

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

## Main Estimate 2019-20: 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:

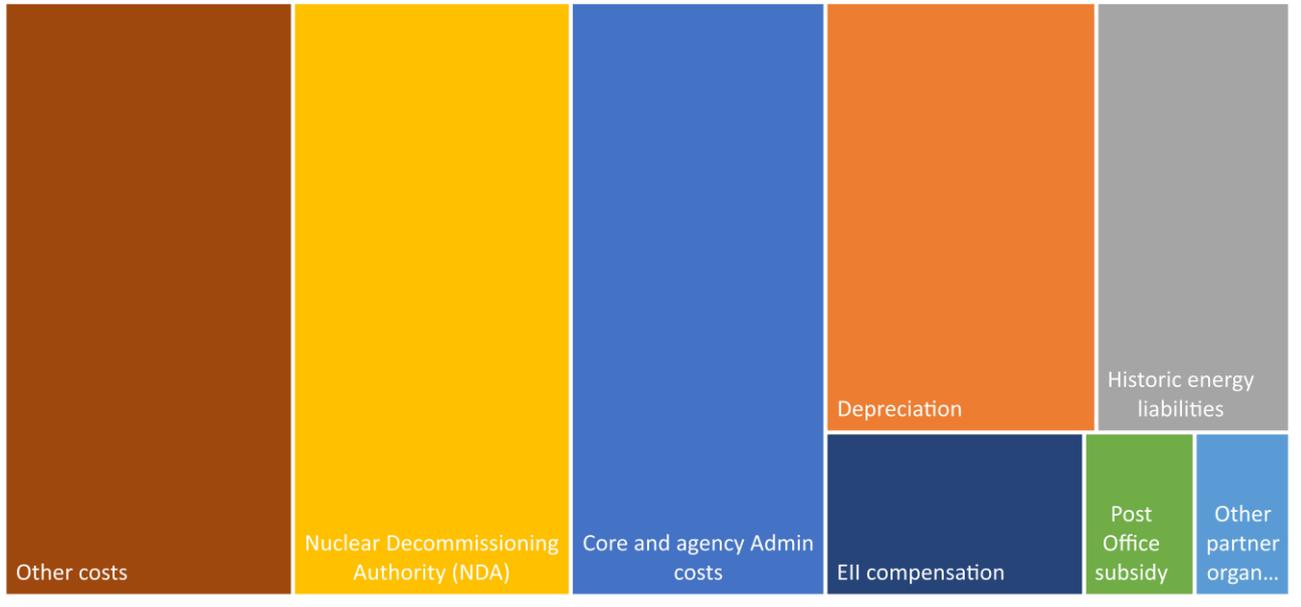
- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs;
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure, Research and Development;
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable day to day 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 new year, included in the latest Main Estimate, and the proportions of funds spent on its main activities.

Resource DEL : total budget £2.1 billion, 2019-20



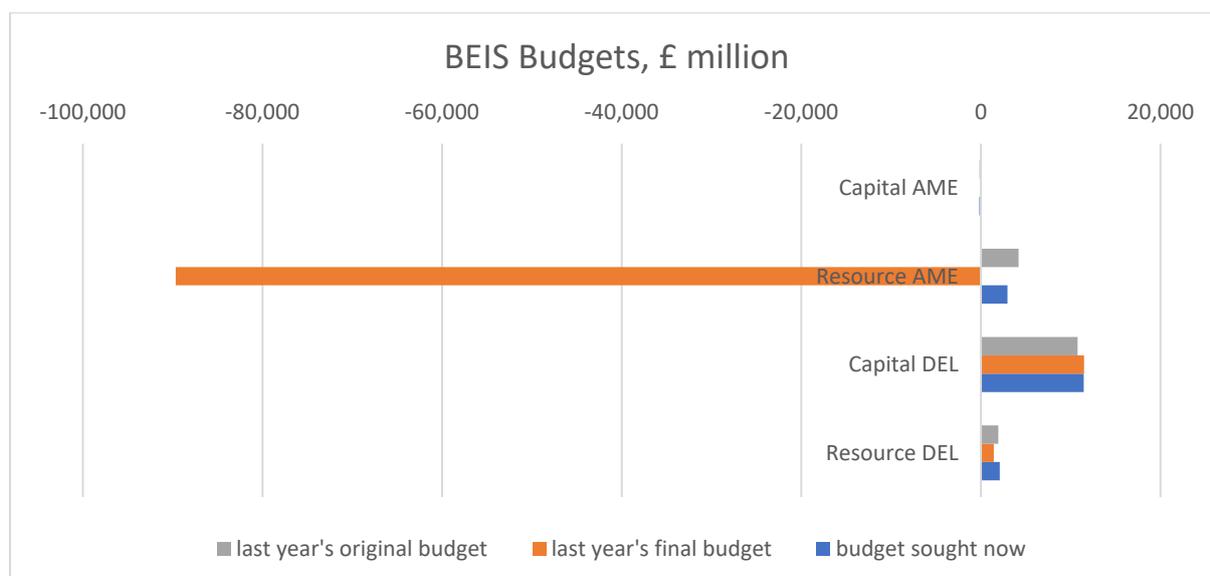
Capital DEL: total budget £11.5 billion, 2019-20



