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Business, Innovation and Skills
Committee

Work of the Committee 2008–09

Second Report of Session 2009–10

Report, together with formal minutes

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The Business, Innovation and Skills Committee

The Business, Innovation and Skills Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Business, Innovation and Skills. On 5 June 2009, the Department for Business, Enterprise and Regulatory Reform and the Department for Innovation, Universities and Skills become the Department for Business, Innovation and Skills. On 1 October 2009 the Business and Enterprise Committee was renamed the Business, Innovation and Skills Committee to reflect that change. The Committee retained the same membership as the Business and Enterprise Committee.

Current membership

Peter Luff MP (*Conservative, Mid Worcestershire*) (Chairman)
Roger Berry MP (*Labour, Kingswood*)
Mr Brian Binley MP (*Conservative, Northampton South*)
Mr Michael Clapham MP (*Labour, Barnsley West and Penistone*)
Mr Lindsay Hoyle MP (*Labour, Chorley*)
Miss Julie Kirkbride MP (*Conservative, Bromsgrove*)
Anne Moffat MP (*Labour, East Lothian*)
Mr Mark Oaten MP (*Liberal Democrat, Winchester*)
Lembit Öpik MP (*Liberal Democrat, Montgomeryshire*)
Ian Stewart MP (*Labour, Eccles*)
Mr Anthony Wright MP (*Labour, Great Yarmouth*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via http://www.parliament.uk/parliamentary_committees/parliamentary_committees

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/parliamentary_committees/bis.cfm

Committee staff

The current staff of the Committee are: James Davies (Clerk), Ben Williams (Second Clerk), Janna Jessee (Inquiry Manager), Aruni Muthumala (Economist) Louise Whitley (Inquiry Manager), Anita Fuki (Senior Committee Assistant), Eleanor Scarnell (Committee Assistant) and Jim Hudson (Committee Support Assistant).

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1 Introduction

Overview

1. This Report summarises the work of the Business and Enterprise Committee (now the Business, Innovation and Skills Committee) in Session 2008–09. In our previous Sessional Report¹, we noted the departmental reorganisation which had created the new Department for Energy and Climate Change, and removed scrutiny of energy from our remit. This year, there has been another change in the machinery of government, to create a new Department for Business, Innovation and Skills, and the Committee has been renamed accordingly. Our remit has been enlarged to include innovation and skills, and the further and higher education sector. There are always difficulties with defining boundaries, but we welcome the fact that innovation policy and business policy have been brought together. We also believe that the inclusion of further and higher education in a large, powerful department could benefit the sector. Moreover, although we recognise that it is inadequate to consider the education sectors solely in the context of their measurable economic benefit to society, it remains true that education is fundamental to any advanced economy. We believe there should be benefits from its inclusion in the Department for Business, Innovation and Skills.

2. The changing departmental responsibilities occurred in June 2009, late in the Session. Our programme is set some way in advance and therefore most of the remainder of the year has been spent dealing with business related inquiries. We expect the balance of our work to change somewhat in the future and we have recently announced a new inquiry into further education funding and the transitional arrangements for the Skills Funding Agency.

3. Last year we set out our aspiration “to combine a programme of strategic long-term inquiries with the ability to be ‘fleet of foot’—in other words, to respond quickly to outside events, and produce reports that have immediate impact.”² This approach has been particularly valuable in the troubled economic circumstances of the last year. We have arranged a series of hearings on financial support to small businesses and one on the Government’s response to the economic crisis, and built on these to arrange inquiries into particular policies or programmes when appropriate. We also made sure our regular work addressed themes of current importance, so we chose to scrutinise the Insolvency Service as a Departmental Agency, and focussed our regular inquiry into exports on “Exporting out of recession”.

4. But we also considered that crisis management should not be our only concern. Early in the Session we published a “legacy” report on energy policy, an area where the Committee had had a sustained interest.³ We also followed up the then Trade and Industry Committee’s earlier work on Pub companies. In addition, we continued our work on the

¹ Third Report of Session 2008–09, *Work of the Committee in 2007–08*, HC 175, para 2

² Third Report of Session 2008–09, *Work of the Committee in 2007–08*, HC 175, para 8

³ First Report of Session 2008–09, *Energy policy: future challenges*, HC 32

Post Office network, with a major inquiry into the function and future of the network. We also completed our inquiry into the Higher Value-Added Economy.

5. In the past year we have responded to urgent events. In two cases, described in more detail below, we have commented on Government legislation in time to inform Parliamentary proceedings. More recently, we met in September to consider the Inspector's Report on the Rover group companies, then newly published.

Working methods

6. We are a cross party Committee and proceed by consensus. This Session, we have agreed eleven reports without a single division. This has not prevented us addressing politically charged issues, such as the Postal Services Bill; our aim in these cases has been to examine the evidence given to us, and base our conclusions upon it. We believe this cross party, evidence-based approach, gives our Reports credibility, and adds greatly to their influence.

Wider engagement

7. As in previous years, we have been keen to draw on as wide a range of experience as possible in the course of our inquiries. This has meant engaging with the public in novel ways—such as the web forum we ran as part of our Post Offices enquiry—which provided a solid base for that Report. It has also led us to undertake a wide range of UK visits in the course of our work, to make sure that we did not look at matters from a purely Westminster perspective. In the course of our Post Office inquiry we visited Essex, Devon and Cardiff, and held meetings, as well as discussions, with local authorities and a wide range of stakeholders. For our inquiry into the automotive industry, we took the bulk of the evidence in the West Midlands and North West. More recently, we travelled to Bristol to hold meetings both with experts and academics in the aerospace industry.

