

Department for Business, Energy and Industrial Strategy



Day-to-day Spending (Resource DEL)

BEIS spends 1% of total Resource DEL

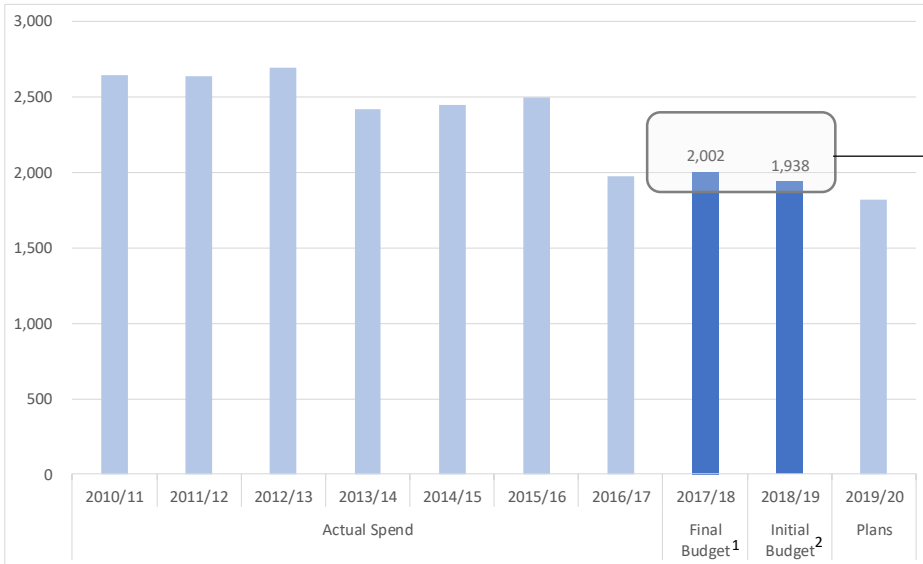
Spending Review 2015

The SR planned reductions, year-on-year in BEIS' resource DEL. Most science funding was reclassified as capital in 2016. As a result, BEIS's capital DEL became far bigger than its day-to-day, resource budget.

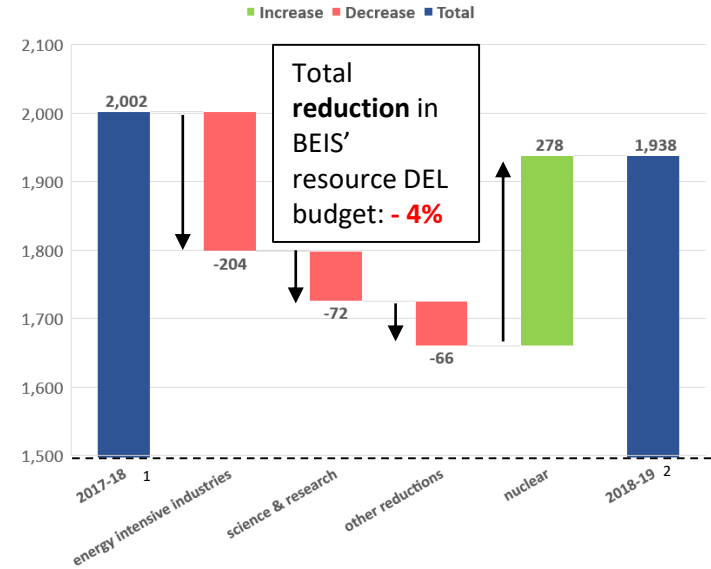
Trends

- Chart below restates figures for current BEIS responsibilities.
- R&D spending is excluded (shown against capital on next slide)
- Spending on industrial strategy and investment has been reducing over the SR period.
- Overall BEIS' Resource DEL has reduced in recent years.

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- Non-inclusion this year of funding to exempt energy intensive industries from costs of government energy policies
- Lower allowance for science and research depreciation this year
- Lower income from nuclear decommissioning currently forecast this year compared to last

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

² Initial budget as at Main Estimates 2018-19 (April 2018)



Investment Spending (Capital DEL)

BEIS spends 17% of total Capital DEL

Spending Review 2015

The SR protected science and research funding in real terms.