## 1.4 Comparison of spending totals sought

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

Spending total Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018-19)	
		£m	%	£m	%
Resource DEL	£2,111.3m	+676.9	+47.2%	+173.8	+9.0%
Capital DEL	£11,460.7m	-35.6	-0.3%	+691.9	+6.4%
Resource AME	£2,954.7m	+92,622.4	+103.3%	-1,239.1	-29.5%
Capital AME	£(179.0)m	-224.1	-497.1%	-29.6	-19.8%



## 1.5 Key drivers of spending changes since last year

The main causes of the changes in Resource DEL are:

- £(475)m one off in 2018-19 Non-Voted Consolidated Fund Extra Receipt (CFER) income from Coal Pension scheme surpluses;
- £238.7m increase in Nuclear Decommissioning Authority (NDA) Budget (offset by £263.0m decrease in Capital DEL – the split of expenditure between Resource and Capital DEL for the NDA is reviewed each year for the Supplementary Estimate in line with expenditure profiles for the year);

- £97.8m Reserve claim in 2018-19 for non-cash impairments;
- £117.0m Reserve claim for EU Exit costs, compared to £78.3m in 2018-19; and
- £13.2m Budget Exchange from 2018-19 into 2019-20, to match Budgets with expenditure profiles.

The main causes of the changes in Capital DEL are:

- £1.5billion additional expenditure on Research & Development as part of the National Productivity Investment Fund, as announced in Autumn Budget 2016, which is an increase of £0.7billion compared to the additional £0.8billion allocated for 2018-19;
- A reduction of £(150.0)m compared to 2018-19, due to the one-off Reserve claim in the Supplementary Estimate for UKRI, to cover costs of transition from its legacy bodies;
- £(584.6)m decrease in British Business Bank budgets compared to 2018-19, reflecting re-profiling and the Bank's latest forecast of loans to be made;
- £73.0m Reserve claim for EU Exit costs, compared to £55.3m in 2018-19;
- £136.6m Budget Exchange from 2018-19 into 2019-20, to match Budgets with expenditure profiles;
- £114.0m additional Financial Transactions budget for New Investments for Patient Capital, as announced in Autumn Budget 2017 as part of plans to unlock over £20 billion of patient capital investment to finance growth in innovative firms over 10 years; and
- £(263.0)m decrease in NDA Capital Budgets at the time of this Main Estimate compared to 2018-19.

The main causes of the changes in Resource AME are:

- £100.6bn increase compared to £(99.0)bn reduction in Nuclear Decommissioning Authority provisions in 2018-19 following application of new long term discount rates, not repeated in 2019-20 Main Estimate;
- Budgets 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 being drawn down in Supplementary Estimates only (£6.0bn in 2018-19); and
- £(2.0)bn decrease in Coal Authority provisions compared to 2018-19, largely due to changes in discount rates in 2018-19.

The main causes of the changes in Capital AME are:

- £(315.0)m decrease in Post Office working capital loan for this financial year – Budgets for this line are always amended at the Supplementary Estimate to reflect maximum possible drawdown for the year;
- £72.9m reduction in forecast income from the BIS (Postal Services Act 2011) company; and
- £42.5m increase in Nesta Capital expenditure, in line with latest forecasts.

