

# Department for Business, Energy and Industrial Strategy (BEIS)

## Supplementary Estimate 2018-19: Estimates memorandum

### 1 Overview

#### 1.1 Objectives

The Department for Business, Energy and Industrial Strategy (BEIS) has the following strategic objectives, as set out in its published Single Departmental Plan:

1. Deliver an ambitious industrial strategy
2. Maximise investment opportunities and bolster UK interests as we leave the EU
3. Promote competitive markets and responsible business practices
4. Ensure the UK has a reliable, low cost and clean energy system
5. Build a flexible, innovative, collaborative and business-facing department

Detail of which spending programmes relate to which objectives is given at Section 3.1.

#### 1.2 Spending controls

BEIS's spending is broken down into several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

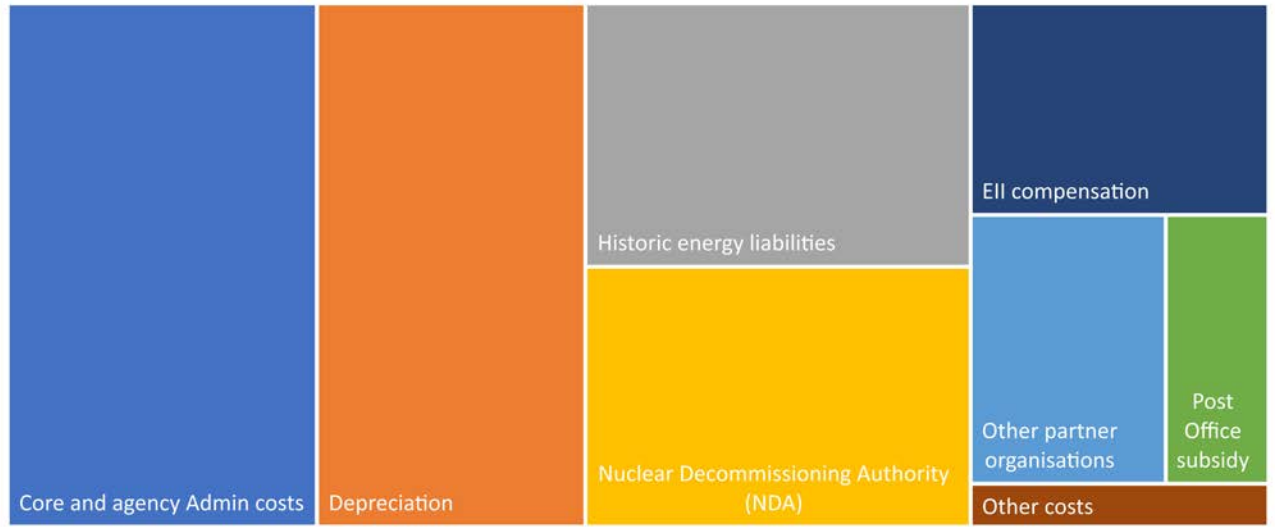
- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs;
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure, Research and Development;
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable day to day spending: in BEIS's case, mainly the Renewable Heat Incentive, redundancy and paternity and adoption payments and movements in the value of nuclear decommissioning and other provisions and movements in the fair value of liabilities incurred for Contracts for Difference (CFD) for the supply of low carbon electricity; and
- Capital Annually Managed Expenditure ("**Capital AME**") - largely movements in the Post Office Working Capital Loan and surpluses in Coal Pension schemes.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require BEIS to pay out cash in-year.

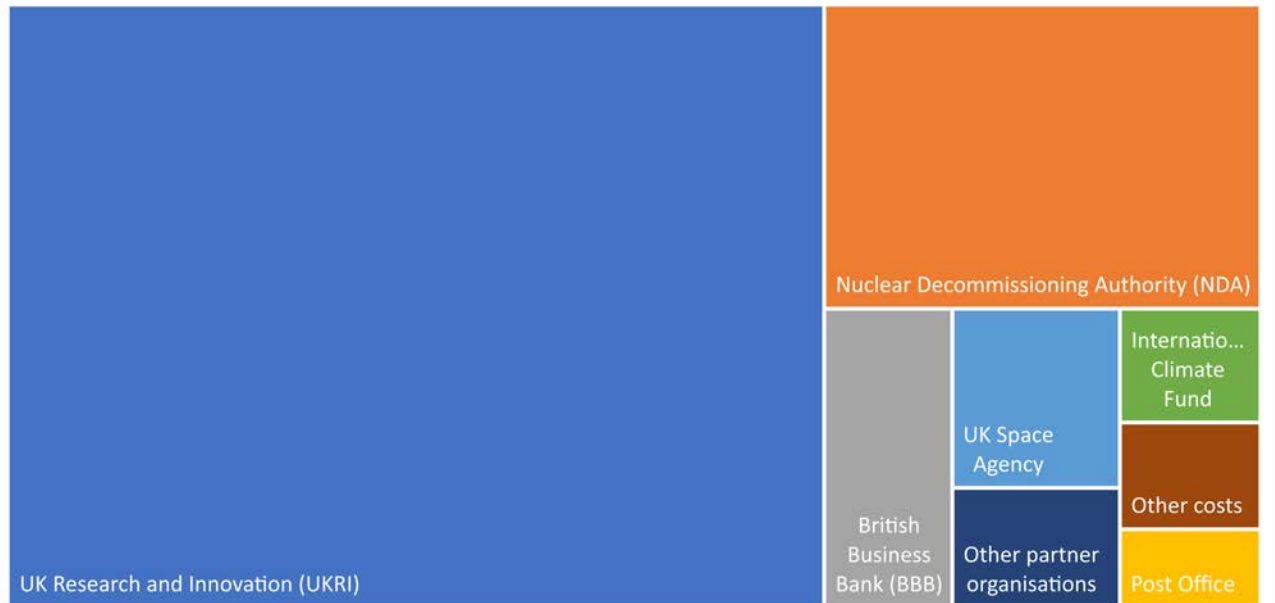
#### 1.3 Main areas of spending

The graphic below shows the main components of BEIS's proposed budget for the current year, after taking account of the latest Supplementary Estimate, and the proportions of funds spent on its main activities.

