	3.7	13.0	3.4	12.9	3.7	8.5	2.7
	Women	53.0	34.7	53.1	40.6	53.0	43.0	52.9	38.0
	Women (Top Management Posts)	-	33.4	-	35.6	-	40.2	-	32.0
	Disabled	7.5	4.0	8.2	5.0	7.7	4.0	8.5	4.0

Source: BIS Annual Report and Accounts; data covers Core Department, UKTI, Insolvency Service, National Measurement Office, Skills Funding Agency and UK Space Agency. Diversity figures do not include NMO and UKSA.

## Annex A – Business Plan Indicators

### Enterprise

Input Indicators		Rounds 1-5	
Offers made from the Regional Growth Fund (£million)	London, South East, East and South West	480	
	North East, North West, Yorkshire & Humber, Midlands	1610	
	Nationwide Programmes	670	
Value Enterprise Finance Guarantee funds used by businesses		Jan-Mar 2013	Jan-Mar 2014
		72.8	84.9

Impact Indicators		Round 1	Round 2	Round 3	Round 4
Number of Regional Growth Fund contracts completed		100%	100%	98%	96%
		Q3 2012		Q3 2013	
Change in Private Sector Employment Share of Total Population Aged 16-64 and those over 64 in the labour market (percentage points) <sup>2</sup>	Greater South East	0.1		1.6	
	North, West and Midlands	0.9		0.4	
Early-stage entrepreneurial activity rate		2012		2013	
		9.8%		7.1%	
Ease of doing business in the UK, ranking of UK on World Bank Doing Business Report (rank)		2013		2014	
		11 <sup>th</sup>		10 <sup>th</sup>	
Maintaining access to the Post Office: Post Office network size (number of branches) <sup>3</sup>		2013		2014	
		11,780		11,697	

<sup>2</sup> This indicator shows significant improvement in the share of private sector employment across the country.

<sup>3</sup> Post Office Limited is comfortably exceeding its target of a network of at least 11,500 branches.

### Knowledge and Innovation

Input Indicators		2011	2012
Expenditure on research and development performed in Higher Education (£billion)		7.13	7.20
Funding per student in Higher Education (£) <sup>4</sup>		2012-13	2013-14
		5,690	5,510

<sup>4</sup> The initial impact of HE reforms will not be visible until data available in early 2014.

Impact Indicators		2008	2012
The UK share of highly cited papers <sup>5</sup>		14.97%	15.90%
Proportion of firms which are innovation active		2011	2013
		37%	44%
Gap between non-free school meal and free school meal 15 year olds going on to Higher Education (percentage points)		2010/11	2011/12
		18	18
Gap between young graduates from professional backgrounds who go on to a "graduate job" 6 months after graduating and young graduates from non-professional backgrounds (percentage points) <sup>6</sup>		2011/12	2012/13
		4	6

<sup>5</sup> The UK has the 2<sup>nd</sup> highest proportion behind the USA. Better quality research is more highly cited

<sup>6</sup> A change to the UCAS question on occupation in 2008/09 means that 2010/11 and 2011/12 graduate figures are not comparable with other years.

### Skills

Input Indicators		2011-12	2012-13
Average funding per course in Government-funded adult further education (£) <sup>7</sup>		763	678
Number of Government-funded learners participating in further education (million) <sup>8</sup>		2011/12	2012/13
		3.15	3.28

<sup>7</sup> Changes in the indicator will depend on the type and mix of provision. For example average funding per course may increase as learners may be attending longer, more costly courses which better reflect the demand for skills in certain sectors. It should not be assumed that an increase in average funding per aim in itself is a poor outcome.



Impact Indicators		2011	2012
OECD comparison of the qualification levels of the working age population in the UK (rank)	Level 2+	19 <sup>th</sup>	18 <sup>th</sup>
	Level 4+	6 <sup>th</sup>	7 <sup>th</sup>
Participation levels of 18-24 year olds in part-time or full-time education or training <sup>8</sup>		2005-2008	2009-2012
		44%	44%
Total achievements in full Level 2 or 3 Further Education of people academic age 19 and over (Learners)		2011-12	2012-13
	Full level 2	546,600	557,800
	Full level 3	216,200	201,700
Access to professions - % of 16-65 year olds who are in paid employment who are in managerial or professional positions by social background using fathers occupational group (percentage point gap) <sup>10</sup>		2005-2008	2009-12
		23%	16%

<sup>8</sup> Figures for 2009-2012 use the UKHLS measure and are not directly comparable to figures for earlier years, which use the BHPS measure.

<sup>9</sup> Figures for 2009-2012 use the UKHLS measure and are not directly comparable to figures for earlier years, which use the BHPS measure.

<sup>10</sup> Figures for 2009-2012 use the UKHLS measure and are not directly comparable to figures for earlier years, which use the BHPS measure.

## Markets

Impact Indicators	Jan 2011 – Jun 2013	Jan 2011 – Jul 2014
Change in the net regulatory burden imposed on business by Government (£million) <sup>11</sup>	-1,193	-1,522
Change in employment regulatory burden imposed on business by Government, measured from baseline provided by OECD (£million) <sup>12</sup>	Jan 2011 – Dec 2012	Jan 2013-Oct 2014
	3.3	-£67.9
The value of the consumer benefits of the competition regime (£million) <sup>13</sup>	2011-12	2012-13
	810	598

<sup>11</sup> This measure indicates that overall burden of regulation from Government has been reducing

<sup>12</sup> The One-in, One-out position on employment regulation shows that there has been an increase in regulatory burden on business of £3.3 million per annum from regulations implemented since 2010, mainly phasing out the Default Retirement Age and extending the qualifying period for unfair dismissal.