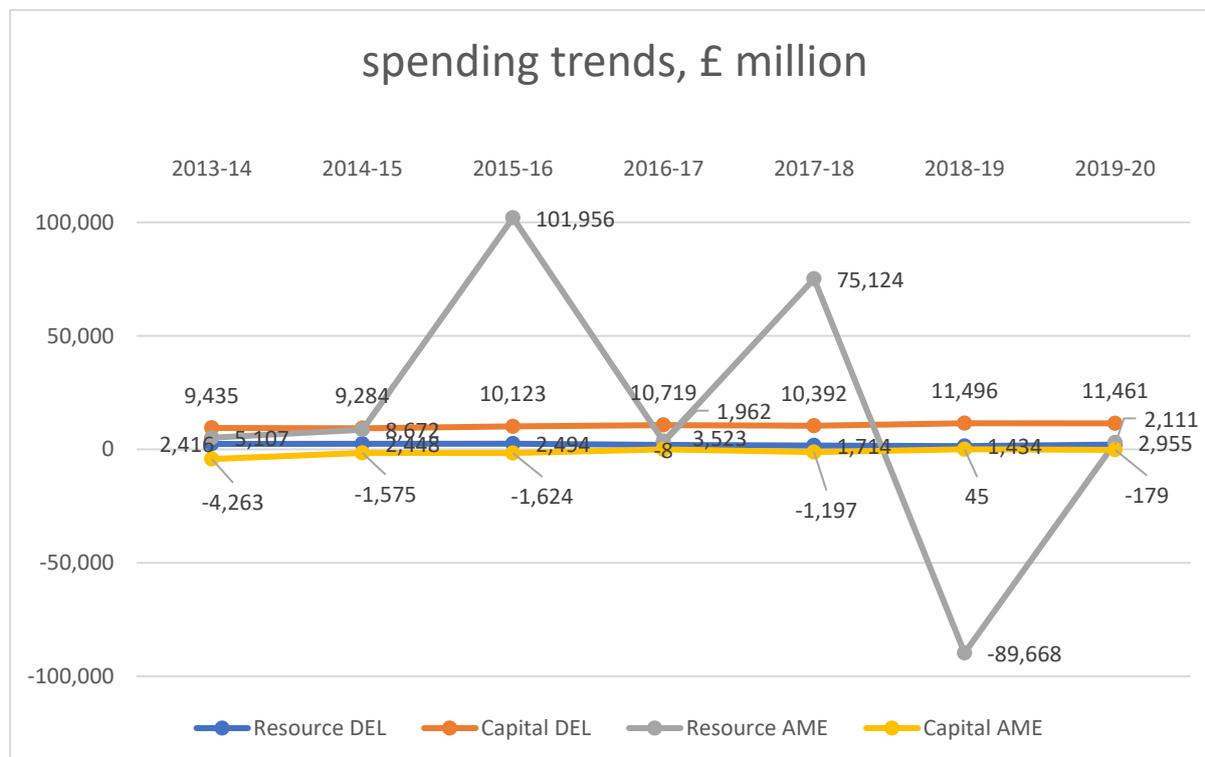
## 1.6 New policies and programmes; ambit changes

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

- DEL expenditure – “support for space related programmes” and “Expenditure arising from the UK’s departure from the European Union”;
- DEL income – the addition of “UK Research and Innovation” to “receipts from financial investments made by...”.

## 1.7 Spending trends

The charts below show overall spending trends for the last five years, and plans presented in Estimates for 2019-20.



- 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, from 2017-18 onwards, seen 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).
- 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 and efficiency plans

Administration costs are set to increase by 8.7% in 2019-20 compared to last year's final budget, reflecting additional work required to prepare for the UK's departure from the EU.

Spending total Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018-19)	
		£m	%	£m	%
Administration costs	£524.9m	+42.1	+8.7%	+121.1	+30.0%

The Department has received an additional £97.0m in Administration Budget from the Reserve for EU Exit costs, compared to £71.6m in 2018-19. In addition, £15.1m of funding from the Reserve has been provided for additional civil service pensions costs, and the Administration Budget for the Nuclear Decommissioning Authority has increased by an additional £2.9m compared to 2018-19 (funded by switches from Programme DEL).

Separating out extra funding for EU Exit, BEIS committed to reduce administration spending by £47m during the current Spending Review period. £36m of this has been achieved to date with the remaining £11m savings planned for and due in 2019-20. This has been achieved through a range of measures including moving forward with our Estates rationalisation programme, delivering efficiencies through the reorganisation of research councils into a single body (UK Research and Innovation) and utilising digital tools to improve productivity and realise smarter working practices.

## 1.9 Funding: Spending Review and Budgets

The levels of DEL funding for BEIS for 2019-20 are based on plans published in the 2015 Spending Review for the former Department for Business, Innovation and Skills (BIS) and the former Department of Energy and Climate (DECC). Since that time, as well as the Machinery of Government changes which created BEIS, the Government has made a number of changes to 2019-20 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 just under £1.5 billion for Research and Development announced in Autumn Budget 2016;
- routine re-profiling of budgets for the British Business Bank in line with forecasts for 2019-20;
- claims on the Reserve totalling £190.0m have been made for costs towards delivering a successful EU Exit. These are for £117.0m Resource DEL (£97.0m is within the Administration

Budget) and £73.0m 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/Europe, and a Markets Surveillance database; and

- additional funding from the Reserve of £21.3m for additional civil service pension costs, of which £15.1m is Administration Budget, and £6.2m is Capital DEL for those bodies whose costs fall entirely within Capital DEL under ESA10 Research and Development Budgeting rules.

### 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.

## 2. Spending detail

As shown in the table in Section 3.1, departmental expenditure can contribute across a number of different strategic objectives, in particular spend assigned to the ‘Science and Research’ and ‘Capability’ subheads. However, due to Parliamentary rules, Budgets must be assigned to only one specific Estimate subhead even though spending often contributes to other lines.