Resource DEL : total budget £1.4 billion, 2018-19



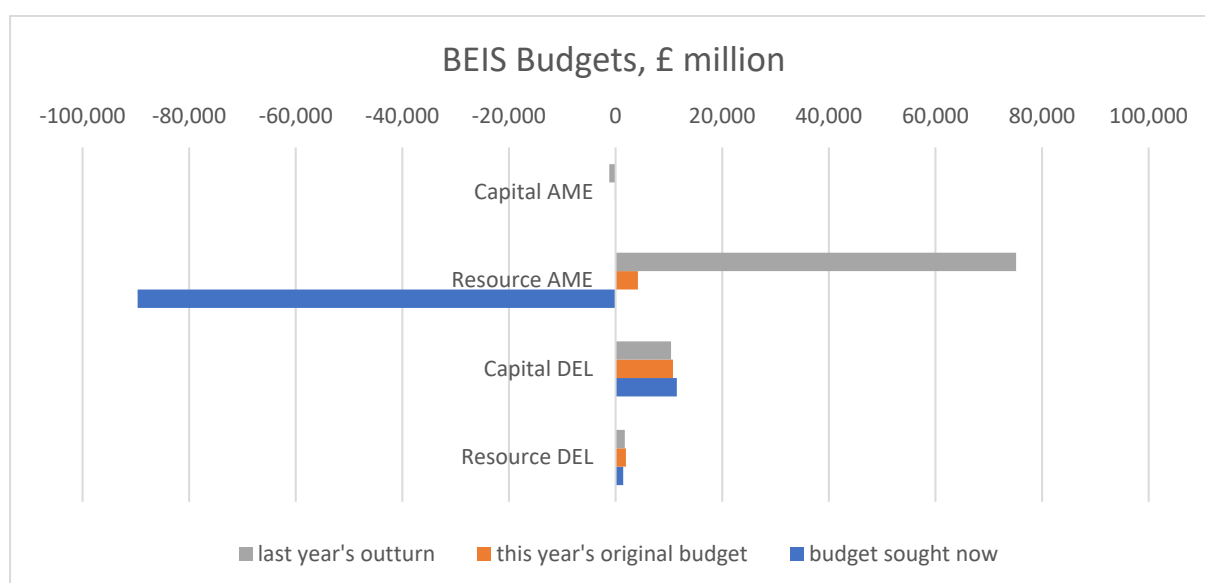
Capital DEL: total budget £11.5 billion, 2018-19



## 1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for BEIS compare with the Main Estimate and outturn for last year:

Spending total Amounts sought this year (Supplementary Estimate 2018-19)		Compared to original budget this year (Main Estimate 2018-19)		Compared to final budget last year (Outturn 2017-18)	
		£ m	%	£m	%
Resource DEL	£1,434.4m	£(503.1)m	-26.0%	£(279.6)m	-19.5%
Capital DEL	£11,496.3m	£727.5m	6.8%	£1,104.3m	+9.6%
Resource AME	£(89,667.7)m	£(93,861.5)m	-2,238.1%	£(164,791.7)m	-219.4%
Capital AME	£45.1m	£194.5m	+130.2%	£1,241.9	+25,247%



## 1.5 Key drivers of spending changes since original budget

The main causes of the changes in Resource DEL are:

- £(475)m Non-Voted Consolidated Fund Extra Receipt (CFER) income from Coal Pension scheme surpluses;
- £97.8m Reserve claim for non-cash impairments;
- £78.3m Reserve claim for EU Exit costs;
- £17.7m funding from the Reserve for South Tees Site Company;
- £24.2m various other Reserve claims/Budget Measures;
- £(13.2)m Budget Exchange deposits;

- £(167)m switch from Resource to Capital for Nuclear Decommissioning Authority (NDA);
- £(6.3)m switch from Resource to Capital for Invest to Save;
- £(65)m switch from Resource to Capital for core BEIS;
- Net £5m increase due to transfers to/from Other Government Departments (OGDs); and
- £(5.9)m Machinery of Government transfer to Cabinet Office for strategic geospatial data policy.

The main causes of the changes in Capital DEL are:

- £150m contingency reserve claim for UKRI, to cover potential costs of transition from its legacy bodies;
- £480.9m increase in British Business Bank budgets, reflecting re-profiling and the Bank's high forecast of loans to be made;
- £55.3m Reserve claim for EU Exit costs;
- £15.5m various other Reserve claims/Budget Measures;
- £(136.6)m Budget Exchange deposits;
- £167m switch from Resource to Capital for NDA;
- £6.3m switch from Resource to Capital for Invest to Save;
- £65m switch from Resource to Capital for core BEIS;
- £(74.9)m Machinery of Government transfer to Cabinet Office for strategic geospatial data policy; and
- Net £(2)m decrease due to transfers to/from OGDs.

The main causes of the changes in Resource AME are:

- £(102)bn reduction in Nuclear Decommissioning Authority provisions following application of new long term discount rates;
- £6bn increase for Low Carbon Contracts Company for the movement in the fair value of liabilities incurred for Contracts for Difference (CFD) for the supply of low carbon electricity; and
- £1.9bn increase in Coal Authority provisions largely due to changes in discount rates.

The main causes of the changes in Capital AME are:

- £315m increase reflecting maximum possible drawdown for Post Office working capital loan for this financial year; and
- £(91.4)m increase in Coal Pension receipts following revaluation of scheme surpluses.