<sup>13</sup> This indicator provides a measure of the additional costs consumers would have paid if the market had not been working efficiently.

## Trade and Investment

Input Indicators	2012-13	2013-14
Average Unit Cost per UK Business helped to improve their performance through internationalisation <sup>14</sup>	£7,390	£5,826
Average Unit Cost per FDI Project attracted to the UK with UKTI involvement <sup>14</sup>	2012-13	2013-14
	£60,811	£59,768

Impact Indicators	2012-13	2013-14
Number of UK Businesses helped to improve their performance through internationalisation <sup>14</sup>	31,880	47,960
Number of Foreign Direct Investment projects attracted to the UK with UKTI involvement <sup>14</sup>	2012-13	2013-14
	1,332	1,462
Openness to trade: exports plus imports as a share of GDP <sup>15</sup>	2012	2013
	63%	63%

<sup>14</sup> UKTI have made good progress in increasing the number of businesses assisted, while reducing the cost of providing trade services, thereby reducing the average unit cost of each business assist.

<sup>15</sup> The index is based on GDP, exports and imports data. These data are subject to revision, and have been revised since the index was previously calculated in the Annual Report.



## Annex B – Policy Expenditure

### Net resource and capital outturn by section - Other Sections

Total		2010-11	2011-12	2012-13	2013-14	2014-15 (planned)
Higher Education	Resource DEL	£10.90bn	£10.12bn	£9.11bn	£10.41bn	£7.20bn
	Capital AME	£4.42bn	£5.22bn	£6.24bn	£8.41bn	£10.28bn
	Capital DEL	£0.24bn	£0.10bn	£0.08bn	£0.11bn	£0.19bn
Further Education	Resource DEL	£3.99bn	£3.54bn	£3.50bn	£3.41bn	£3.36bn
	Capital DEL	£0.67bn	£0.40bn	£0.29bn	£0.40bn	£0.34bn
	Capital AME	£0.00bn	£0.01bn	£0.01bn	£0.08bn	£0.15bn
Science & Research	Resource DEL	£4.84bn	£4.84bn	£5.07bn	£5.01bn	£5.19bn
	Capital DEL	£0.93bn	£0.76bn	£0.54bn	£0.98bn	£0.66bn
	Resource AME	£0.07bn	£0.05bn	£0.12bn	£0.03bn	£0.04bn
Innovation, Enterprise and Business	Resource DEL	£0.83bn	£0.81bn	£0.59bn	£0.75bn	£0.73bn
	Capital DEL	£0.24bn	-£0.15bn	-£0.02bn	£0.15bn	£0.50bn
	Resource AME	£0.03bn	-£0.08bn	-£0.04bn	-£0.16bn	-£0.09bn
Shareholder Executive	Resource DEL	£0.17bn	£0.17bn	£0.44bn	£0.42bn	£0.37bn
	Capital DEL	£0.01bn	£0.00bn	£0.22bn	£0.68bn	£1.08bn
	Resource AME	-£0.02bn	-£0.03bn	£0.05bn	£0.00bn	£0.00bn
Economics & Markets	Resource DEL	£0.16bn	£0.18bn	£0.17bn	£0.21bn	£0.15bn
	Capital DEL	£0.00bn	£0.04bn	£0.06bn	£0.04bn	£0.23bn
	Resource AME	£0.55bn	£0.45bn	£0.04bn	£0.07bn	£0.06bn

## Annex C – Partner Organisations

The list below represents the Department's 49 Partner Organisations. A full list of bodies consolidated within the BIS accounts can be found in the 2013-14 Annual Report and Accounts.

<i>Partners that provide professional advice to Ministers</i>	<a href="#">Council for Science &amp; Technology</a> <a href="#">Regulatory Policy Committee</a> <a href="#">Industrial Development Advisory Board</a>	<a href="#">Low Pay Commission</a> <a href="#">Land Registry Rule Committee</a>
<i>Partners that support employers on skills and employment issues</i>	<a href="#">UK Commission for Employment &amp; Skills</a> <a href="#">Construction Industry Training Board</a> <a href="#">Engineering Construction Industry Training Board</a>	<a href="#">Film Industry Training Board</a> <a href="#">Advisory, Conciliation and Arbitration Service</a>
<i>Partners that provide tribunal services</i>	<a href="#">Copyright Tribunal</a> <a href="#">Central Arbitration Committee</a> <a href="#">Competition Service</a>	<a href="#">Competition Appeal Tribunal</a> <a href="#">Insolvency Practitioner Tribunal</a>
<i>Partners that regulate six different markets</i>	<a href="#">Competition &amp; Markets Authority</a> <a href="#">Financial Reporting Council</a> <a href="#">Office for Fair Access</a>	<a href="#">National Measurement Office</a> <a href="#">British Hallmarking Council</a> <a href="#">Office of Manpower Economics</a>
<i>Partners that fund and undertake education and research</i>	<a href="#">Research Councils</a> <a href="#">UK Space Agency</a> <a href="#">Skills Funding Agency</a> <a href="#">Higher Education Funding Council for England</a>	<a href="#">Technology Strategy Board</a> <a href="#">UK Atomic Energy Authority</a> <a href="#">Student Loans Company</a>
<i>Partners that provide near commercial services</i>	<a href="#">Met Office</a> <a href="#">Insolvency Service</a> <a href="#">UK Trade &amp; Investment</a>  <a href="#">Land Registry</a> <a href="#">Intellectual Property Office</a> <a href="#">British Business Bank</a>	<a href="#">Companies House</a> <a href="#">Post Office Limited</a> <a href="#">UK Shared Business Services Limited</a> <a href="#">Ordnance Survey</a> <a href="#">Green Investment Bank</a> Postal Services Holding Company PLC

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