### 2.1 Explanations of changes in spending

#### Resource DEL

The table below shows how BEIS’s spending plans for Resource DEL compare with last year.

Subheads	Description	Resource DEL				see note number
		£ million		%		
		<i>This year (2019-20 Main Estimates budget sought)</i>	<i>Last year (2018-19 Supp Estimates budget approved)</i>	change from last year		
A	Deliver an ambitious industrial strategy	161.5	187.6	-26.1	-13.9%	1
B	Maximise investment opportunities and bolster UK interests	65.0	66.7	-1.7	-2.5%	
C, K	Promote competitive markets and responsible business practices	194.4	159.0	35.4	22.3%	2
D	Delivering affordable energy for households and businesses	55.1	43.0	12.1	28.2%	3
E, L	Ensuring that our energy system is reliable and secure	13.1	11.5	1.6	14.0%	
F, M	Taking action on climate change and decarbonisation	43.9	41.1	2.8	6.7%	
G, N	Managing our energy legacy safely and responsibly	254.5	-190.5	445.0	233.6%	4
H, O	Science and research	284.3	355.8	-71.5	-20.1%	5
I	Capability	513.3	448.7	64.6	14.4%	6
J, P	Government as shareholder	70.0	96.2	-26.2	-27.2%	7
Q, R	Nuclear Decommissioning Authority	456.3	217.6	238.7	109.7%	8
-	Nuclear Safeguards Development	0	-2.3	2.3	-100.0%	
	<b>total voted and non voted</b>	<b>2,111.3</b>	<b>1,434.4</b>	<b>676.9</b>	<b>47.2%</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 decrease by £26.1 million, or 13.9%, compared to 2018-19.

This is driven largely by:

- the need for funding for South Tees Site Company, as agreed at Autumn Budget 2017, to be claimed from the Reserve in the Supplementary Estimate (the equivalent Budget was £17.7m in 2018-19, current forecasts are for c£44m for 2019-20);
- a £13.0m reduction in the budget for compensation payments to Energy Intensive Industries; and
- Budget Exchange carried over from 2018-19 of £2.5m for Productivity Council (£1.5m) and Business Basics (£1m).

## 2. Promote competitive markets and responsible business practices

Resource DEL spending under these subheads is, overall, forecast to increase by £35.4 million, or 22.3%, compared to 2018-19.

This is driven largely by:

- £20.0m additional funding for Local Business Improvement Networks, as announced at Autumn Budget 2018, to support local peer-to-peer networks focused on business improvement so that thousands of business leaders can share expertise on leadership, business development and technology adoption; and
- £10.7m additional funding for the Small Business Leadership Programme, as announced at Budget 2018, which aims to deliver 2,000 management training places in its first year, and 10,000 by 2025.

## 3. Delivering affordable energy for households and businesses

Resource DEL spending under this subhead is, overall, forecast to increase by £12.1 million, or 28.2%, compared to 2018-19.

This is driven largely by:

- £9.1m increase to Energy Efficiency budgets for RE:FIT programme, Local Energy, and owner occupied policy development; and
- £3.6m increase for public sector energy efficiency.

## 4. Managing our energy legacy safely and responsibly

Resource DEL spending under these subheads is, overall, forecast to increase by £445.0 million, or 233.6%, compared to 2018-19.

This is driven largely by:

- The one off £(475.0)m CFER (Consolidated Fund Extra Receipts) income from Coal Pension scheme surpluses in 2018-19;
- a £(13.5)m decrease in expenditure on historical liabilities for British Energy; and
- a £(6.0)m reduction in the Budget for concessionary fuel liabilities.

## 5. Science and research

Resource DEL spending under these subheads is, overall, forecast to decrease by £71.5 million, or 20.1%, compared to 2018-19. This is largely due to a reduction in depreciation and impairments for UKRI, where additional charges were incurred in 2018-19 including £58.7m for impairments regarding the LMB (Laboratory of Molecular Biology) building due to change in tax status. 2018-19 Budgets also included 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.

#### 6. Capability

Resource DEL spending under these subheads is, overall, forecast to increase by £64.6 million, or 14.4%, compared to 2018-19. This largely relates to the increase in Administration Budget as discussed in section 1.8, together with an increase to Centrally held/unallocated programme budgets that are expected to be allocated out during the year and will therefore be moved to other Estimate lines in the Supplementary Estimate.

#### 7. Government as Shareholder

Resource DEL spending under these subheads is, overall, forecast to decrease by £26.2 million, or 27.2%, compared to 2018-19. This is largely due to a Budget of £15.1m for Enterprise Fund being held against this line in 2018-19 only, together with a reduction in the Post Office Network subsidy of £10.0m in line with plans set out in the 2015 Spending Review (SR15).