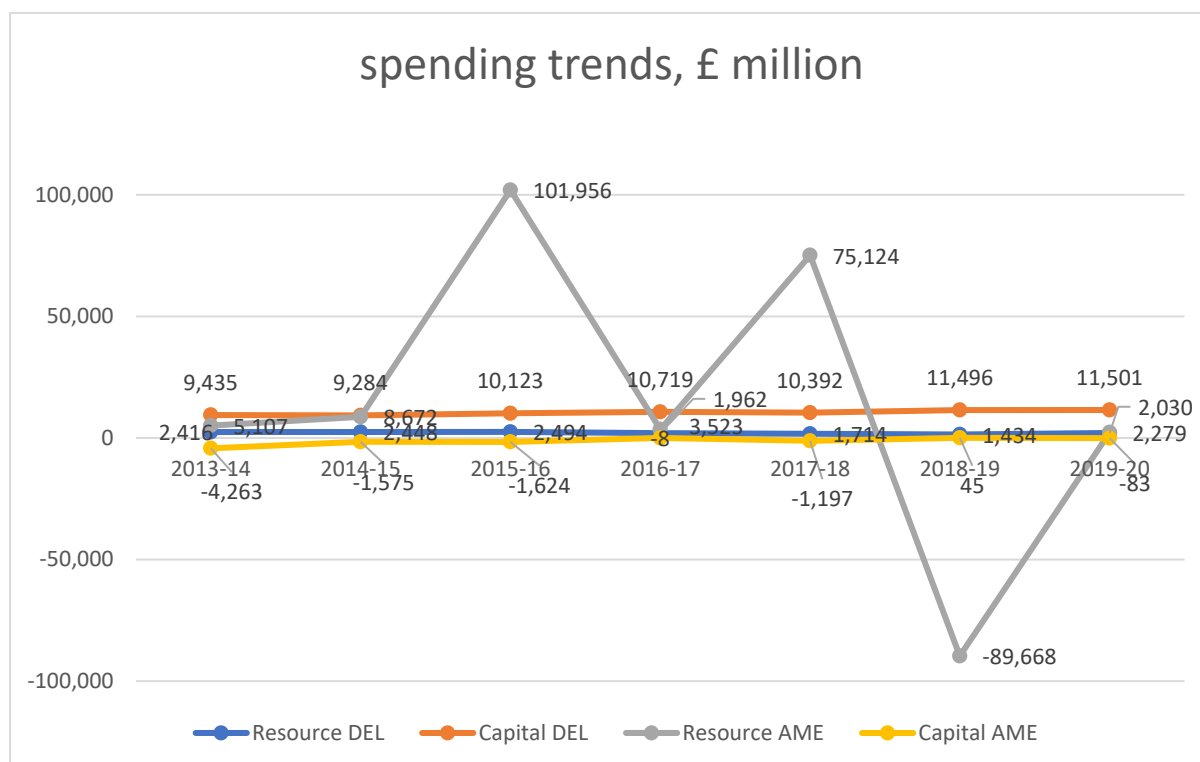
## 1.6 Ambit changes

The ambit has been updated to include the following clearer definitions:

- DEL expenditure - measures to protect investors and consumers including from unsafe products and unfair practice
- AME expenditure -the provision of parental leave schemes.

## 1.7 Spending trends

The charts below show overall spending trends for the last five years, plans presented in Estimates for 2018-19, and current future spending plans.



- Resource DEL spending in 2014-15 and 2015-16 is skewed by the inclusion of over £300m in each of those years due to the Government Electricity Rebate. Net spending for Nuclear Decommissioning Authority is also significantly lower in 2016-17, 2017-18 and 2018-19 primarily due to increased receipts, and the 2018-19 Resource DEL figure includes the one-off Coal Pension surplus receipt of £(475)m;
- Capital DEL has remained broadly stable in cash terms. From 2017-18 onwards there are significant increases in Science and Research including additional funding announced in Autumn Statement 2016 for Research and Development from the National Productivity Investment Fund (NPIF);
- Resource AME is subject to significant fluctuation from year to year due to non-cash costs arising from movements in the fair value of Contracts for Difference and the impact of changes to discount rates on provisions, particularly the large, long-term provision for nuclear decommissioning held by the NDA (which can be seen in 2015-16, 2017-18 and 2018-19); and
- Capital AME is also subject to significant fluctuation from year to year due to privatisation receipts (for Royal Mail and Green Investment Bank) and Coal Pension receipts.

## 1.8 Administration costs

Administration costs are set to increase by 22.6% in 2018-19 compared to last year's final budget.

Spending total Amounts sought this year (Supplementary Estimate 2018-19)		Compared to original budget this year (Main Estimate 2018-19)		Compared to final budget last year (outturn 2017-18)	
		£ m	%	£m	£ m
Administration costs	£482.8 m	+£79.0 m	+19.6%	+£99.5 m	+22.6%

The Department has received an additional £71.6m in Administration Budget from the Reserve for EU Exit costs, compared to £22.0m in 2017-18. In addition, the Administration Budget for the Nuclear Decommissioning Authority has increased by £8.2m (funded by switches from Programme DEL) and £5.7m has also been switched from Programme DEL for Invest to Save projects for shared services modernisation and business process improvement. Finally, the cash management scheme net rebate earned by the Department for performance in cash forecasting, which is applied to Departments' Budgets through the Supplementary Estimate each year, has increased by £0.3m compared to 2017-18, to £0.5m.

## 1.9 Funding: Spending Review and Budgets

The levels of DEL funding for BEIS for 2018-19 are based on plans published in the 2015 Spending Review for the former Department for Business, Innovation and Skills and the former Department of Energy and Climate Changes. Since that time, as well as the Machinery of Government changes which created BEIS, the Government has made a number of changes to 2018-19 Spending Plans including announcements of some additional funding in Budgets and Autumn Statements. Details of funding changes are set out in the Table at Annex B.