Foreign travel

8. Understanding the wider context in which government works is an extremely important part of our programme. The United Kingdom is part of the global economy. It is one of the world's largest exporters. It is also part of the European Union. This context means that foreign visits are essential to our work. In the last Session we visited the Middle East in connection with enquiry into Exporting out of recession. We also visited Paris, Toulouse and Milan in connection with that inquiry, and also our inquiry into the aerospace and motor sport industries. We also continued our practice of visiting the European Commission once a year for discussions with a wide range of officials. This annual visit gives us the opportunity to assess developments in the European Union, and underpins a great deal of our work programme. For example, on the most recent visit we were able to discuss the postal services directives, EU enlargement and telecommunications policy. Visiting the European Commission gives us background knowledge which could not be gained elsewhere, and we remain extremely grateful to the Commission for facilitating this regular exchange of views.

Advice and expertise

9. Our staff is very small, and we supplement it by using other expertise. In the course of the Session we were supported by the following specialist advisers: Dr Sibylle Bauer, Maureen Kearney, Mr Julian Maitland Walker, Naomi Nardi and Howard Webber.

10. We were also able to draw on help from the National Audit Office, the House of Commons Library, the Scrutiny Unit and a Hansard Society Fellow. Drawing on such external assistance not only helps us manage a fluctuating programme, it means that we have access to a wider range of expertise than would be possible if we relied on our core staff alone. We are extremely grateful to all those who helped us, but we also record our gratitude to our permanent staff whose hard work and flexibility have enabled us to conduct our work so effectively.

Quality of evidence

11. Our work depends on the quality of the evidence we receive. It is important that witnesses speak freely, and that they are accurate. We recognise that people will wish to present their case in the best possible light, but we will assess that case on the strength of the evidence they put forward. In one instance last year we felt witnesses had been less than frank.

12. In our report on Pub Companies we noted:

In evidence to us both Mr Thorley of Punch and Mr Tuppen and Mr Townsend of Enterprise Inns made assertions which, on investigation, proved to give a partial picture, or on one occasion were positively false. We recognise that those giving oral evidence may need to simplify a complex picture, and that slips of the tongue may occur, but these repeated slips have undermined the reliability of their evidence.⁴

After the Report was published, Mr Tuppen wrote to us expressing concern about these remarks, which he considered defamatory. We are happy to put on record that it was not Mr Tuppen who made the false assertion referred to (which was promptly corrected by Mr Thorley in further written evidence). We are equally happy to note that, as the Report said, matters may be simplified in *oral* evidence, and the issue was not whether evidence given had been so misleading that the Committee felt compelled to take action, but whether the nature of the evidence meant that we should approach it with caution. We see no reason to change that judgement.

13. Mr Tuppen's concerns arose from the fact that material published by Order of the House is privileged, and that he had no legal remedy for allegedly defamatory remarks. We take the responsibilities of privilege extremely seriously. For this reason we were measured in our original comments, and also decided not to publish everything submitted on both sides of the debate. In doing so, we saw no reason to extend privilege to matters which were not central to the inquiry, or to personalise our investigation. Mr Tuppen's assertion that he would have taken action if they had been made in a non-Parliamentary context is regrettable.

⁴ Seventh Report of Session 2008–09, *Pub companies*, HC 26, para 10

14. We would also like to record that when Mr Tuppen first contacted us about the remarks in the Report, we told him we were more than happy to publish either his original letters to us on the matter, or a fresh memorandum dealing with it. However, we made it clear that other witnesses had also approached us after publication of the report, asking us to put more material in the public domain, and that, in fairness, we would have to consider their representations also. We believe that this was the correct response, and are disappointed that Mr Tuppen was not content with this approach, which would have enabled his concerns to be put fully in the public domain.

Recurring themes

15. There have been a number of issues which have occurred across different inquiries, or have been raised in many different contexts, which we summarise here.

The role of Government, the Committee and the private sector

16. During the economic crisis, the Government launched a number of interventions, such as the Enterprise Finance Guarantee Scheme and the Automotive Assistance Programme. Our scrutiny has enabled us to monitor the design and implementation of these schemes. Although individual Members may have varying views on the effectiveness of some Government actions, the Committee as a whole agrees that the economic crisis has demonstrated the importance of the Government's role both in setting the framework within which private sector decisions are made, and in supporting our industry. Nonetheless, Government is limited to setting the framework within which private sector actors, be they banks or individual companies, can conduct their business. Although Government and Committee scrutiny can influence the overall policy of banks, it cannot and should not affect individual lending decisions. But strong and sustained committee scrutiny remains important. We have taken evidence on bank lending to business regularly throughout the Session; on two occasions we invited banks and business representatives; on other occasions, we included the topic in evidence sessions with Ministers. It is clear that although some individual banks may be sustaining their lending, the availability of credit for small and medium-sized enterprise has diminished, and the terms on which that credit is available have become tighter. It is also clear that, as we said in our Report on the Enterprise Finance Guarantee Scheme,⁵ political scrutiny of the level of bank lending, both from the Government lending panel, and from bodies such as this Committee, has gone some way to restraining banks, reducing the amount by which they may have increased their margins, and possibly increasing pressure on them to lend. We intend to continue to keep the terms on which banks offer business finance under review.