#### 8. Nuclear Decommissioning Authority

Net Resource DEL spending under these subheads is, overall, forecast to increase by £238.7 million, or 109.7%, compared to 2018-19. The split of expenditure between Resource and Capital DEL for the NDA is reviewed each year for the Supplementary Estimate in line with expenditure profiles for the year for nuclear decommissioning costs. Overall net DEL expenditure for the NDA for 2019-20 is broadly in line with 2018-19 at £2.2 billion.

## Capital DEL

The table below shows how spending plans for Capital DEL compare with last year.

Subheads	Description	Capital DEL				see note number
		£ million		%		
		<i>This year (2019-20 Main Estimate budget sought)</i>	<i>Last year (2018-19 Supplementary Estimate budget approved)</i>	change from last year		
A	Deliver an ambitious industrial strategy	98.8	-59.3	<b>158.1</b>	<b>266.8%</b>	9
B	Maximise investment opportunities and bolster UK interests	270.0	244.1	<b>25.9</b>	<b>10.6%</b>	10
C, K	Promote competitive markets and responsible business practices	6.5	7.6	<b>-1.1</b>	<b>-14.4%</b>	
D	Delivering affordable energy for households and businesses	58.0	32.7	<b>25.3</b>	<b>77.2%</b>	11
E, L	Ensuring that our energy system is reliable and secure	0.1	-0.6	<b>0.7</b>	<b>121.5%</b>	
F, M	Taking action on climate change and decarbonisation	279.0	92.4	<b>186.5</b>	<b>201.8%</b>	12
G, N	Managing our energy legacy safely and responsibly	14.7	18.1	<b>-3.5</b>	<b>-19.1%</b>	
H, O	Science and research	8,683.9	8,215.1	<b>468.8</b>	<b>5.7%</b>	
I	Capability	244.4	-103.6	<b>348.0</b>	<b>336.0%</b>	13
J, P	Government as shareholder	50.2	1,031.6	<b>-981.5</b>	<b>-95.1%</b>	14
Q, R	Nuclear Decommissioning Authority	1,755.0	2,018.0	<b>-263.0</b>	<b>-13.0%</b>	15
	<b>total voted and non voted</b>	<b>11,460.7</b>	<b>11,496.3</b>	<b>-35.6</b>	<b>-0.3%</b>	

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

### 9. Deliver an ambitious industrial strategy

Capital spending under these subheads is, overall, forecast to increase by £158.1 million or 266.8%, due largely to a reduction in income of £157.1m from Repayable Launch Investments (which reflects repayments brought forward from 2019-20 to 2018-19 and was offset by Budget Exchange from 2018-19 to 2019-20 to align the budgetary profile with the actual receipts). In addition, 2018-19 Budgets were increased by one-off £15.0m transfers from Resource to Capital DEL for Business Basics and Regional Growth Fund, which is offset by a number of small increases in other programmes.

#### 10. Maximise investment opportunities and bolster UK interests

Capital spending on these programmes is, overall, forecast to increase by £25.9 million, or 10.6%, compared to 2018-19. This reflects the profile of expenditure on International Climate Finance Official Development Assistance (ODA) set out in SR15.

#### 11. Delivering affordable energy for households and businesses

Capital spending on these programmes is, overall, forecast to increase by £25.3 million, or 77.2%, compared to 2018-19. This reflects the profile of expenditure on Public Sector Energy Efficiency set out in SR15, as amended at Budget 2016, together with the reduction in 2018-19 Budgets for transfers to the Department for Education (£4.3m), the Scottish Government (£3.6m) and the Welsh Assembly Government (£2.1m).

#### 12. Taking action on climate change and decarbonisation

Capital spending on these programmes is, overall, forecast to increase by £186.5 million, or 201.8%, compared to 2018-19, primarily as a result of the profile of expenditure on Energy Research, Development and Demonstration set out in SR15, as amended at Budget 2016, together with the reprofiling of the budget for Heat Networks Investment Project (HNIP) and the carry over from 2018-19 of £15 million for Science and Innovation in Climate and Energy under the Budget Exchange scheme.

#### 13. Capability

Capital spending under these subheads is, overall, forecast to increase by £348.0 million, or 336.0%, compared to 2018-19. This reflects the retention of Financial Transaction Budgets within the centre at the time of preparing the Main Estimate, for delegation during the year; it is expected that the majority of this line will be allocated out to programmes during the year and moved to other lines in the Supplementary Estimate.

#### 14. Government as shareholder

Capital spending under these subheads is, overall, forecast to decrease by £981.5 million or 95.1%, compared to 2018-19. This largely reflects changes for British Business Bank (£584.7 million decrease), Post Office Investment (£126 million decrease, in line with the profiling of the £210m transformation funding), and Enterprise Capital Fund (£321.1 million decrease, due to repayments of ENABLE funding Financial Transactions in 2019-20 compared to a positive Budget of £166.2m in 2018-19). 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, with the 2018-19 Budget having been set to provide sufficient buffer to fund committed drawdowns that could occur in the final quarter. Budgets will be reviewed prior to the Supplementary Estimate in line with the Bank's 2019-20 Business Plan.