Notable amongst these changes are:

- Machinery of Government changes establishing BEIS from BIS and DECC;
- reclassification of Research and Development costs from Resource DEL to Capital DEL in line with ESA10 accounting rules;
- additional funding of over £800 million for Research and Development announced in Autumn Budget 2016;
- routine re-profiling of budgets for the British Business Bank in line with their latest forecasts for 2018-19;
- claims on the Reserve totalling £139.5m have been made for costs towards delivering a successful EU Exit. These are for £84.1m Resource DEL (£71.6m is within the Administration Budget) and £55.3m Capital DEL. Administration budgets have been allocated for ongoing EU Exit staff related costs and towards programme and delivery support e.g. programme managers, legal advice and communications to support the Department in delivering a successful EU Exit. Resource DEL Programme budgets have been allocated towards the delivery of EU Exit programmes, e.g. Nuclear Safeguards programme. Capital DEL budgets have been allocated towards the delivery of EU Exit programmes, including UK Global

Navigation Satellite System (UK GNSS), Horizon 2020, Nuclear Safeguards, and a Markets Surveillance database. The Department issued an update on preparing for EU Exit on 11 January which can be found [here](#)<sup>1</sup>; and

- the reduction from the originally announced £185.1m for BEIS for EU Exit costs is due to business readiness campaign funding being drawn down directly by the Cabinet Office (£8.5m), together with some funding for UK GNSS (£22.6m) and the JET programme (£14.5m) being returned to HMT as this is no longer required this financial year.

## 1.10 Other funding announcements

Spending announcements made during the year not listed at Annex B relate to the allocation of money within existing planned limits, rather than additional money.

These include:

- allocation of funding from the National Productivity Investment Fund;
- allocation of International Climate Finance funding; and
- funding for Catapult centres.

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<sup>1</sup> Further information on individual programmes can be found at the following links:

*UK GNSS:*

<https://www.gov.uk/government/news/space-sector-to-benefit-from-multi-million-pound-work-on-uk-alternative-to-galileo>

*Horizon 2020:*

<https://www.gov.uk/government/news/new-ukri-system-needs-community-input-on-horizon-2020-grants>

*Nuclear Safeguards:*

<https://www.gov.uk/government/news/uk-nuclear-safeguards-on-track-for-eu-exit>

*Markets Surveillance:*

<https://www.gov.uk/government/publications/product-safety-market-surveillance-plans-for-2018-to-2019>

## 2. Spending detail

### 2.1 Explanations of changes in spending

#### Resource DEL

The table below shows how BEIS's spending plans for Resource DEL compare with earlier this year.

Subheads	Description	Resource DEL				see note number
		£ million		%		
		<i>This year (2018-19 Supplementary Estimates budget sought)</i>	<i>This year (2018-19 Main Estimates budget approved)</i>	change from Main Estimate		
A, K	Deliver an ambitious industrial strategy	187.6	155.1	<b>32.5</b>	<b>21.0%</b>	1
B	Maximise investment opportunities and bolster UK interests	66.7	63.0	<b>3.7</b>	<b>5.9%</b>	
C, L	Promote competitive markets and responsible business practices	159.0	147.2	<b>11.8</b>	<b>8.0%</b>	
D	Delivering affordable energy for households and businesses	43.0	54.3	<b>-11.3</b>	<b>-20.8%</b>	2
E, M	Ensuring that our energy system is reliable and secure	11.5	13.4	<b>-2.0</b>	<b>-14.6%</b>	
F, N	Taking action on climate change and decarbonisation	41.1	39.6	<b>1.5</b>	<b>3.7%</b>	
G, O, V	Managing our energy legacy safely and responsibly	-190.5	275.8	<b>-466.4</b>	<b>-169.1%</b>	3
H, P	Science and research	355.8	224.1	<b>131.7</b>	<b>58.7%</b>	4
I, Q	Capability	448.7	483.1	<b>-34.4</b>	<b>-7.1%</b>	
J, Q	Government as shareholder	96.2	98.0	<b>-1.8</b>	<b>-1.8%</b>	
R, S	Nuclear Decommissioning Authority	217.6	386.0	<b>-168.4</b>	<b>-43.6%</b>	5
T	Nuclear Safeguards Development	-2.3	-2.3	<b>0.0</b>	<b>0%</b>	
	<b>total voted and non voted</b>	<b>1,434.4</b>	<b>1,937.5</b>	<b>-503.1</b>	<b>-26.0%</b>	

Differences of more than 10% which are more than £10 million are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the Table at Annex A.

#### 1. Deliver an ambitious industrial strategy.

Resource DEL spending under these subheads is, overall, forecast to increase by £32.5 million, or 21.0% since the Main Estimate.

This is driven by

- £17.7m funding from the Reserve for South Tees Site Company, as agreed at Autumn Budget 2017;



- a £39.3m increase to align with final opening internal budgets, the most significant of which is an additional £49m for compensation payments to Energy Intensive Industries for Feed in Tariffs which was not included in Main Estimate budgets for this line;
- a reduction of £(5.9)m due to the Machinery of Government transfer of strategic geospatial data policy to Cabinet Office;
- the switch of £(15)m funding for Business Basics (£1m) and Regional Growth Fund (£14m) to Capital DEL;
- Budget Exchange deposits of £(2.5)m for Productivity Council (£1.5m) and Business Basics (£1m);
- a £(1.2)m reduction in British Shipbuilders provision utilisation; and
- the transfer in of £0.3m funding from Security and Intelligence Agencies for Cyber Security.

## 2. Delivering affordable energy for households and businesses

Resource DEL spending under this subhead is, overall, forecast to fall by £11.3 million, or 20.8%, since the Main Estimate.