17. In the course of our scrutiny, many individuals have provided us with details of their cases. We have great sympathy for those who have lost their businesses as a result of a credit crunch, either directly because of worsening trading conditions, or because banks withdrew lending facilities. Those who provide case studies help us monitor what is happening within industry, and we are extremely grateful to them. Our continued scrutiny is intended to reduce the likelihood that otherwise viable businesses will fail because credit is withdrawn inappropriately. However, just as the Government cannot police every

⁵ Tenth Report of Session 2008–09, *Enterprise Finance Guarantee Scheme*, HC 588

financial transaction, so we as a Committee cannot and should not intervene in individual lending decisions. Sometimes the correspondence we receive suggests that we should prevent banks from making particular commercial decisions. Neither we nor the Government have the power to do so.

Wider support for industry

18. Another emerging theme this year was the importance of perceptions in ensuring the health of British economic life. Our inquiry into the automotive industry exposed two important issues. First, that the United Kingdom automotive industry remains important, and, in some important areas, world beating. Second, that although the Government acknowledges this, there is a perception that it is not prepared to support the UK automotive industry in the way that other Governments support theirs. We warned that:

The danger is that without a clear government strategy, and sufficient support, valuable skills and capacity will be lost to countries which more clearly demonstrate their readiness to support the industry. In some cases this will be as much about rhetoric and perception as about real levels of support, but the effect will be the same.⁶

19. During this Session we drew our long-running inquiry into what makes a higher value-added economy to a conclusion⁷. One of our key findings was that overemphasising the challenges facing the United Kingdom in itself could lead to economic decline. If the message is given that manufacturing is in absolute decline, when in fact the United Kingdom remains the sixth largest manufacturer of goods in the world, or even that an entrepreneurial career is too risky to be contemplated, then talented people will make their career choices accordingly, and potential trade or investment partners could be deterred. Over the course of that inquiry, the First Secretary of State evolved a new industrial policy; there has been a series of policy papers which, together, are welcome in their assertion of the very real strengths of British business, and the British education sector. The challenge is now to make sure these policies are translated into effective action.

Bargaining power in private contracts

20. In our report on Pub companies⁸ we expressed concern about the lack of legal protection against the abuse of bargaining power in commercial contracts, in contrast to consumer law, where the unfair contract terms regulations apply. We remain concerned about this potential problem, which goes far wider than the pub industry. During our work on energy we became aware of serious contractual issues relating to energy supplies to small companies, and the Competition Commission has commented on relations between suppliers and customers. This does not extend simply to the legal system; there may be problems with systems of redress which exclude some companies. In the course of the year we have received complaints about the lack of protection for reasonably sized companies in their relations with banks. This is a complex area. It may be that although the current

⁶ Ninth Report of Session 2008–09, *Automotive Assistance Programme*, HC 550, para 50

⁷ Eleventh Report of Session 2008–09, *Risk and Reward: sustaining a higher value-added economy*, HC 746

⁸ Seventh Report of Session 2008–09, *Pub companies*, HC 26

position has drawbacks, attempts to make changes would make matters worse. This is not something that can be dealt with in a few months before a general election, but we think it would be desirable to establish whether there are widespread concerns about the legal and consumer protections available to smaller companies. This is an important issue and one which we hope will be addressed in the next Parliament.

Ministerial representation in the House of Commons

21. In our final report of Session 2007–08, we drew attention to the difficulties caused when a Secretary of State was in the House of Lords.⁹ In subsequent work, we drew attention to the high proportion of BERR Ministers in the House of Lords. The new Department also contains many Lords Ministers: Rt Hon Lord Mandelson, First Secretary of State, Rt Hon Lord Drayson, Minister for Science and Innovation, Lord Davies, Minister for Trade, Investment and Small Business, and Lord Young, Minister for Postal Affairs and Employment Relations.¹⁰

22. We have structured our programme over the Session to ensure that Lords Ministers give evidence to us on their policy areas; and we are grateful to them for their willing cooperation. However, this does not deal with the problem that they are not available to scrutiny by the House as a whole. In previous years, we proposed that procedures should be developed to allow Ministers in the House of Lords to answer questions from Members in the Commons. In September, Mr Speaker made a speech to the Hansard Society in which he stated his intention to address this issue.

23. It is only fair to add that the Secretary of State has offered to come before us more frequently than usual which we appreciate. Until more satisfactory arrangements are made, we will attempt to draw evidence from Lords' ministers to the House's attention whenever it is relevant.

What have we achieved?

24. Committees have power to call for evidence, hold public hearings, and report. They have no direct executive power. However, this does not mean our work is not effective. Sometimes, a Committee achieves an immediate result; more usually, Committee scrutiny leads to a gradual change in policy, or even in public perception. This may take far longer than the single Session covered by these Reports. Often, results are achieved by repeated inquiries, sometimes taking place over several Parliaments.