#### 15. Nuclear Decommissioning Authority

Capital spending under these subheads is, overall, forecast to decrease by £263.0 million, or 13.0%, compared to 2018-19. The split of expenditure between Resource and Capital DEL for the NDA is reviewed each year for the Supplementary Estimate in line with expenditure profiles for the year for nuclear decommissioning costs. Overall net DEL expenditure for the NDA is broadly in line with 2018-19 at £2.2 billion.

## Resource AME

The table below shows how spending plans for Resource AME compare with last year.

Subheads	Description	Resource AME				see note number
		£ million		%		
		<i>This year (2019-20 Main Estimate budget sought)</i>	<i>Last year (2018-19 Supplementary Estimate budget approved)</i>	change from last year		
S, AA	Deliver an ambitious industrial strategy	-80.6	-52.6	<b>-28.0</b>	<b>-53.3%</b>	16
T, AB	Promote competitive markets and responsible business practices	150.2	79.0	<b>71.2</b>	<b>90.1%</b>	17
U	Ensuring that our energy system is reliable and secure	0.0	24.0	<b>-24.0</b>	<b>-100.1%</b>	18
V, AC, AG	Managing our energy legacy safely and responsibly	-234.8	1,726.8	<b>-1,961.6</b>	<b>-113.6%</b>	19
W, AD	Science and Research	110.5	113.8	<b>-3.3</b>	<b>-2.9%</b>	
X	Capability	-26.3	8.3	<b>-34.6</b>	<b>-414.5%</b>	20
Y, AE, AH	Government as Shareholder	405.6	480.4	<b>-74.8</b>	<b>-15.6%</b>	21
Z	Renewable Heat Incentive	1,010.0	900.0	<b>110.0</b>	<b>12.2%</b>	22
AF	Nuclear Decommissioning Authority	1,620.0	-98,950.0	<b>100,570.0</b>	<b>101.6%</b>	23
	Maximise investment opportunities and bolster UK interests	0.0	2.0	<b>-2.0</b>	<b>-100.0%</b>	
	Taking action on climate change and decarbonisation	0.0	6,000.5	<b>-6,000.5</b>	<b>-100.0%</b>	24
	total voted and non voted	2,954.7	-89,667.7	<b>92,622.4</b>	<b>103.3%</b>	

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

### 16. Deliver an ambitious industrial strategy

Resource AME spending on British Shipbuilder provisions, Launch Investments and Nesta is forecast to be £28.0 million lower than in 2018-19. This is largely due to a one-off reduction in 2018-19 to the value of the British Shipbuilder provision due to the change in discount rates; an £18.0m decrease in Nesta expenditure based on latest forecasts; and a £34.6m increase in notional income for Launch Investments compared to 2018-19.

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

Resource AME spending on this subhead is forecast to be £71.2 million higher than in 2018-19. This is largely due to total spending on Parental Leave schemes having increased by £71.0 million in line with the latest forecasts, which will be revised at the Supplementary Estimate in accordance with the Government Actuary's report expected in December. The 2018-19 figure was lower due to revisions to prior year outturn calculated by the Government Actuary's Department.

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

Resource AME spending on this subhead is forecast to decrease by £24.0 million compared to 2018-19. This is due to the accounting treatment of Energy Efficiency Loans for public sector organisations, as AME Budgets for discounting the value of these interest free loans is calculated in line with HMT guidance issued each year in time for requesting cover in Supplementary Estimates.

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

Resource AME spending on these subheads is forecast to be £1.96 billion lower than in 2018-19 due largely to movements in the discount rate impacting the value of Coal Authority provisions in 2018-19.

#### 20. Capability

Resource AME spending on these subheads is forecast to decrease by £34.6 million compared to 2018-19. This is largely due to increases in 2018-19 to core Department provisions for Estates costs, which are not repeated in 2019-20.

#### 21. Government as Shareholder

Resource AME spending on these subheads is forecast to be £74.8 million lower than in 2018-19, driven by additional budget requested in the 2018-19 Supplementary Estimate for 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). In addition the budget for Redundancy Payments is £24.0m lower than in 2018-19 in line with latest forecasts from the Redundancy Payments Service.

#### 22. Renewable Heat Incentive

Resource AME spending on this subhead is forecast to increase by £110.0 million compared to 2018-19. This reflects the increasing expenditure profile for the Renewable Heat Incentive over the SR15 period. The increased budget in 2019-20 will allow new applicants to apply for the scheme as well as continuing to pay for renewable heat, generated by installations already on the scheme.

#### 23. Nuclear Decommissioning Authority

Resource AME spending on this subhead is forecast to increase by £100.6 billion compared to 2018-19. This is primarily due to new discount rates for provisions being applied to the NDA Nuclear Decommissioning provision in 2018-19, resulting in a one-off credit of £99 billion in 2018-19.