This decrease is entirely due to changes to align with final opening internal budgets.

## 3. Managing our energy legacy safely and responsibly

Resource DEL spending under these subheads is, overall, forecast to fall by £466.4 million, or 169.1%, since the Main Estimate.

This is driven by:

- £(475.0)m CFER (Consolidated Fund Extra Receipts) income from Coal Pension scheme surpluses;
- a £5m increase to align with final opening internal budgets; and
- the transfer in of £4.2m from Security and Intelligence Agencies for Global Threat Reduction and Nuclear Security.

## 4. Science and research

Resource DEL spending under these subheads is, overall, forecast to increase by £131.7 million, or 58.7%, since the Main Estimate.

This is driven by:

- a claim on the Reserve for £97.8m for depreciation and impairments for UKRI (including £58.7m for impairments regarding the LMB (Laboratory of Molecular Biology) building due to change in tax status, and £37m depreciation for Diamond Light Source, not included in SR15 settlements);
- a £25.1m increase to align with final opening internal budgets;
- £5m additional funding as announced in Autumn Budget 2018 for University Enterprise Zones; and
- the transfers in of £2m from Department for Education for UK India Education Research Initiative; £0.7m from Foreign and Commonwealth Office for GSIE; and £0.3m from Security and Intelligence Agencies for Cyber Security.

## 5. Nuclear Decommissioning Authority

Net Resource DEL spending under these subheads, is, overall, forecast to decrease by £168.4 million, or 43.6%, since the Main Estimate. This reflects the switch of £167m from Resource to Capital DEL to match the expected split between Resource and Capital DEL for nuclear

decommissioning costs, together with a transfer to Security and Intelligence Agencies for the Counter-Terrorism Accelerator Fund.

## Capital DEL

The table below shows how spending plans for Capital DEL compare with the Main Estimate.

Subheads	Description	Capital DEL				see note number
		£ million		%		
		<i>This year (Supplementary Estimate 2018-19 sought)</i>	<i>This year (Main Estimate 2018-19 approved)</i>	change from Main Estimate		
A, K	Deliver an ambitious industrial strategy	-59.3	128.2	<b>-187.4</b>	<b>-146.2%</b>	6
B	Maximise investment opportunities and bolster UK interests	244.1	284.0	<b>-39.9</b>	<b>-14.1%</b>	7
C, L	Promote competitive markets and responsible business practices	7.6	0.0	<b>7.6</b>	-	
D	Delivering affordable energy for households and businesses	32.7	42.6	<b>-9.8</b>	<b>-23.1%</b>	
E, M	Ensuring that our energy system is reliable and secure	-0.6	0.3	<b>-0.9</b>	<b>-290.0%</b>	
F, N	Taking action on climate change and decarbonisation	92.4	255.1	<b>-162.7</b>	<b>-63.8%</b>	8
G, O, V	Managing our energy legacy safely and responsibly	18.1	15.9	<b>2.2</b>	<b>13.6%</b>	
H, P	Science and research	8,215.1	7,950.7	<b>264.4</b>	<b>3.3%</b>	
I, Q	Capability	-103.6	226.4	<b>-329.9</b>	<b>-145.8%</b>	9
J, R	Government as shareholder	1,031.6	14.6	<b>1,017.0</b>	<b>6,962.7%</b>	10
S, T	Nuclear Decommissioning Authority	2,018.0	1,851.0	<b>167.0</b>	<b>9.0%</b>	
T	Nuclear Safeguards Development	-	-	-	-	
	<b>total voted and non voted</b>	<b>11,496.3</b>	<b>10,768.8</b>	<b>727.5</b>	<b>6.8%</b>	

Differences of more than 10% which are more than £10 million are explained below.

### 6 Deliver an ambitious industrial strategy

Capital spending under these subheads is, overall, forecast to reduce by £187.4 million or 146.2%, due largely to a reduction of £(74.9)m due to the Machinery of Government transfer of strategic geospatial data policy to Cabinet Office, plus increased income of £58.7m from Repayable Launch Investments (which reflects repayments brought forward from 2019-20 and has been offset by Budget Exchange to align the budgetary profile with the actual receipts). In addition, funding for Science and Research, including for Innovate UK,

has been moved to the Science and Research line reflecting the delegation of funding to UKRI.

#### 7 Maximise investment opportunities and bolster UK interests

Capital spending on these programmes is, overall, forecast to decrease by £39.9 million, or 14.1%, as a result of agreed Official Development Assistance (ODA) climate savings reflecting lower spending target for International Climate Finance agreed with Department for International Development (£22m), and £23m of climate related spend captured within the Science & Research ODA budget. This is partially offset by an additional £5.1m claim on the Reserve for the incorrect classification of UK Climate Investments (UKCI) spend in 2017-18.

#### 8 Taking action on climate change and decarbonisation

Capital spending on these programmes is, overall, forecast to decrease by £162.7 million, or 63.8%, primarily as a result of the reprofiling of the £129 million budget for Heat Networks Investment Project (HNIP) together with the surrender of £15 million for Science and Innovation in Climate and Energy under the Budget Exchange scheme.

#### 9 Capability

Capital spending under these subheads is, overall, forecast to decrease by £329.9 m, or 145.8%. This reflects the delegation of funds unallocated at the time of the Main Estimate, and alignment to final opening budgets (notably for Post Office Investment (£168 million), and the Enterprise Capital Fund (£166.2 million)).

#### 10 Government as shareholder

Capital spending under these subheads is, overall, forecast to increase by £1,017.0 million or 6,962.7%. This largely reflects increases for British Business Bank (£681.8 million), plus the inclusion of final opening budgets for Post Office Investment (£168 million), and the Enterprise Capital Fund (£166.2 million). Budgets are set for British Business Bank to deal with a range of possible spending scenarios and ensure that the Bank can operate commercially without being unduly constrained by annual budgeting. This means that there is a possibility of funding being unutilised at the end of the year. The revised budget will provide sufficient buffer to fund committed drawdowns that could occur in the final quarter.

