

Section 1

The Department's Purpose and Objectives



The Department's Purpose and Objectives

DTI Strategic Framework, Business Plan, Objectives and PSA Targets

DTI Strategic Framework

1.1 The Department's overarching PSA target (shared with HM Treasury) is:

"To demonstrate further progress by 2008 on the Government long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors"

1.2 In 2001 the Department identified three high-level strategic objectives for the Department in delivering this agenda:

- ▼ Supporting Successful Business;
- ▼ Promoting World-Class Science and Innovation; and
- ▼ Ensuring Fair Markets.

To which was added – following the 2003 Energy White paper:

- ▼ Secure, Sustainable, Affordable Energy.

1.3 In 2003, the Department published its strategy for contributing to the above PSA, to improve productivity in the UK economy, and to create the framework for improved UK business performance in an increasingly competitive and globalised world.

1.4 Built on a sound evidence base, the Department's Strategy explains: the economic context facing the UK – highlighting the importance of productivity in improving prosperity; and the Department's framework for intervention in the economy – based on policies that

correct for market failure. The results of the evidence assessment suggested that the Department could make the most difference to productivity by focusing on four priority areas:

- ▼ Transferring Knowledge;
- ▼ Maximising Potential in the Workplace;
- ▼ Extending Competitive Markets;
- ▼ Strengthening Regional Economies.

1.5 The evidence also showed that the Department could not achieve its aims on its own. The Department would have to *forge closer partnerships* if it was to deliver higher levels of prosperity.

1.6 Building on the Strategy, the Department's Five Year Programme (published in 2004) sets out the priority actions and policies to deliver the Strategy – how the UK would develop a strong, modern, knowledge based economy; how the Department would contribute to sustainable development; and how, over the five-year period, the Department would work to achieve this with other Departments, business, trade unions and others at home, in Europe and globally.

1.7 Reflecting this strategic framework and an understanding of the areas in which the Department can make the most important contribution, the Department's statement of purpose has been refined to be:

'Creating the conditions for business success; and helping the UK respond to the challenge of globalisation'

The Statement of Purpose builds on the Department's Strategy and Five Year Programme; and emphasises, that as the Department responsible for trade, business, employees, consumers, science and energy, the Department is in a unique position to contribute to the wider challenge of globalisation – enabling business and employees to prosper in the UK. Delivering outcomes will require ever closer working with others – reaching out to more stakeholders, and working with Whitehall Departments to raise awareness of the Government role in addressing globalisation.

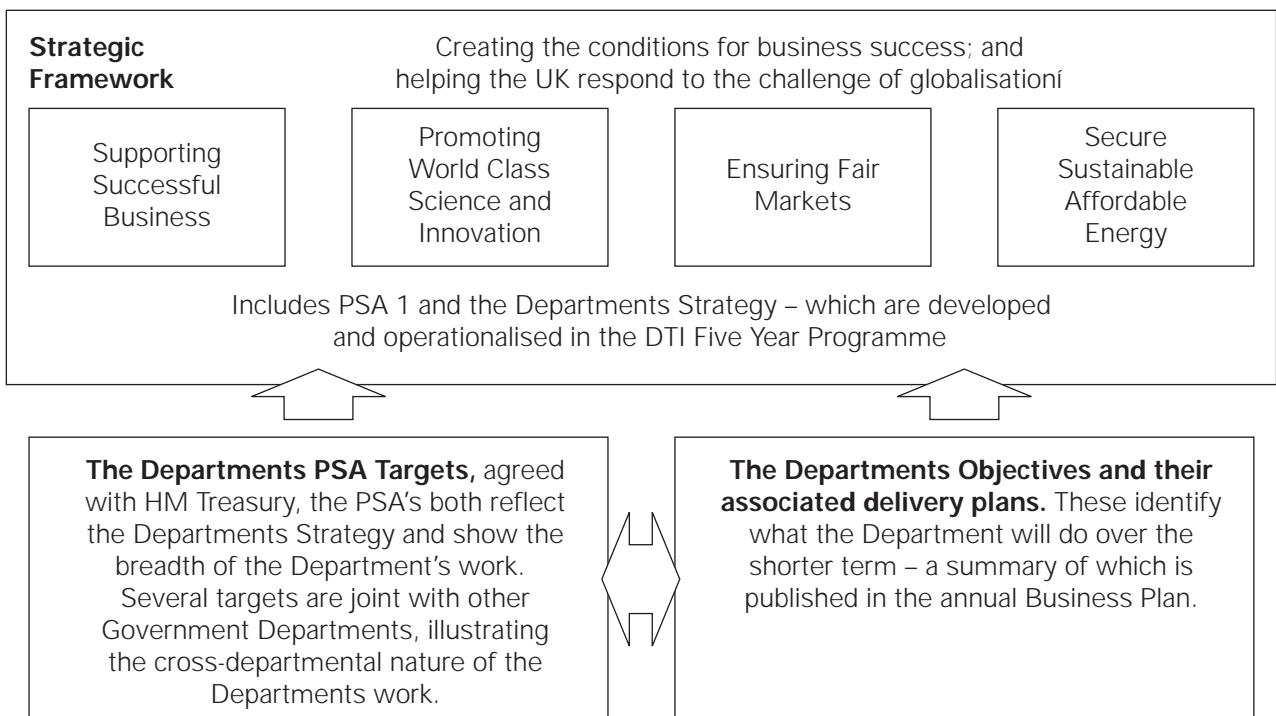
1.8 Achieving the Statement of Purpose requires that the Department continue to focus on its strategic objectives of:

