

Department for Business, Energy and Industrial Strategy (BEIS)

Out-of-turn Supplementary Estimate 2022-23: Estimates memorandum

1 Overview

1.1 Objectives

The Department for Business, Energy and Industrial Strategy (BEIS) has the following priority outcomes:-

- 1 Fighting coronavirus: supporting business through the pandemic and recovery
- 2 Tackling climate change and delivering net zero
- 3 Unleashing innovation
- 4 Backing long-term growth and boosting enterprise.

Detail of which spending programmes relate to which priorities 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.

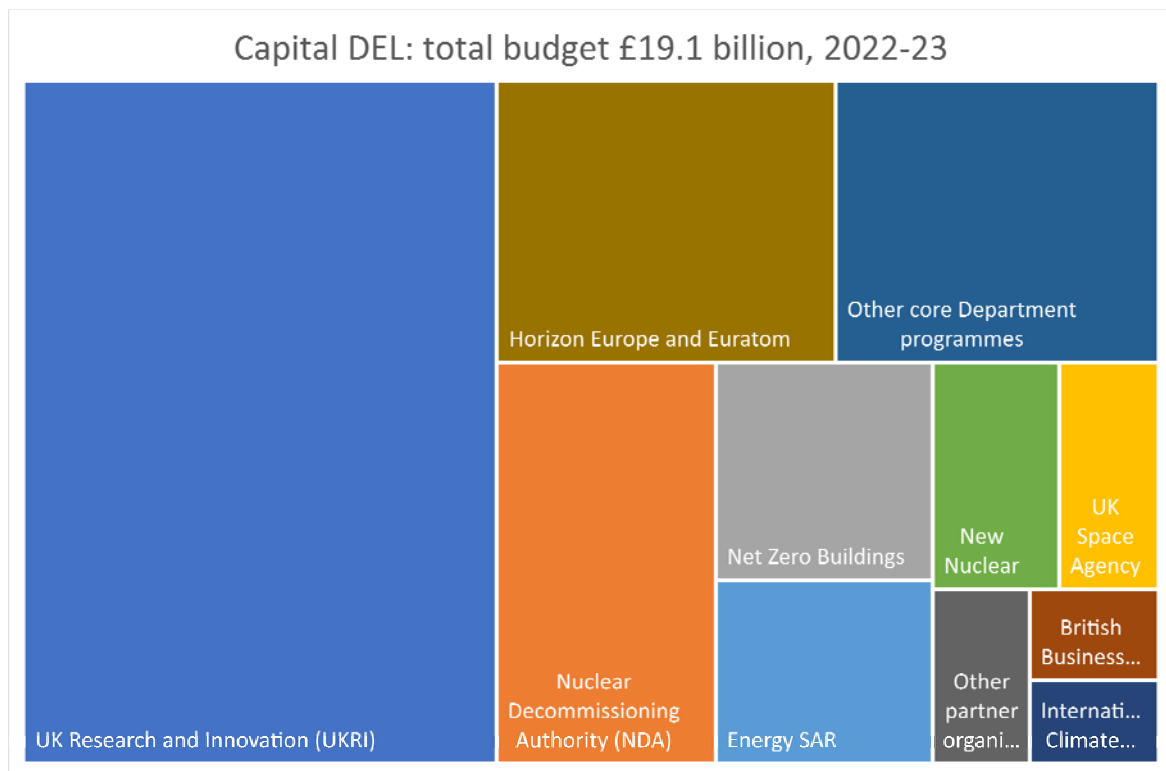
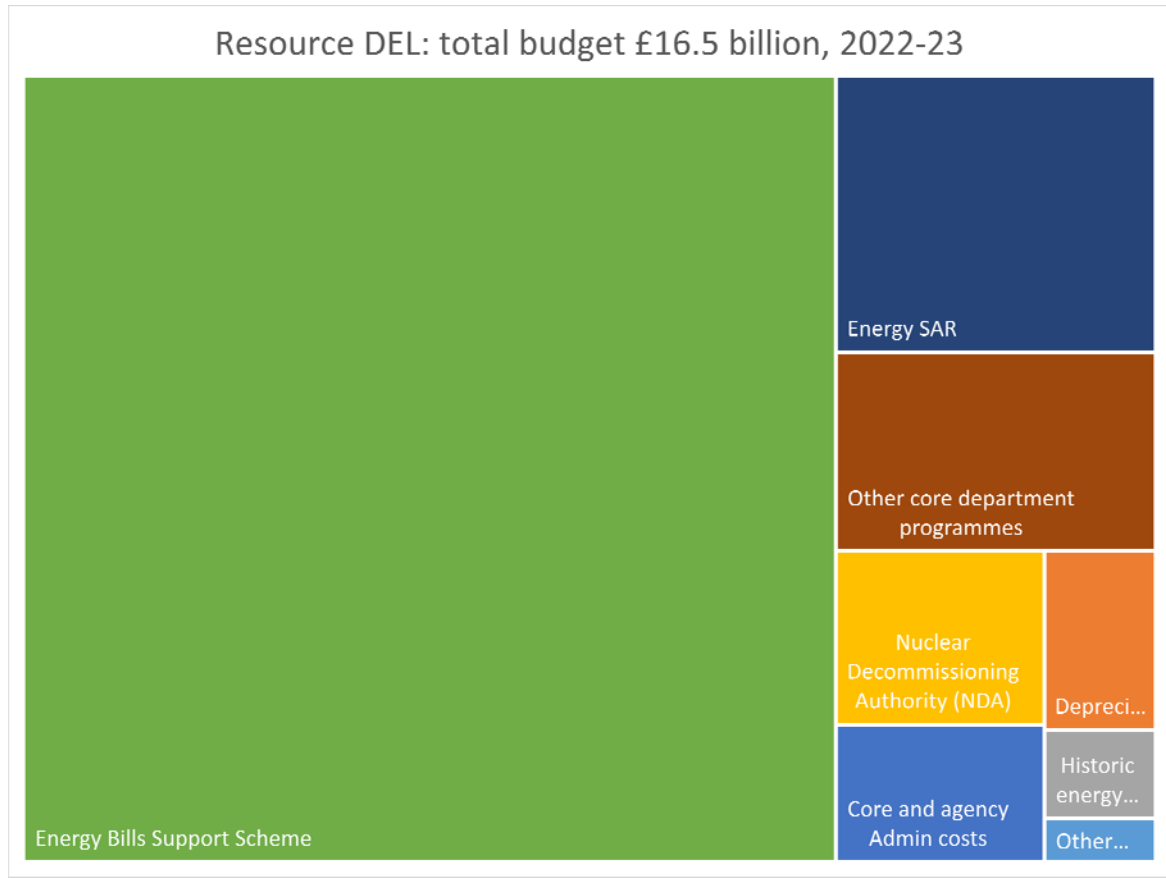
The spending totals which Parliament votes are:

- 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, the new schemes for Energy Price Guarantee and Energy Bill Relief, together with the Renewable Heat Incentive, redundancy and shared parental leave payments, 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, plus since 2020-21 the financial guarantees provided to lenders for Coronavirus business loan 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

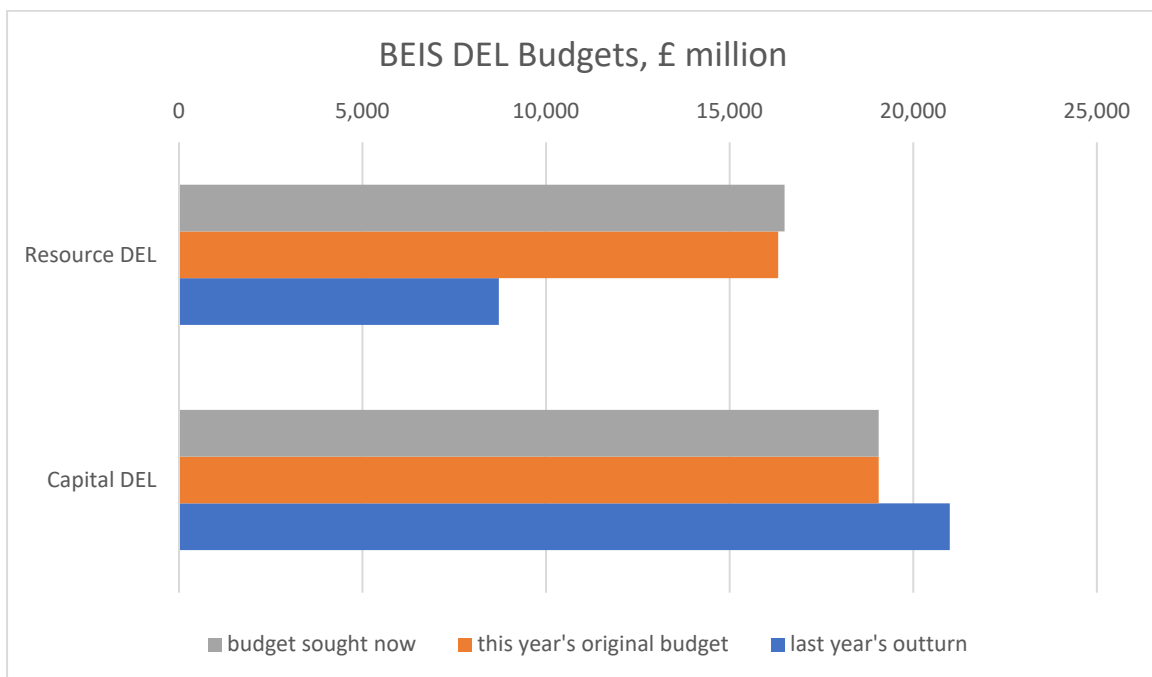
The graphic below shows the main components of BEIS's proposed budget for the current year, after taking account of the latest Supplementary Estimate, and the proportions of funds spent on its main activities.