## Resource AME

The table below shows how spending plans for Resource AME compare with Main estimates.

Subheads	Description	Resource AME				note number
		£ million		%		
		<i>This year (2018-19 Supplementary Estimates sought)</i>	<i>This year (2018-19 Main Estimates approved)</i>	change from Main Estimate		
W, AG	Deliver an ambitious industrial strategy	-52.6	-30.9	<b>-21.7</b>	<b>70.3</b>	11
X	Maximise investment opportunities and bolster UK interests	2.0	2.0	<b>0.0</b>	<b>0.0%</b>	
Y	Promote competitive markets and responsible business practices	79.0	94.8	<b>-15.8</b>	<b>-16.7%</b>	12
Z	Ensuring that our energy system is reliable and secure	42.0	-4.1	<b>28.1</b>	<b>-679.7%</b>	13
AA, AH	Taking action on climate change and decarbonisation	6,000.5	0.0	<b>6,000.5</b>	<b>-</b>	14
AB, AI, AN	Managing our energy legacy safely and responsibly	1,726.8	-174.1	<b>1,900.0</b>	<b>-1,091.7%</b>	15
AC, AJ	Science and Research	113.8	81.5	<b>32.4</b>	<b>39.7%</b>	16
AD, AK	Capability	8.3	-19.8	<b>28.2</b>	<b>142.1%</b>	17
AE, AL, AO	Government as Shareholder	480.4	339.5	<b>140.9</b>	<b>41.5%</b>	18
AF	Renewable Heat Incentive	900.0	900.0	<b>0.0</b>	<b>0.0%</b>	
AM	Nuclear Decommissioning Authority	-98,950.0	3,005.0	<b>-101,955.0</b>	<b>-3,392.8%</b>	19
	total voted and non voted	-89,667.7	4,193.8	<b>-93,861.5</b>	<b>-2,238.1%</b>	

Differences of more than 10% which are more than £10 million are explained below.

### 11. Deliver an ambitious industrial strategy

Resource AME spending on British Shipbuilder provisions and NESTA Trust is now forecast to be £21.7 million lower than previously forecast in Main Estimate. This is largely due to a reduction in the value of the British Shipbuilder provision due to the change in discount rates.

### 12. Promote competitive markets and responsible business practices

Resource AME spending on this subhead is forecast to be £15.8 million lower than forecast at Main Estimates. This is largely due to total spending on Parental Leave schemes having reduced by £15.0 million in line with the latest forecasts and revisions to prior year outturn calculated by the Government Actuary's Department.

### 13. Ensuring that our energy system is reliable and secure

Resource AME spending on this subhead is forecast to increase by £28.1 million than in the Main Estimate. This is due to the accounting treatment of Energy Efficiency Loans for public sector organisations. As the loans are interest free, the value is discounted in accordance with HMT guidance, the cost of which is scored to Resource AME.

### 14 Taking action on climate change and decarbonisation

Resource AME spending on these subheads is forecast to be £6 billion higher than in the Main Estimate due to the addition of the Budget for the movements in the fair value of Contracts for Difference held by the Low Carbon Contracts Company. Although there will in practice be no net liability to government, accounting rules mean that the movement within the year in the estimated net present value of future payments to generators has to be recognised as a liability by the Low Carbon Contracts Company. As the matching receipts from electricity suppliers are classified as future taxation they cannot be recognised as an offsetting asset in the accounts.

### 15. Managing our energy legacy safely and responsibly

Resource AME spending on these subheads is forecast to be £1.9 billion higher than in the Main Estimate due largely to movements in the discount rate impacting the value of Coal Authority provisions.

### 16. Science and Research

Resource AME spending on these subheads is forecast to be £32.4 million higher than forecast at Main Estimates. This is largely due to movements in UK Atomic Energy Authority provisions (net £39.0m increase), to account for possible increases arising from the Nuclear Decommissioning Authority carrying out a review of the Life time Plan for UKAEA nuclear decommissioning.

### 17. Capability

Resource AME spending on these subheads is forecast to increase by £28.2 million from the Main Estimate. This is largely due to increases to core Department provisions for Estates costs.

### 18. Government as Shareholder

Resource AME spending on these subheads is forecast to be £140.9 million higher than in the Main Estimate driven by additional budget for British Business Bank (£61.6m, largely for impairments including the impact of the introduction of IFRS9), BIS (Postal Services Act 2011) company (£50m for decrease in fair value of financial assets arising from the introduction of IFRS9), and Enrichment Holdings Limited (£17.2m to account for reduced sterling value of Urenco dividend due to current exchange rates).

## 19. Nuclear Decommissioning Authority

Resource AME spending on this subhead is forecast to reduce by £(98.95) billion compared to the Main Estimate. This is primarily due to new discount rates for provisions being applied to the NDA Nuclear Decommissioning provision. The Treasury has updated the long term discount rate used for provisions to maintain compliance with International Financial Reporting Standards. Where in previous years Treasury issued real discount rates, nominal rates are now issued by the Treasury based on the yield curves of Bank of England conventional gilts and do not take account of inflation (previously the rates provided were in real terms, derived from index-linked gilt data). The change in the long term rate decreases the valuation of these liabilities on the Department's balance sheet. However, the change in discount rate does not change the underlying future costs that will be incurred in meeting these obligations.

### Capital AME

The table below shows how spending plans for Capital AME compare with Main estimates.