25. The work on Energy conducted first by the Trade and Industry Committee, and then by the Business and Enterprise Committee has been effective in creating a consensus that, unless action is taken soon, there is likely to be an energy gap and that the energy market is not functioning efficiently. This in turn has led Ofgem to announce policy changes, such as:

- rules to prevent unfair pricing;

⁹ Fourteenth Report of Session 2007–08, *Departmental Annual Report and Scrutiny of the Department for Business, Enterprise and Regulatory Reform*, HC 1116

¹⁰ www.bis.gov.uk/ministers

- rules to protect small businesses;
- rules to ensure that direct debits are set fairly, and clearly explained.

Similarly, in our Report *Construction matters*,¹¹ we recommended that there should be a Chief Construction Officer. That recommendation was accepted by Government and on 25 November, Mr Paul Morrell was appointed as the new Chief Construction Adviser.

26. Our Report on the Postal Services Bill¹² influenced the formal debates on the Bill in the House of Lords and the wider debate about the principles underlying the Bill. It was effective because it concentrated on the proposals in the Bill itself, and the case the Government made for them, not on Members' individual political positions. The Committee had a very wide range of views about what reforms might be needed to make Royal Mail plc more effective, and to reduce its losses, but easily reached agreement on the inadequacy of the present regulatory framework for postal services, the Royal Mail pension deficit and the need for more clarity over the proceeds from any sale of Royal Mail Group.

27. However, although the Committee's most significant influence is probably felt over the long term, inquiries can also produce speedy results. As a result of our inquiry into the Insolvency Service,¹³ extra funding was allocated to ensuring that the Service's work in securing sanctions against individuals was properly publicised. We think this should increase this deterrent effect. The Government has also undertaken to bring forward measures to increase the transparency of insolvency practitioner's pay, so that creditors are better able to challenge excessive claims.¹⁴ In addition, the Insolvency Service is looking at the extent to which practitioners comply with existing standards. This may not be enough, but is a very welcome first step.

¹¹ Ninth Report of Session 2007–08, *Construction Matters*, HC 127

¹² Fifth Report of Session 2008–08, *The Postal Services Bill*, HC 172

¹³ Sixth Report of Session 2007–08, *The Insolvency Service*, HC 198

¹⁴ Fourth Special Report of Session 2007–08, *The Insolvency Service: Government Response to the Committee's Sixth Report of Session 2008–09*, HC 919

2 The Committee's work in 2008-09

28. The table below shows how our work fitted into the core tasks for select committees set out by the Liaison Committee on behalf of the House. As can be seen, most inquiries cover more than a single objective. Our programme is driven by the need to respond to policy developments, to set the agenda in areas where public policy is not operating as it should, and to make sure we can sustain scrutiny of the Department. The core tasks provide a useful framework to ensure that we do not inadvertently neglect part of our remit.

Subject	Departmental policy	Examination of deficiencies	Document and decision	Expenditure	PSAs	Regulation and Agencies	Legislation and initiatives
Energy Policy	√	√				√	
Ofcom, pre-appointment hearing						√	
Regional Development Agencies				√	√	√	√
Hooper Review/Postal Services Bill	√		√			√	√
Insolvency Service	√			√		√	√
Pub companies	√	√				√	
Post Offices- Securing their future	√					√	√
Automotive Assistance Programme	√	√		√			√
Enterprise Finance Guarantee Scheme	√	√		√			√
Strategic Export Control	√	√	√			√	
Higher Value-Added Economy	√				√		
Exporting Out of Recession	√	√			√	√	√
Digital Britain	√		√				√
Support for SMEs	√	√		√	√		
Department's response to the recession	√		√	√	√		

Task 1: Scrutiny of policy proposals

29. In our view, an important part of this task is to maintain a “watching brief” over policy development, as well as to look at new proposals. The Committee has continued its policy of monitoring at the European developments; staff monitor the output of the European Scrutiny Committee and we continued our policy of a regular visit to Brussels to discuss developments within the European Union.

30. As explained above, one of the key tasks of the year has been to monitor the Government’s reaction to the economic crisis, and the policies drawn up to deal with it. This included taking oral evidence from the Department under the following headings: financial support for SMEs (December 2008);¹⁵ the work of BERR in the current crisis, (May 2009);¹⁶ and the work of the department for Business, Innovation & Skills in the current crisis (June 2009) and (July 2009).¹⁷

31. We also held an evidence session on so the *Digital Britain Interim Report* in March 2009.¹⁸ Not only did this enable us to keep abreast of developing policy proposals, it gave valuable background information for our current inquiry into Broadband speed.

Task 2: To identify and examine areas of emerging policy, or where existing policy is deficient, and make proposals

Post Offices: Securing their future

32. The Committee has been monitoring policy on the Post Office network of many years, and in our Report last year we noted that the Government had asked us to undertake a major inquiry into the future of the Post Office network. We had accepted this invitation, on the condition that we set our own terms of reference and methods of inquiry. We were particularly concerned to explore what the public expected and wanted from the network.