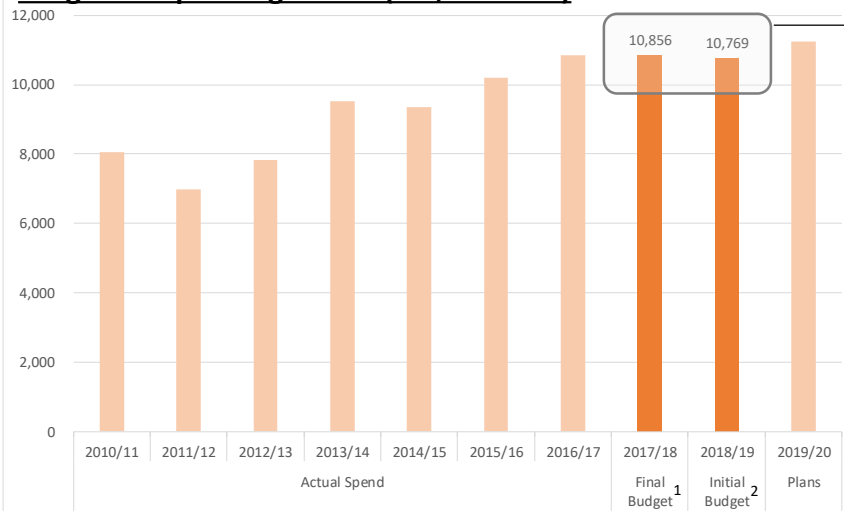
Since then:

- An extra £814 million of R&D funding, above previous planned baseline for 2018-19, was announced in Autumn Statement 2016.
- There has been reprofiling between years of some projects and programmes.

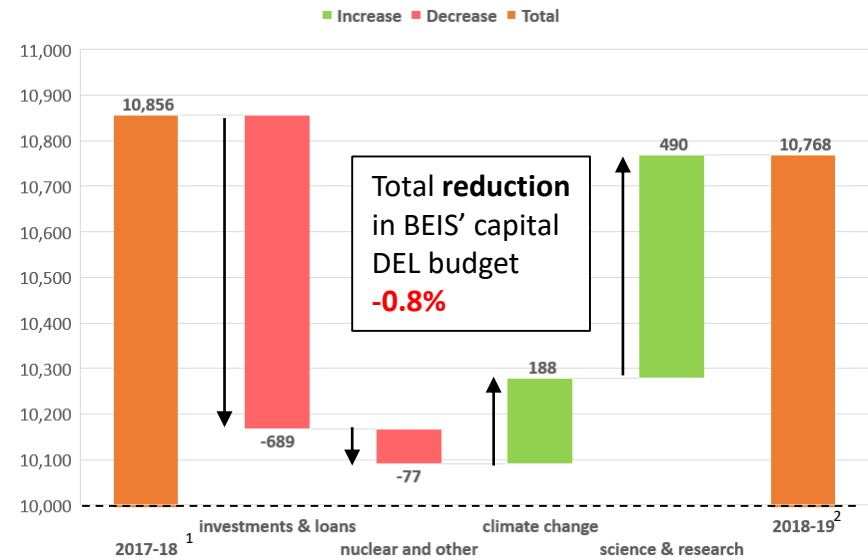
Trends

- Science and research budget (resource & capital) has grown by 38% since 2012-13 from £5,927 million to £8,174 million
- Net spending on investments and government as shareholder has fluctuated from year to year
- Overall capital spending has increased in recent years

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- Reduced net investment (likely both higher loan repayments/sales of government shareholdings and/or lower loans out or amounts invested) through British Business Bank (-£421 million), Enterprise Capital Fund (-£221 million) and launch investments (-£55 million)
- Spending on science & research grows from £7,460 million to £7,950 million
- Spending on tackling climate change up from £66 million to £255 million, including extra £124 million on “heat”
- Capital nuclear decommissioning cost estimates down from £2,058 million to £1,851 million