Subheads	Description	Capital AME				note number
		£ million		%		
		<i>This year (2018-19 Supplementary Estimates sought)</i>	<i>This year (2018-19 Main Estimates approved)</i>	change from Main Estimate		
W, AG	Deliver an ambitious industrial strategy	-7.5	1.0	<b>-8.5</b>	<b>-846.0%</b>	
AB, AI, AN	Managing our energy legacy safely and responsibly	-112.5	-41.2	<b>-71.3</b>	<b>-173.2%</b>	20
AE, AL, AO	Government as Shareholder	165.0	-109.2	<b>274.2</b>	<b>-251.0%</b>	21
	total voted and non voted	45.1	-149.4	<b>194.5</b>	<b>130.2%</b>	

## 20. Managing our energy legacy safely and responsibly

Capital AME expenditure on these subheads is forecast to be £71.3 million lower than in the Main Estimate due to increased income from Coal Pension surpluses following the latest Government Actuary Department revaluation of the Mineworkers' Pension Scheme. This is partially offset by the unwinding of the discount in the value of the expected income which is included as a receivable in the BEIS accounts.

## 21. Government as Shareholder

Capital AME expenditure on these subheads is forecast to be £274.2 million higher than in the Main Estimate due primarily to the inclusion of £315m cover for the Post Office working capital loan, representing the maximum increase in the drawdown of the facility that could take place in 2018-19. This is partially offset by increased income of £40.8 million for the BIS (Postal Services Act 2011) company.

## 2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets without express permission from HM Treasury.

Spending total Amounts sought this year (Supplementary Estimate 2018-19)		Compared to original budget this year (Main Estimate 2018- 19)		Compared to final budget last year (outturn 2017-18)	
		£ m	%	£m	%
Science and Research (Capital DEL)	£6,123.6m	+£378.6m*	+6.6%*	+£393.6m	+6.9%
<i>Of which:</i>					
<i>Infrastructure</i>	£1,183.6m	<i>Split not available</i>	<i>Split not available</i>	<i>Split not available</i>	<i>Split not available</i>
<i>R&amp;D</i>	£4,526.0m	<i>Split not available</i>	<i>Split not available</i>	<i>Split not available</i>	<i>Split not available</i>
<i>Global Challenges / Newton Fund</i>	£414.0m	+£0.0m	+0.0%	+£94.0m	+29.4%
International Climate Finance ODA (Official Development Assistance) (Resource DEL)	£66.7m	+£3.7m	+5.9%	+£26.5m	+65.9%
International Climate Finance ODA (Capital DEL)	£244.1m	-£39.9m	-14.1%	-£45.8m	-15.8%
Invest-to-save	£43.8m	-£10.2m	-18.9%	+£17.1m	+64.0%
Financial transactions	£591.9m	+£389.3m	+192.2%	+£264.0m	+80.5%
<i>Of which:</i>					
<i>British Business Bank</i>	£584.0m	+£681.8m	+697.3%	+£208.5m	+55.5%
<i>Northern Powerhouse</i>	£55.7m	+£10.0m	+21.8%	+£5.2m	+10.3%
<i>Midlands Engine</i>	£42.7m	+£0.0m	+0.0%	+£40.4m	+1,768.1%
<i>UK Green Investment Platform</i>	£10.0m	-	-	-£27.1m	-73.1%

<i>Heat Networks</i>	<i>£8.5m</i>	<i>-£60.0m</i>	<i>-87.6%</i>	<i>+£8.5m</i>	<i>n/a</i>
<i>Met Office</i>	<i>£31.9m</i>	<i>-</i>	<i>-</i>	<i>+£7.4m</i>	<i>+30.2%</i>
<i>UKRI</i>	<i>-£0.2m</i>	<i>-£19.7m</i>	<i>-92.1%</i>	<i>-£51.6m</i>	<i>-100.2%</i>
<i>Launch Investments</i>	<i>-£216.0m</i>	<i>-£58.7m</i>	<i>-37.3%</i>	<i>-£114.0m</i>	<i>-111.7%</i>
<i>Other</i>	<i>£73.3m</i>	<i>-£164.1m</i>	<i>-69.1%</i>	<i>+£186.8m</i>	<i>+115.9%</i>
Nuclear Decommissioning Authority (Resource DEL)	£217.6m	-£168.4m	-43.6%	+£139.7m	+179.2%
Nuclear Decommissioning Authority (Capital DEL)	£2,018.0m	+£167.0m	+9.0%	-£33.0m	-1.6%
Heat Networks – fiscal	£0.0m	-£69.0m	-100.0%	-£6.0m	-100.0%
Coal Authority – mine-water treatment	£8.8m	n/a	n/a	+£1.7m	+23.9%
Energy Research, Development and Demonstration	£83.2m	-£33.9m	-29.0%	+£38.1m	+84.5%
Public Sector Energy Efficiency	£32.1m	-£9.9m	-23.6%	-£10.3	-24.3%
Depreciation	£377.1m	+£97.8m	+35.0%	+£110.6m	+41.5%

\* Main Estimate figures based on SR15 settlement, not final allocations

### 2.3 Changes to contingent liabilities

The list of contingent liabilities shown in Part III: Note K has been updated in line with those included in the BEIS 2017-18 Annual Report and Accounts.



### 3. Priorities and performance

#### 3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to Departmental priorities under the Single Departmental Plan

Objective>>>>	1: Deliver an ambitious industrial strategy	2: Maximise investment opportunities and bolster UK interests as we leave the EU	3: Promote competitive markets and responsible business practices	4: Ensure the UK has a reliable, low cost and clean energy system	5: Build a flexible, innovative, collaborative and business-facing department
Estimates subheads					
A, K, W, AG	X				
B, X		X		X	
C, L, Y			X		
D,				X	
E, M, Z				X	
F, N, AA, AH				X	
G, O, V, AB, AI, AN				X	
H, P, AC, AJ	X	X			
I, Q, AD, AK	X	X	X	X	X
J, R, AE, AL, AO	X	X	X		
S, T, AM				X	
V		X		X	
AF				X	

#### 3.2 Measures of performance against each priority

BEIS's Single Departmental plan (see [here](#)) sets out the following high-level objectives, and measures of performance, for the department for the current financial year.