- ▼ **Supporting Successful Business** – recognising that business and Government have a shared goal in working together to ensure improved competitiveness, through identifying and tackling market failures and overcoming barriers to

growth. And, just as business operates at a global, national, and local level, so must Government;

- ▼ **Promoting World Class Science and Innovation** – to support the development of a knowledge economy, Government must both support the science base, and ensure the efficient flow of this knowledge to firms, through strong innovation networks, to ensure that these ideas can be turned into high value products and services;
- ▼ **Ensuring Fair Markets** – fair and open markets, at home and abroad, are critical to UK prosperity. The Department has a key role in establishing the UK competition policy framework, and promoting the benefits of market liberalisation in the EU and globally; empowering consumers to make markets work; ensuring that the Department follows the principles of better regulation and ensuring that individuals can contribute in the workplace to their full potential;

Figure 1.1 Relationship between the Department's Strategic Framework, PSA Targets and Business Plan Objectives



- ▼ **Secure, Sustainable, Affordable Energy** – ensuring competitive energy markets deliver reliable, sustainable and affordable energy for business and domestic consumers. Within this the Department also remains focused on improving the efficiency and effectiveness with which it discharges its responsibilities and international obligations in respect of nuclear security and safety and export control.

Alongside these objectives, the Department is also required to manage a wide range of Government assets and liabilities.

The Department's Business Planning – PSA Targets and Business Plan Objectives

1.9 The Strategic framework outlined above, provides the basis for more immediate

objective setting and delivery planning. This is where the four strategic objectives are translated into the specific business plan objectives for the Department. A summary of these delivery plans is presented in the Department's annual Business Plan, which covers a three-year period.

1.10 The Business Plan sets out how the Department will drive forward its objectives and deliver its PSA targets. The Plan provides detail of the key outcomes to be achieved, as well as the main projects and activities to be undertaken.

1.11 Delivery of the Business Plan is monitored quarterly as part of the Department's approach to performance management and within the framework of its Public Service Agreement with

Figure 1.2

Links Between The Department's Business Objectives and PSA Targets

Business Objectives	Public Service Agreement Targets
Overarching our Business Plan is PSA Target 1 – Demonstrate further progress by 2008 on the Government long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. (Joint target with HM Treasury).	
Objective 1: Improve the relative performance of UK Science and Engineering and its use by Government and Society.	PSA Target 2: Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.
Objective 2: Promote effective transfer of Knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies.	
Objective 3: Extend competitive markets by developing free and fair markets across Europe and throughout the world, and by placing empowered and protected consumers at the heart of an effective competition regime.	PSA Target 3: Promote fair competitive markets by ensuring that the UK framework for competition and for consumer empowerment and support is at the level of the best by 2008, measuring the effectiveness of the regime through international comparisons, supported by a broader evidence base.
	PSA Target 5: Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe. (Joint target with DFID).