33. Our report¹⁹ looked at the network from first principles. It was clear from our evidence that people expected the state to ensure that information about its services was widely available, and did not consider e-delivery alone was sufficient. People considered the dual role of the Post Office in providing both public services and private amenities, such as shopping facilities, vital for sustaining community life. We concluded that:

By chance rather than design, the Government has ended up supporting local economies and providing information and services to its citizens through the post office network, in which a publicly-owned company works with a variety of private enterprises. It is unlikely that anyone would have invented this system; nonetheless, it exists and it is effective. It is possible that the network can be sustained in a way which generates revenue rather than consumes it. However, any decisions on the

¹⁵ Session 2008–08, HC 90-i

¹⁶ Session 2008–09, HC 143-ii

¹⁷ Session 2008–09, HC 754-i and HC 754-ii

¹⁸ Session 2008–09, HC 331-i

¹⁹ Eighth Report of Session 2008–09, *Post offices—securing their future*, HC 371

company's operations or the services it offers must recognize that the nationwide post office network needs to be sustained, and sustaining it will meet the wider objectives of any government.²⁰

34. This conclusion led us to emphasise the need for all government departments to recognise the role the network could play in ensuring their services were accessible to all citizens, and to urge local authorities to make more services available from post offices.

Pub Companies

35. While the focus of the core tasks is, properly, on scrutiny of the Government in a narrow case, it sometimes it is important to take a wider view, looking at the way the legal and regulatory framework within which markets operate. Last year's Annual Report drew attention to the relationship between pub companies and their tenants as an area where "there is little existing policy and the question is whether policy intervention is needed."²¹ Our follow-up to the Trade and Industry Committee's inquiry²² revealed that the problems identified by our predecessors remained. There was inequality of bargaining power between pub companies and their lessees; the way in which rents were calculated was opaque, and made tied tenants worse off than those free of tie; there was no low-cost mediation in case of rent disputes. In addition to normal evidence gathering methods, we commissioned a survey which gave objective evidence of the poor rewards available to tied tenants, the low levels of satisfaction with the tie and high levels of tenant traction with their pub company. We recommended that the Government should intervene, and that there should be an urgent inquiry by the Competition Commission.

Reference to the OFT

36. On 24 July 2009 CAMRA made a super complaint to the OFT about the operation of the beer tie. The OFT has since found no evidence of market abuse. We are unsurprised by the finding (which is why we felt a broader Competition Commission inquiry was desirable). We continue to believe that reform is necessary.²³

Task 3: Scrutiny of bills

37. The Committee continued to engage with legislation directly. Last Session we noted that the Committee's programme had been arranged so that we could report on the RDA aspects of the *Local Democracy, Economic Development and Construction Bill*, if we decided it was necessary to do so. We did indeed produce a report,²⁴ setting out the ways in which policy had evolved between the first publication of the Government's *Review of sub national economic development and regeneration* and the proposals in the Bill.

²⁰ Ibid., para 32

²¹ Third Report of Session 2007–08, *Work of the Committee in 2007–08*, HC175, para 28

²² Second Report of Session 2004–05, *Pub Companies*, HC 128

²³ The Committee took evidence on Pub companies on 8 December.

²⁴ Fourth Report of Session 2007–08, *Regional development agencies and the Local Democracy, Economic Development and construction Bill*, HC 89

38. Our major work on legislation related to legislation before the House of Lords, rather than the Commons. The Postal Services Review was published on 16 December, and the Postal Service Bill [*Lords*], which was built on the Review's findings, was introduced into the Lords on 24 February. We held three evidence sessions on the proposals; from Lord Mandelson when he appeared before the Committee on 14 January; we took evidence from Mr Richard Hooper, the author of the Review, and from the Communication Workers Union (CWU) on 20 January and from the Chairman and Chief Executive of Postcomm and the Chief Executive and the Commercial Director, Letters Business, of Royal Mail on 24 February. This enabled us to agree a Report on the Bill on 23 March.²⁵ The Report was drawn on extensively in House of Lords Committee proceedings.

Task 4: To examine specific outputs from the Department

39. We hold regular hearings on documents such as The Departmental Annual Report, but also scrutinise other outputs when appropriate. At the end of this Session, we held an evidence session on the 2008–09 Departmental Report. Although the evidence covered a wide range of outputs from the Department, we used this session to explore in detail, the establishment of the new Department for Business, Innovation and Skills.²⁶

40. In addition to scrutiny of draft legislation, the Committees on Arms Export Controls continued to monitor the quarterly reports from the Government.

Task 5: Scrutiny of expenditure plans and outturns

41. Each year the Committee takes evidence from the Permanent Secretary on the Departmental Annual Report and Accounts. Our staff also examine the Estimates and Estimates memoranda submitted by the Department, with the invaluable help of the Scrutiny Unit.

Task 6: Scrutinising Public Service Agreements and targets

42. This task underpins a great deal of our work, and is usually addressed as part of other, broader enquiries, most notably our regular work on expenditure plans and outturns. As we indicated last Session, our work on Regional Development Agencies addressed PSA 7 (Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions) for which BERR had responsibility. BERR's other PSAs - PSA 1 (Raise the productivity of the UK economy) and PSA 6 (Deliver the conditions for business success in the UK) underpinned our work on the Higher Value-Added Economy. Our scrutiny of the Government's actions in response to the financial crisis. It was important in other inquiries, such as current work on the motor sport and aerospace industries. The inquiry into the Higher Value-Added economy also addressed DIUS's two PSAs: PSA 2 (Improve the skills of the population on the way to ensuring a world-class skills base by 2020) and PSA 4 (Promote world-class science and innovation in the UK).

²⁵ Fifth Report of Session 2008–09, *The Postal Services Bill*, HC 172

²⁶ A Report *Creation of the new Department and Departmental Report 2009* was published as the First Report of Session 2009–10 (HC 160).