The latest update to these performance measures is [here](#).

#### 3.3 Major projects

The Department is responsible for eight major projects, 2 are nuclear energy or decommissioning projects, and most of the remaining portfolio relates to energy networks and systems:

- Geological Disposal Facility Programme (GDF)

- Heat Networks Investment Project
- Local Land Charges (LLC) Programme
- Magnox & RSRL PBO Competition
- New Polar Research Vessel
- Sellafield Model Change (SMC)
- Smart Metering Implementation Programme
- UKRI Implementation Programme.

The Infrastructure and Projects Authority [reports](#) on delivery of major projects annually. Data for BEIS can be found [here](#).

## 4. Other information

### 4.1 Breakdown of Administration Budget

<b>Spending total</b>		<b>Compared to original budget this year</b>	
<b>Amounts sought this year</b>		<b>(Main Estimate 2018-19)</b>	
<b>(Supplementary Estimate 2018-19)</b>			
	<b>£ m</b>	<b>£ m</b>	<b>%</b>
Wages and salaries	209.8	+18.9	+9.9%
Purchase of goods and services/other	192.4	+85.4	+79.8%
Rentals	1.1	-22.6	-95.2%
Business Rates	4.7	-10.3	-68.9%
Notional Audit Fee	0.6	+0.6	n/a
Depreciation	23.9	+4.6	+23.9%
Sales of goods & services/fees & charges income	-26.9	+5.6	-17.1%
OGD income for Committee on Climate Change	-2.0	-0.7	+55.2%
<b>Total core department &amp; Agency administration</b>	<b>403.6</b>	<b>+81.4</b>	<b>+25.3%</b>
UKRI (depreciation)	5.1	+1.0	+24.9%
ACAS	7.7	+0.0	-0.5%
Competition Service	0.6	+0.0	0.0%
Financial Reporting Council	0.0	-0.2	-100.0%
UK Shared Business Services	4.4	-5.4	-55.3%
Committee on Climate Change	4.6	+1.1	+32.4%
Coal Authority	4.5	+0.1	+2.8%
Oil and Gas Authority	0.0	+0.0	0.0%
Postal Services Holding Co and BIS (Postal Services Act 2011) Co	0.0	-0.2	-100.0%
Nuclear Decommissioning Authority	52.2	+1.2	+2.4%
<b>Total Partner Organisations administration</b>	<b>79.2</b>	<b>-2.4</b>	<b>-2.9%</b>
<b>Total Administration Budget</b>	<b>482.8</b>	<b>+79.0</b>	<b>+19.6%</b>

## 4.2 Additional tables for Nuclear Decommissioning Authority

NDA DEL Budgets	2017-18 outturn £m	2018-19 plans £m	2019-20 plans £m	2020-21 plans £m
Resource DEL expenditure	1,257.6	1,272.6	1,382.0	-*
Resource DEL income	-1,179.7	-1,055.0	-978.0	-*
<b>Net Resource DEL</b>	<b>78.0</b>	<b>217.6</b>	<b>404.0</b>	<b>-*</b>
<i>of which Admin</i>	<i>42.1</i>	<i>52.2</i>	<i>55.0</i>	<i>-*</i>
Capital DEL expenditure	2,051.0	2,018.0	1,927.0	2,086.0
Capital DEL income	-	-	-176.0	-
<b>Net Capital DEL</b>	<b>2,051.0</b>	<b>2,018.0</b>	<b>1,751.0</b>	<b>2,086.0</b>
<b>Total Net DEL</b>	<b>2,129.0</b>	<b>2,235.6</b>		<b>-*</b>

\* NDA RDEL expenditure has yet to be set for 2020-21

NDA AME Budgets	2017-18 outturn £m	2018-19 plans £m	2019-20 plans £m	2020-21 plans £m
Depreciation/Impairments	305.8	60.0	28.0	28.0
Movement in Provisions/other non-cash	69,606.0	-99,010.0	1,041.0	929.0
<b>Total AME</b>	<b>69,911.9</b>	<b>-98,950.0</b>	<b>1,069.0</b>	<b>957.0</b>

NDA Outturn 2014-15 to 2016-17	2014-15 £m	2015-16 £m	2016-17 £m
Resource DEL expenditure	1,433.8	1,417.7	1,290.3
Resource DEL income	-1,011.3	-977.8	-1,029.6
<b>Net Resource DEL</b>	<b>422.6</b>	<b>440.0</b>	<b>260.7</b>
<i>of which Admin</i>	<i>37.1</i>	<i>35.0</i>	<i>38.2</i>
Capital DEL expenditure	1,845.9	1,827.7	1,970.7
Capital DEL income	-2.9	-51.6	-
<b>Net Capital DEL</b>	<b>1,843.0</b>	<b>1,776.1</b>	<b>1,970.7</b>

<b>Total Net DEL</b>	<b>2,265.6</b>	<b>2,216.0</b>	<b>2,231.4</b>
Depreciation/Impairments	61.9	54.4	29.0
Movement in Provisions/other non-cash	5,582.5	89,743.6	2,821.5
<b>Total AME</b>	<b>5,644.4</b>	<b>89,797.9</b>	<b>2,850.5</b>

## 5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by Tom Taylor as Director of Finance and Portfolio and Chief Financial Officer, on behalf of Alex Chisholm, Head of Department and Accounting Officer of the Department for Business, Energy and Industrial Strategy, who is responsible for this Estimate.



Tom Taylor

Chief Financial Officer

Department for Business, Energy and Industrial Strategy

11 February 2019