Figure 1.2

Links Between The Department's Business Objectives and PSA Targets *(cont.)*

Business Objectives	Public Service Agreement Targets
<p>Objective 4: Ensure the continuity and security of energy supply at affordable prices through competitive markets, while minimising environmental impacts and delivering social objectives.</p> <p>Objective 5: Promote sustainability including through the delivery of the low carbon aims of the Energy White Paper, at least cost to the UK economy, and improve the contribution of business to sustainable development.</p>	<p>PSA Target 4: Lead work to deliver the goals of energy policy:</p> <p>(i) Reduce greenhouse gas emissions by 12.5% from 1990 levels in line with our Kyoto commitment and to move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. (Joint target with DEFRA and DFT)</p> <p>(ii) Maintain the reliability of energy supplies</p> <p>(iii) Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government Fuel Poverty Strategy objective. (Joint target with DEFRA)</p> <p>(iv) Ensure that the UK remains in the top three most competitive energy markets in the EU and G7.</p>
<p>Objective 6: Encourage Enterprise Growth and Business Investment.</p>	<p>PSA Target 6: Build and Enterprise society in which small firms of all kinds thrive and reach their potential, with,</p> <p>(i) an increase in the number of people going into business, (ii) an improvement in the overall productivity of small firms, (iii) more enterprise in disadvantaged communities</p> <p>PSA Target 9: Sub-target 4(ii)- By 2008 DTI will significantly increase the proportion of newly self-employed people who are women.</p> <p>PSA Target 10: Sub Target 10(a)-Raising the self-employment rate of under represented ethnic minorities and reduce the gap with other group</p>
<p>Objective 7: Strengthen regional economies through making sustainable improvements in the economic performance of the English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006.</p>	<p>PSA Target 7: Make sustainable improvements in the economic performance of all the English regions by 2008 and over the long term reduce the persistent gap in the growth rates between the regions, demonstrating progress by 2006. (Joint target with HM Treasury and ODPM)</p>
<p>Objective 8: Enhance the competitiveness of companies in the UK through overseas trade and investments; and attract a continuing high level of quality foreign direct investment.</p>	<p>PSA Target 8: By 2008 deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasise on new to export firms; and maintain the UK as the prime location in the EU for foreign direct investment. (Joint target with FCO)</p>

Figure 1.2

Links Between The Department's Business Objectives and PSA Targets *(cont.)*

Business Objectives	Public Service Agreement Targets
Objective 9: Maximise potential in the workplace by maintaining an adaptable labour market while delivering a reduction of legal complexity for business both here and in Europe, raising the level of and demand for skills, and outside the workplace by promoting gender equality and diversity.	PSA Target 9: By 2008, working with other Departments, bring about measurable improvements in gender equality across a range of indicators, as part of Government objectives on equality and social inclusion. Note: Sub-target 4(ii) (self-employment rates of women) falls within Business Objective 6. PSA Target 10: By 2008, promote ethnic diversity, co-operative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market. Note; Sub-target (a) (self employment rates of ethnic minorities) falls within Business Objective 6.
Objective 10: Promote and deliver an effective framework for corporate and insolvency activity, giving confidence to investors, business and other stakeholders.	No specific PSA target.
Objective 11: Safe, economic efficient and effective management of Departmental (and where relevant, Government) assets and liabilities and to provide a centre of excellence within Government on corporate finance and governance issues.	PSA Target 11: Reduce the civil nuclear liability by 10% by 2010, and establish a safe, innovative and dynamic market for nuclear clean up by delivering annual 2% efficiency gains from 2006-07; and ensuring successful competitions have been completed for the management of at least 50% of UK nuclear sites by end 2008.
Objective 12: Ensure nuclear security and safety and effective and efficient DTI contribution to preventing proliferation of arms and other strategic goods.	No specific PSA target.