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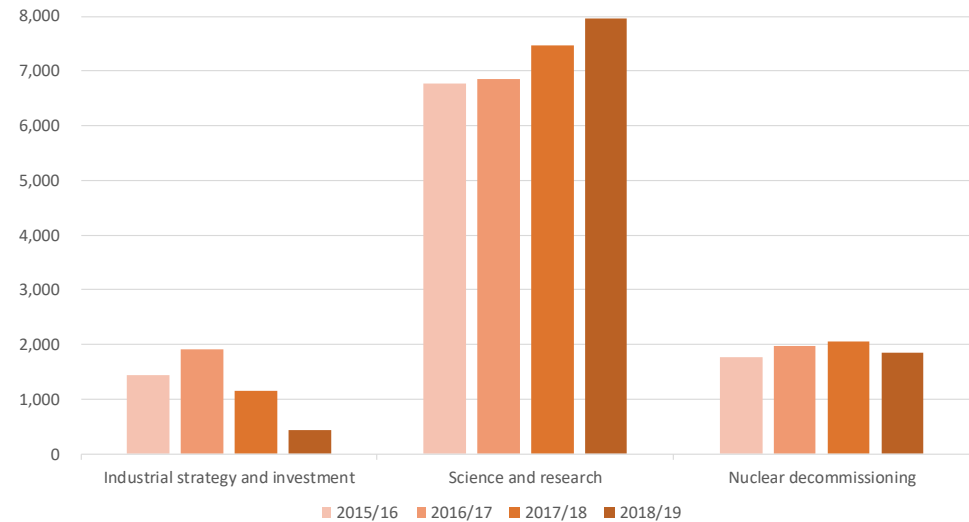
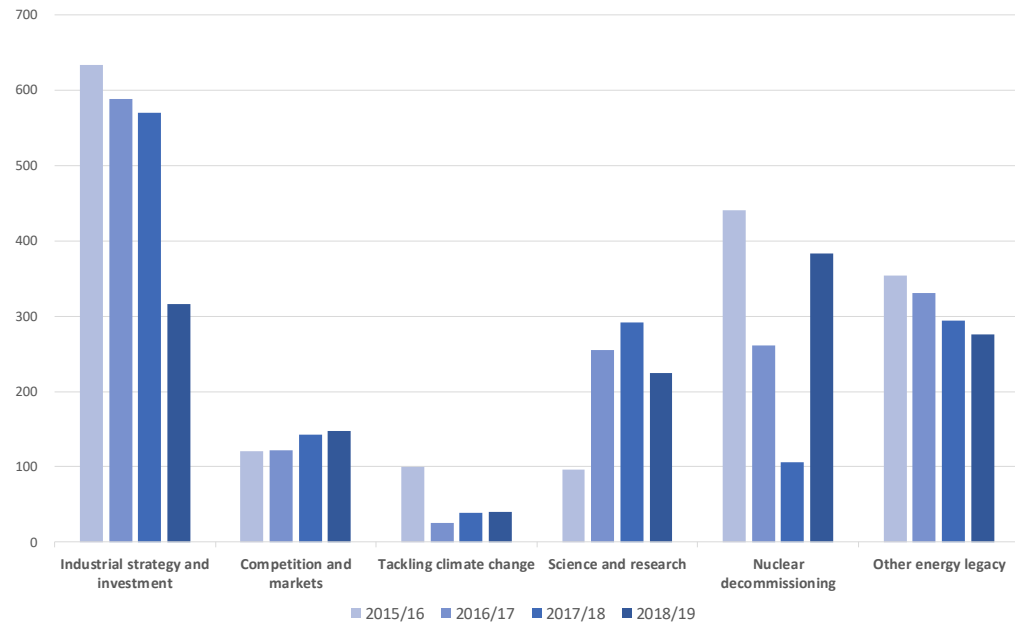
Breakdown of DEL spending: BEIS

Resource DEL

- BEIS has a Resource DEL that is less than a fifth of the size of its capital budget overall
- Industrial strategy and investment includes funding for business and enterprise, “market frameworks”, the Insolvency service, British Business Bank, Post Office network subsidy, ACAS and international climate finance.
- Energy legacy spending consists mainly of British Energy liabilities and concessionary fuel.