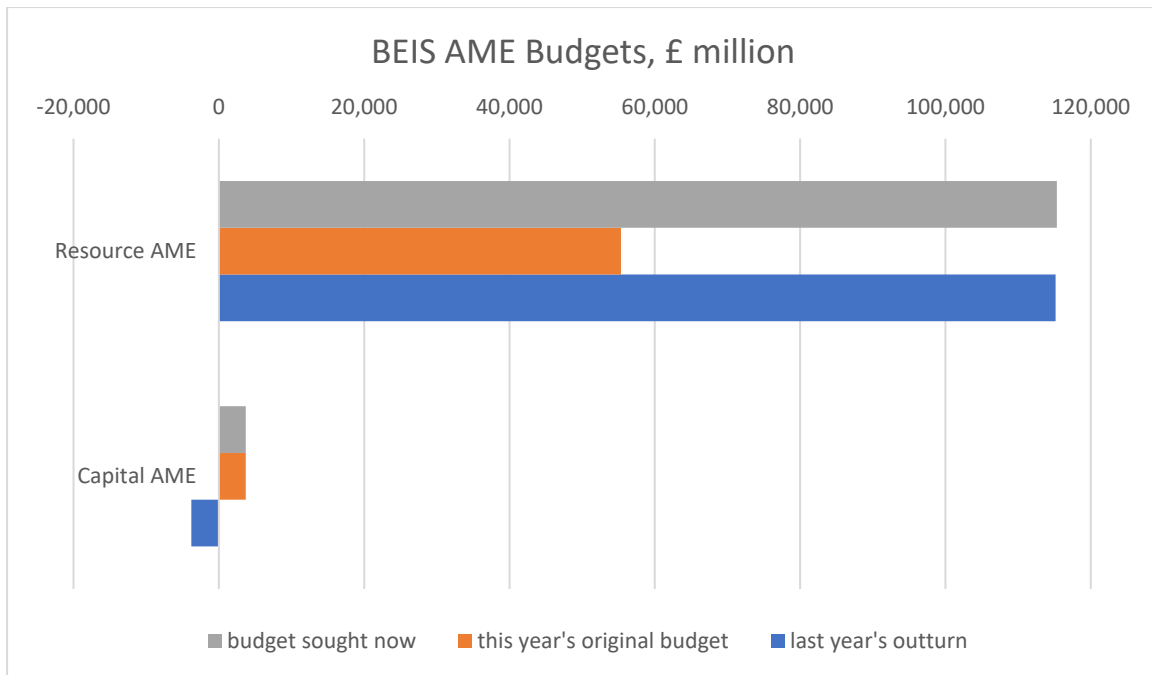


1.4 Comparison of spending totals sought

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 (Out-of-turn Supplementary Estimate 2022-23)		Compared to original budget this year (Main Estimate 2022-23)		Compared to final outturn last year (Outturn 2021-22)	
		£ m	%	£m	%
Resource DEL	£16,496.9m	+£176.0m	+1.1%	+£7,784.9m	+89.4%
Capital DEL	£19,059.5m	-	-	-£1,932.9m	-9.2%
Resource AME	£115,335.5m	+£60,000.0m	+108.4%	+£185.1m	+0.2%
Capital AME	£3,696.5m	-	-	+£7,486.2m	+197.5%