Task 7: Monitoring the work of agencies and other public bodies

43. Like all departmental select committees, we monitor the agencies in the non-departmental bodies associated with the Department we scrutinise. BERR is also responsible for Royal Mail Group (and its subsidiary, Post Office Ltd), which is wholly owned by the Government – we have already described our work on the post office network and on the Postal Services Bill [*Lords*] in earlier paragraphs.

44. We have a policy of taking evidence from at least one Agency a year. This year we looked at the Insolvency Service. In addition, we monitor the work of regulators. This often takes place in the context of other inquiries—so, for example, we looked at Postcomm as part of our work on the Postal Services Bill [*Lords*]²⁷—but we normally hold an annual hearing on Ofcom’s Annual Report and Accounts, jointly with colleagues on the Culture, Media and Sport Committee. That did not take place this Session, since we had held sessions with the new Chairman, and with the Minister on Digital Britain. However, on 28 June we announced an inquiry into Broadband speed, a key proposal contained within the Digital Britain Report, and took evidence from internet providers and consumer organisations on 2 November.²⁷

Task 8: Scrutiny of major appointments

The Committee held one pre-appointment hearing during the session, with Dr Colette Bowe, the Chairman designate of OFCOM. We held this meeting together with our colleagues on the Culture, Media and Sport Committee. During the Session we explored the amount of time that Dr Bowe would give to the post, given her other professional commitments, and received assurances that OFCOM would be her priority. We considered her a suitable candidate.²⁸

Task 9: Implementation of legislation and major policy initiatives

45. As we have described in the introduction, much of our work this year has concentrated on monitoring the policy initiatives the Government proposed to deal with the financial crisis. In addition, the inquiry into the Insolvency Service dealt with pre-pack administrations, which have increased in number following the changes to insolvency procedures contained in the Enterprise Act 2002.

Task 10: Debates in Westminster Hall and the Chamber

46. The Committee’s work has informed several debates in the Commons, as well as influencing proceedings on the Postal Services Bill in the House of Lords. On the 16 December 2008, the Committee’s work on Energy was the subject of an Estimates Day debate. The Committee also secured an Estimates Day debate on 9 March, to discuss the work of the Department for Business, Enterprise and Regulatory Reform. On 1 June the Report on the Local Democracy, Economic Development and Construction Bill was tagged

²⁷ A further evidence session was held on 24 November.

²⁸ Second Report of Session 2008–09, Pre-appointment hearing with the Chairman-elect of Ofcom, Dr Colette Bowe, HC 119

to that Bill's Second Reading. Most recently, the Committees on Arms Export Controls, of which our Committee is a constituent part, secured a Westminster Hall debate on 5 November 2009.

Annex: Sessional Return

Business, Innovation and Skills

For website access click on www.parliament.uk/parliamentary_committees/bis.cfm

The Committee was nominated by the House of Commons on 8 November 2007. On 1 October 2009, the Committee was renamed Business, Innovation and Skills.

Members	Meetings attended
Luff, Peter (Chairman)	35 out of 36*
Bailey, Adrian	26 out of 36*
Berry, Roger	17 out of 36
Binley, Mr Brian	23 out of 36*
Clapham, Mr Michael	19 out of 36
Hoyle, Mr Lindsay	26 out of 36*
Kirkbride, Miss Julie	24 out of 36
Moffat, Anne	10 out of 36
Oaten, Mark	16 out of 36
Öpik, Lembit (added 19.1.09)	22 out of 30
Weir, Mr Mike (discharged 19.1.09)	3 out of 6*
Wright, Mr Anthony	29 out of 36

Overall Attendance: 63.1 %

* Included a "joint" meeting held concurrently with the Culture, Media and Sport Committee

Total number of meetings: 36

Of which:

Number of meetings at which oral evidence was taken	26
Number of times oral evidence was taken partly or wholly in private	0
Number of wholly private meetings	10
Number of concurrent meetings with other committees	1

Other activities

Informal meetings (including meeting with overseas visitors)	6
Conferences/Seminars hosted	0

Staff

Details of the permanent staff of the Committee during the Session can be found in the Committee's publications.

Specialist Advisers during the Session

Maureen Kearney, Mr Julian Maitland Walker, Naomi Nardi and Howard Webber.

Witnesses

Oral evidence was given during the Session by the following categories of witnesses:

Number of appearances by:		
Cabinet Ministers		2
Other Ministers		3
Members of the House of Lords (of whom 1 was also a Minister)		7
Number of appearances by officials from, or representatives of:		
Department for Business, Enterprise and Regulatory Reform		3
Department for Business, Innovation and Skills		3
Department for Communities and Local Government		1
Public bodies and non-Ministerial departments comprising:		
British Chambers of Commerce		2
Citizens Advice Bureau		1
Consumer Focus		2
Insolvency Service		1
North West Development Agency		1
Ofcom		1
Postcomm		1
Post Office Ltd		1
Other departments comprising:		
Export Credits Guarantee Department		1
UK Trade and Investment		1
Appearances by other witnesses:		51

Overseas Visits

Date	Destination	Members	Staff	Purpose	Cost
25-29.4.09	Dubai, Abu Dhabi and Riyadh	Luff, Bailey, Binley, Clapham, Kirkbride, Moffat, Öpik	2	Inquiry into Exporting out of recession	£43,615.75
9-12.11.09	Paris, Toulouse and Milan	Luff, Bailey, Binley, Kirkbride, Oaten, Öpik, Wright	2	Inquiry into Exporting out of recession	Estimated outturn £21,116