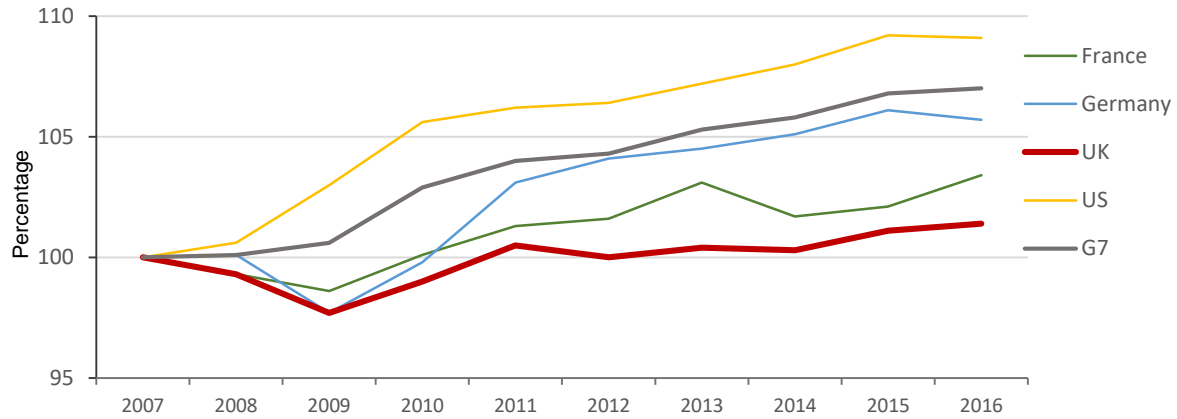
Capital DEL

- BEIS’ capital DEL budget is over five times the size of BEIS’ resource DEL budget and now the biggest capital DEL budget in Whitehall.
- This budget is dominated by science and research funding (nearly £8 billion): making up nearly three quarters of BEIS’ capital DEL budget after being protected in real terms under the last Spending Review.
- Other major elements including nearly £2 billion in-year spending on nuclear decommissioning, and reducing levels of net investment and shareholdings



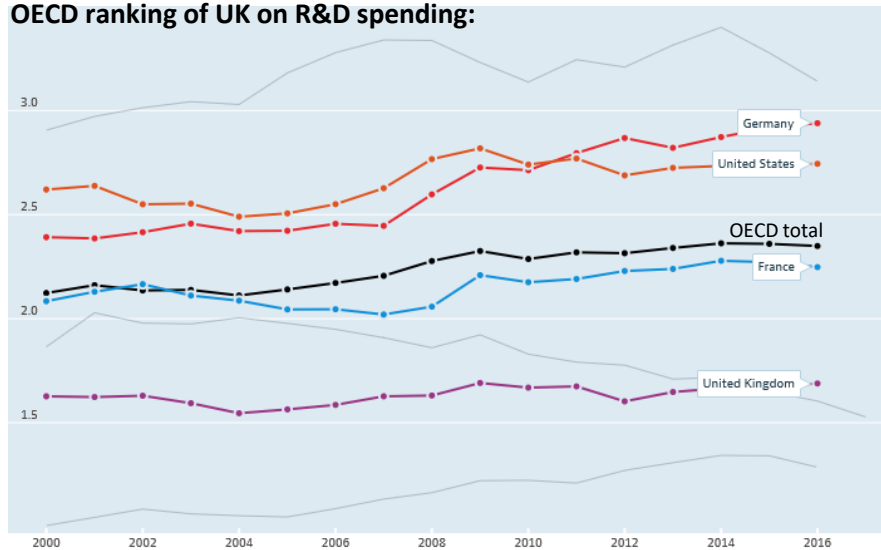
Productivity, GDP growth and R&D spending comparisons:

International comparison in Productivity: *Constant price GDP per hour worked (2007=100%)*



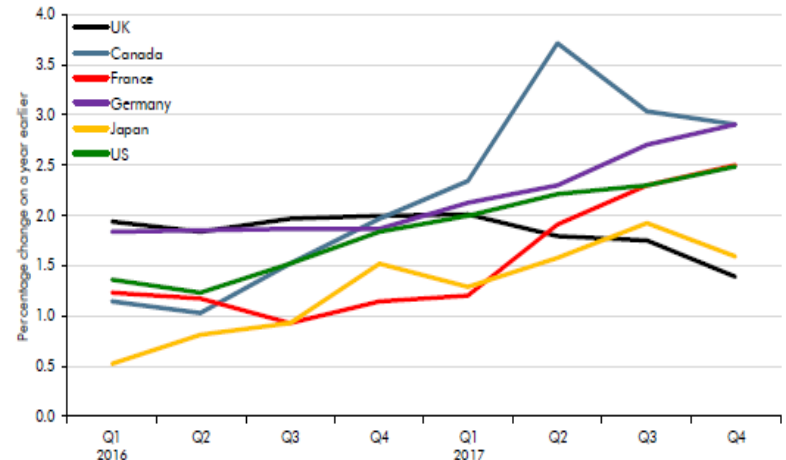
Source: [ONS international comparisons of productivity, April 2018](#)

OECD ranking of UK on R&D spending:



Source: [OECD gross domestic spending on R & D](#)

Chart 2.3: Headline GDP growth in the UK and other G7 countries



Source: Thomson Reuters

Source: [OBR Economic and Fiscal Outlook, March 2018](#)