#### 24. Taking action on climate change and decarbonisation

Resource AME spending on these subheads is forecast to be £6 billion lower than in 2018-19 due to the Budget for the movements in the fair value of Contracts for Difference held by

the Low Carbon Contracts Company being requested each year in the Supplementary Estimate. The costs associated with Contracts for Difference are calculated at year-end, and at this stage of the year any values used would be heavily estimated and run the risk of requesting resources in excess of those required.

## Capital AME

The table below shows how spending plans for Capital AME compare with last year.

Subheads	Description	Capital AME				see note number
		£ million		%		
		<i>This year (2019-20 Main Estimate budget sought)</i>	<i>Last year (2018-19 Supplementary Estimate budget approved)</i>	change from last year		
S, AA	Deliver an ambitious industrial strategy	35.0	-7.5	<b>42.5</b>	<b>569.2%</b>	25
V, AC, AG	Managing our energy legacy safely and responsibly	-136.9	-112.5	<b>-24.5</b>	<b>-21.8%</b>	26
Y, AE, AH	Government as Shareholder	-77.1	165.0	<b>-242.1</b>	<b>-146.7%</b>	27
	total voted and non voted	-179.0	45.1	<b>-224.1</b>	<b>-497.1%</b>	

### 25. Deliver an ambitious industrial strategy

Capital AME expenditure on these subheads is forecast to be £42.5 million higher than in 2018-19 due to an increase in the net capital expenditure of NESTA, following a change in investment managers in 2018-19. The expenditure of NESTA is funded by National Lottery endowment and income generated by the body, but included within AME Budgets and the BEIS Estimate.

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

Capital AME expenditure on these subheads is forecast to be £24.5 million lower than in 2018-19 due to a reduction in the unwinding of the discount in the value of the expected income from Coal Pension scheme surpluses, which is included as a receivable in the BEIS accounts.

### 27. Government as Shareholder

Capital AME expenditure on these subheads is forecast to be £242.1 million lower than in 2018-19 due primarily to the inclusion in 2018-19 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. The provision for the Post Office loan will be amended in the Supplementary Estimate in line with the opening balance for 2019-20. This is partially offset by decreased income of £72.9 million for the BIS (Postal Services Act 2011) company.

## 2.2 Restructuring

DEL expenditure for Companies House has moved from the 'Government as Shareholder' heading to the 'Promote competitive markets and responsible business practices' heading. 2018-19 Budgets of £1.7m are therefore shown against Government as Shareholder and 2019-20 Budgets of £0.0m are shown against Promote competitive markets and responsible business practices.

## 2.3 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 (Main Estimate 2019-20)		Compared to final budget last year (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018- 19)	
		£m	%	£m	%
Science and Research (Capital DEL)	£6,251.9m	+128.3	+2.1%	+506.9*	+8.8%*
<i>Of which:</i>					
<i>Infrastructure</i>	<i>£1,079.4m</i>	<i>-104.2</i>	<i>-8.8%</i>	<i>Split not available</i>	<i>Split not available</i>
<i>R&amp;D</i>	<i>£4,654.5m</i>	<i>+128.4</i>	<i>+2.8%</i>	<i>Split not available</i>	<i>Split not available</i>
<i>Global Challenges / Newton Fund</i>	<i>£518.0m</i>	<i>+104.0</i>	<i>+25.1%</i>	<i>+104.0</i>	<i>+25.1%</i>
International Climate Finance ODA (Official Development Assistance) (Resource DEL)	£65.0m	-1.7	-2.5%	+2.0	+3.2%
International Climate Finance ODA (Capital DEL)	£270.0m	+25.9	+10.6%	-14.0	-14.9%
Invest-to-save	£10.2m	-33.6	-76.7%	-43.8	-81.1%