Visits to European Institutions

Date	Destination	Members	Staff	Purpose	Cost
10-11.2.09	Brussels	Luff, Bailey, Berry, Wright	3	To investigate work in the EU	£4,248.11

UK Visits

Date	Destination	Members	Staff	Purpose	Cost
26.2.09	Battersea ^A	Luff	1	Inquiry into Pub companies	£35.00
9.3.09	Solihull ^A	Luff, Bailey	1	Inquiry into Pub companies	£239.50

Date	Destination	Members	Staff	Purpose	Cost
12.3.09	Chelmsford	Luff, Berry, Öpik	4 ^B	Inquiry into Post offices—securing their future	£492.50
17-18.3.09	Devon & Wales	Luff, Bailey, Clapham, Öpik, Wright	2 ^B	Inquiry into Post offices—securing their future	£2,986.58
20.3.09	Winchester ^A	Oaten	0	Inquiry into Pub companies	Nil
20-21.5.09	Birmingham & Chorley	Luff, Binley, Hoyle, Kirkbride, Öpik, Wright	3 ^C	Inquiry into Automotive Assistance Programme	£3,783.08
27-28.10.09	Bristol	Luff, Clapham, Öpik, Wright	2	Inquiry into Motor sport and aerospace industries	Estimated outturn £2,572

^A Travel in a representative capacity

^B Includes 1 specialist adviser

^C Includes 1 shorthand writer

Reports and Oral and Written Evidence

Title	HC No. (2008–09)	Date of publication	Government reply
First Report: <i>Energy policy: future challenges</i>	32	12.12.08	Received 17.2.09: published as Second Special Report Session 2008–09
Second Report: <i>Pre-appointment hearing with the Chair-elect of Ofcom, Dr Colette Bowe</i>	119	19.1.09	Not applicable
Third Report: <i>The work of the Committee in 2007–08</i>	175	2.2.09	Not applicable
Fourth Report: <i>Regional development agencies and the Local Democracy, Economic Development and Construction Bill</i>	89-I	13.3.09	Cm 7643, published 4.6.09
Oral and Written Evidence: <i>Regional development agencies and the Local Democracy, Economic Development and Construction Bill</i>	89-II	13.3.09	Not applicable
Fifth Report: <i>The Postal Services Bill</i>	172-I	1.4.09	Cm 7623, published 11.5.09
Oral and Written Evidence: <i>The Postal Services Bill</i>	172-II	1.4.09	Not applicable

Title	HC No. (2008–09)	Date of publication	Government reply
Sixth Report: <i>The Insolvency Service</i>	198	6.5.09	Received 13.7.09: published as Fourth Special Report Session 2008–09
Seventh Report: <i>Pub Companies</i>	26	13.5.09	Awaited
Oral and Written Evidence: <i>Pub Companies</i>	26-II	13.5.09	Not applicable
Eighth Report: <i>Post offices—securing their future</i>	371-I	7.7.09	Received 23.9.09: published as Fifth Special Report Session 2008–09
Oral and Written Evidence: <i>Post offices-securing their future</i>	371-II	7.7.09	Not applicable
Ninth Report: <i>The Automotive Industry in the UK</i>	550	17.7.09	Cm 7706, published 21.9.09
Tenth Report: <i>Enterprise Finance Guarantee Scheme</i>	588	24.7.09	Awaited
Eleventh Report: <i>Risk and Reward: sustaining a higher value-added economy</i>	746-I	25.9.09	Awaited
Oral and Written Evidence: <i>Risk and Reward: sustaining a higher value-added economy</i>	746-II	25.9.09	Not applicable
Twelfth Report: <i>Scrutiny of Arms Export Controls (2009): UK Strategic Export Controls Annual Report 2007, Quarterly Reports for 2008, licensing policy and review of export control legislation</i>	178	19.8.09	Awaited
First Special Report: <i>Companies House: Government Response to Committee's Thirteenth Report of Session 2007–08</i>	206	13.2.09	Not applicable
Second Special Report: <i>Energy policy: future challenges: Government Response to the Committee's First Report of Session 2008–09</i>	317	11.3.09	Not applicable
Third Special Report: <i>Pub Companies</i>	798	2.7.09	Not applicable
Fourth Special Report: <i>The Insolvency Service: Government Response to the Sixth Report of the Committee, Session 2008–09</i>	919	20.7.09	Not applicable
Fifth Special Report: <i>Post offices—securing their future: Government Response to the Business and Enterprise Committee's Eighth Report of Session 2008–09</i>	1002	19.10.09	Not applicable

Title	HC No. (2008–09)	Date of publication	Government reply
Oral and Written Evidence: <i>Financial support for small and medium-sized enterprises</i>	90-i	23.3.09	Not applicable
Oral and Written Evidence: <i>The work of BERR in the current crisis</i>	143-i	20.4.09	Not applicable
Oral and Written Evidence: <i>The work of BERR in the current crisis</i>	143-ii	24.6.09	Not applicable
Oral Evidence: <i>Exporting out of recession</i>	199-i	24.6.09	Not applicable
Oral Evidence: <i>Digital Britain</i>	331-i	15.5.09	Not applicable
Oral Evidence: <i>The work of the Department for Business, Innovation & Skills in the current crisis</i>	754-i	28.10.09	Not applicable
Oral Evidence: <i>The work of the Department for Business, Innovation & Skills in the current crisis</i>	754-ii	28.10.09	Not applicable
Oral and Written Evidence: <i>Consumer Focus</i>	1182-i	11.3.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>Exporting out of recession</i>	199-ii	14.7.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>Exporting out of recession</i>	199-iii	20.10.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>Departmental Annual Report and Accounts 2008-09</i>	1003-i	13.10.09	Not applicable
Uncorrected Oral and Written Evidence published on the Internet: <i>Broadband speed</i>	1055-i	2.11.09	Not applicable
Uncorrected Oral Evidence published on the Internet: <i>Motor sport and aerospace industries</i>	1091-i	3.11.09	Not applicable

Government replies to Reports for Session 2007–08

Reply to the Committee's Thirteenth Report *Companies House*: received on 21.01.09 and published as the Committee's First Special of Session 2008–09.

Reply to the Committee's Fourteenth Report: *Departmental Annual Report and Scrutiny of the Department for Business, Enterprise and Regulatory Reform*, published as Cm 7559 (23.2.09).

Formal Minutes

The Formal Minutes of the Committee were published electronically after each meeting of the Committee. They are available on the Committee's website at http://www.parliament.uk/parliamentary_committees/bis.cfm.

Divisions

None.

Debates

Committee reports were debated on 2 occasions in the House of Commons. Further details can be found in the Committee's Sessional Report.

Number of oral evidence sessions for each inquiry during the Session

Inquiry	Number of oral evidence sessions
Automotive Assistance Programme	4
Broadband speed	1
Departmental Annual Report and Accounts 2008–09	1
Digital Britain	1
Enterprise Finance Guarantee Scheme	1
Exporting out of recession	3
Financial support for small and medium-sized enterprises	1
Insolvency Service	1
Motor sport and aerospace industries	1
Post offices—securing their future	3
Pre-appointment hearing with the Chair-elect of Ofcom, Dr Colette Bowe	1
Pub companies	1
The Independent review of the UK postal services sector	2
The role of regional development agencies	1
The work of BERR in the current crisis	2
The work of the Department for Business, Innovation and Skills in the current crisis	2
Total	26

Formal Minutes

Tuesday 15 December 2009

Members present:

Peter Luff, in the Chair

Roger Berry
Mr Michael Clapham
Miss Julie Kirkbride

Lembit Öpik
Ian Stewart
Mr Anthony Wright

Draft Report (Work of the Committee in 2008–09), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 46 read and agreed to.

Annex agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

[Adjourned till Tuesday 12 January at 10.00 am

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2009–10

First Report	The Creation of the Department for Business, Innovation and Skills and the Departmental Annual Report 2008–09	HC 160
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Session 2008–09

First Report	Energy policy: future challenges	HC 32 (HC 317)
Second Report*	Pre-appointment hearing with the Chairman-elect of Ofcom, Dr Colette Bowe	HC 119
Third Report	Work of the Committee in 2007-08	HC 175
Fourth Report	Regional development agencies and the Local Democracy, Economic Development and Construction Bill	HC 89 (Cm 7463)
Fifth Report	The Postal Services Bill	HC 172 (Cm 7623)
Sixth Report	The Insolvency Service	HC 198 (HC 919)
Seventh Report	Pub Companies	HC 26
Eighth Report	Post offices—securing their future	HC 371 (HC 1002)
Ninth Report	Automotive Assistance Programme	HC 550 (Cm 7706)
Tenth Report	Enterprise Finance Guarantee scheme	HC 588
Eleventh Report	Risk and Reward: sustaining a higher value-added economy	HC 746
Twelfth Report **	Scrutiny of Arms Export Controls (2009): UK Strategic Export Controls Annual Report 2007, Quarterly Reports for 2008, licensing policy and review of export control legislation	HC 178

Session 2007–08

First Report	The work of the Committee in 2007	HC 233
Second Report	Jobs for the Girls: Two Years On	HC 291 (HC 634)
Third Report	Post Office Closure Programme	HC 292
Fourth Report	Funding the Nuclear Decommissioning Authority	HC 394 (HC 994)
Fifth Report	Waking up to India: Developments in UK-India economic relations	HC 209 (HC 1006)

* First Joint Report with Culture, Media and Sport Committee

** First Joint Report of Committee's on Arms Export Controls

Sixth Report	After the Network Change Programme: the future of the post office network	HC 577 (HC 1091)
Seventh Report	Keeping the door wide open: Turkey and EU accession	HC 367 (HC 1070)
Eighth Report **	Scrutiny of Arms Export Controls (2008): UK Strategic Export Controls Annual Report 2006, Quarterly Reports for 2007, licensing policy and review of export control legislation	HC 254
Ninth Report	Construction matters	HC 127 (HC 1187)
Tenth Report	Post Office finance: matters arising from evidence taken on 10 June 2008	HC 662
Eleventh Report	Energy prices, fuel poverty and Ofgem	HC 293 (HC 1069)
Twelfth Report	Post Office Card Account: successor arrangements	HC 1052
Thirteenth Report	Companies House	HC 456 (HC 206 Session 2008-09)
Fourteenth Report	Departmental Annual Report and Scrutiny of the Department for Business, Enterprise and Regulatory Reform	HC 1116