Financial transactions	£349.0m	-242.9	-41.0%	+146.4	+72.3%
<i>Of which:</i>					
<i>British Business Bank</i>	<i>-£0.6m</i>	<i>-584.7</i>	<i>-100.1%</i>	<i>+97.1</i>	<i>+99.4%</i>
<i>Northern Powerhouse</i>	<i>£67.0m</i>	<i>+11.3</i>	<i>+20.2%</i>	<i>+21.3</i>	<i>+46.5%</i>
<i>Midlands Engine</i>	<i>£56.4m</i>	<i>+13.7</i>	<i>+32.1%</i>	<i>+13.7</i>	<i>+32.1%</i>
<i>UK Green Investment Platform</i>	<i>£10.0m</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Heat Networks</i>	<i>£36.0m</i>	<i>+27.5</i>	<i>+323.5%</i>	<i>-32.5</i>	<i>-47.4%</i>
<i>Met Office</i>	<i>£45.4m</i>	<i>+13.5</i>	<i>+42.2%</i>	<i>+13.5</i>	<i>+42.2%</i>
<i>UKRI</i>	<i>£41.6m</i>	<i>+41.8</i>	<i>+20,900.0%</i>	<i>+20.2</i>	<i>+94.4%</i>
<i>Launch Investments</i>	<i>-£58.9m</i>	<i>+157.1</i>	<i>+72.7%</i>	<i>+98.4</i>	<i>+62.6%</i>
<i>Other</i>	<i>£152.1m</i>	<i>+76.9</i>	<i>+102.2%</i>	<i>-85.3</i>	<i>-35.9%</i>
Nuclear Decommissioning Authority (Resource DEL)	£456.3m	+238.7	+109.7%	+70.3	+18.2%
Nuclear Decommissioning Authority (Capital DEL)	£1,755.0m	-263.0	-13.0%	-96.0	-5.2%
Heat Networks – fiscal	£45.0m	+45.0	n/a	-24.0	-34.8%
Coal Authority – mine-water treatment	£8.9m	+0.1	+1.1%	+0.1	+1.1%
Energy Research, Development and Demonstration	£155.0m	+71.8	+86.3%	+38.0	+32.5%
Public Sector Energy Efficiency	£57.5m	+25.4	+79.2%	+15.5	+36.9%
Depreciation	£322.5m	-54.6	-14.5%	+43.2	+15.5%

\* 2018-19 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 remains unchanged from the 2018-19 Supplementary Estimate.

### 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](#).

#### 3.4 Major projects

The Department is responsible for seven current major projects, in the Government Major Projects Portfolio:

- Geological Disposal Facility Programme (GDF)

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

The Infrastructure and Projects Authority [reports](#) on delivery of major projects annually. Data for BEIS can be found [here](#). In addition to the seven projects listed above, BEIS data to be published alongside the next report in June includes two projects now closed, Sellafield Model Change (SMC) and the UKRI Implementation Programme.

## 4. Other information

### 4.1 Breakdown of Administration Budget

<b>Spending total</b>		<b>Compared to final budget last year</b>	
<b>Amounts sought this year</b>		<b>(Supplementary Estimate 2018-19)</b>	
<b>(Main Estimate 2019-20)</b>			
	<b>£ m</b>	<b>£ m</b>	<b>%</b>
Wages and salaries	217.9	+8.1	+3.9%
Purchase of goods and services/other	205.5	+13.1	+6.8%
Rentals	21.6	+20.4	+1810.1%
Business Rates	15.0	+10.3	+221.5%
Notional Audit Fee	-	-0.6	-100.0%
Depreciation	29.3	+5.4	+22.6%
Sales of goods & services/fees & charges income	-40.2	-13.3	+49.5%
OGD income for Committee on Climate Change	-1.5	+0.5	-24.0%
<b>Total core department &amp; Agency administration</b>	<b>447.6</b>	<b>+43.9</b>	<b>+10.9%</b>
UKRI (depreciation)	3.7	-1.4	-27.2%
ACAS	7.8	+0.1	+1.1%
Competition Service	0.7	+0.1	+18.1%
UK Shared Business Services	0.0	-4.4	-100.0%
Committee on Climate Change	4.5	-0.1	-2.7%
Coal Authority	4.7	+0.2	+3.9%
Oil and Gas Authority	0.0	+0.0	0.0%
Nuclear Decommissioning Authority	55.9	+3.7	+7.0%
<b>Total Partner Organisations administration</b>	<b>77.3</b>	<b>-1.8</b>	<b>-2.3%</b>
<b>Total Administration Budget</b>	<b>524.9</b>	<b>+42.1</b>	<b>+8.7%</b>

Note: Both 2018-19 and 2019-20 figures include additional funding for EU Exit as noted in paragraph 1.8.

## 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	1,516.3	-*
Resource DEL income	-1,179.7	-1,055.0	-1,060.0	-*
<b>Net Resource DEL</b>	<b>78.0</b>	<b>217.6</b>	<b>456.3</b>	<b>-*</b>
<i>of which Admin</i>	<i>42.1</i>	<i>52.2</i>	<i>55.9</i>	<i>-*</i>
Capital DEL expenditure	2,051.0	2,018.0	1,755.0	2,086.0
Capital DEL income	-	-	-	-
<b>Net Capital DEL</b>	<b>2,051.0</b>	<b>2,018.0</b>	<b>1,755.0</b>	<b>2,086.0</b>
<b>Total Net DEL</b>	<b>2,129.0</b>	<b>2,235.6</b>	<b>2,211.3</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	40.0	28.0
Movement in Provisions/other non-cash	69,606.0	-99,010.0	1,580.0	929.0
<b>Total AME</b>	<b>69,911.9</b>	<b>-98,950.0</b>	<b>1,620.0</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

xx May 2019