1.5 Key drivers of spending changes since original budget

The change in Resource DEL is:

- £176.0 million increase for the Energy Bills Support Scheme for Northern Ireland. This is to enable BEIS to deliver the implementation of a similar scheme to that of Great Britain, in the continuing absence of an Executive in Northern Ireland. An additional £166.0 million of funding originally allocated to Northern Ireland in the Main Estimate will be transferred to BEIS in the usual Supplementary Estimate round in early 2023.

The changes in Resource AME are to provide funding up to March 2023 for the schemes announced in September for energy bills support, as set out in the Growth Plan 2022¹:

- £31,000.0 million increase for the Energy Price Guarantee² (inc. suspension of green levies); and
- £29,000.0 million increase for the Energy Bill Relief Scheme³.

¹ <https://www.gov.uk/government/publications/the-growth-plan-2022-documents>

² <https://www.gov.uk/government/publications/energy-bills-support/energy-bills-support-factsheet-8-september-2022>

³ <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>

1.6 New policies and programmes; ambit changes

The changes to AME Budgets which relate to new policies and programmes are as outlined above for energy bills.

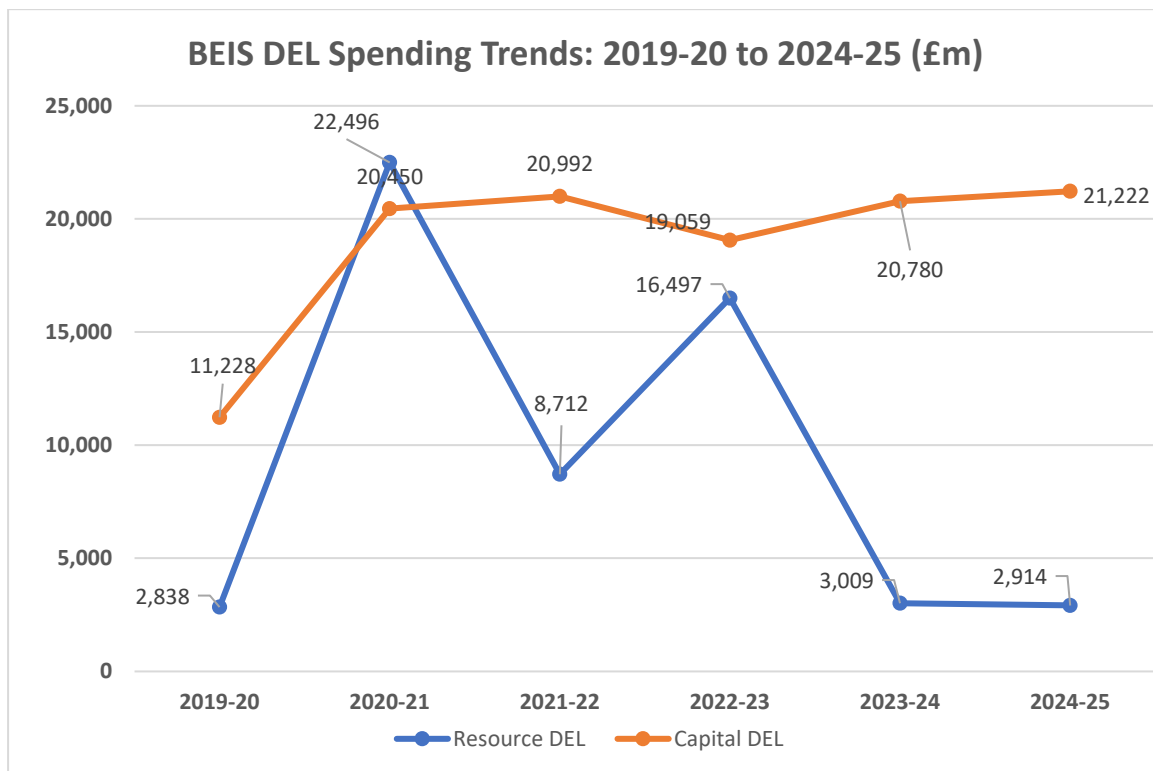
The ambit has been updated to include the following:

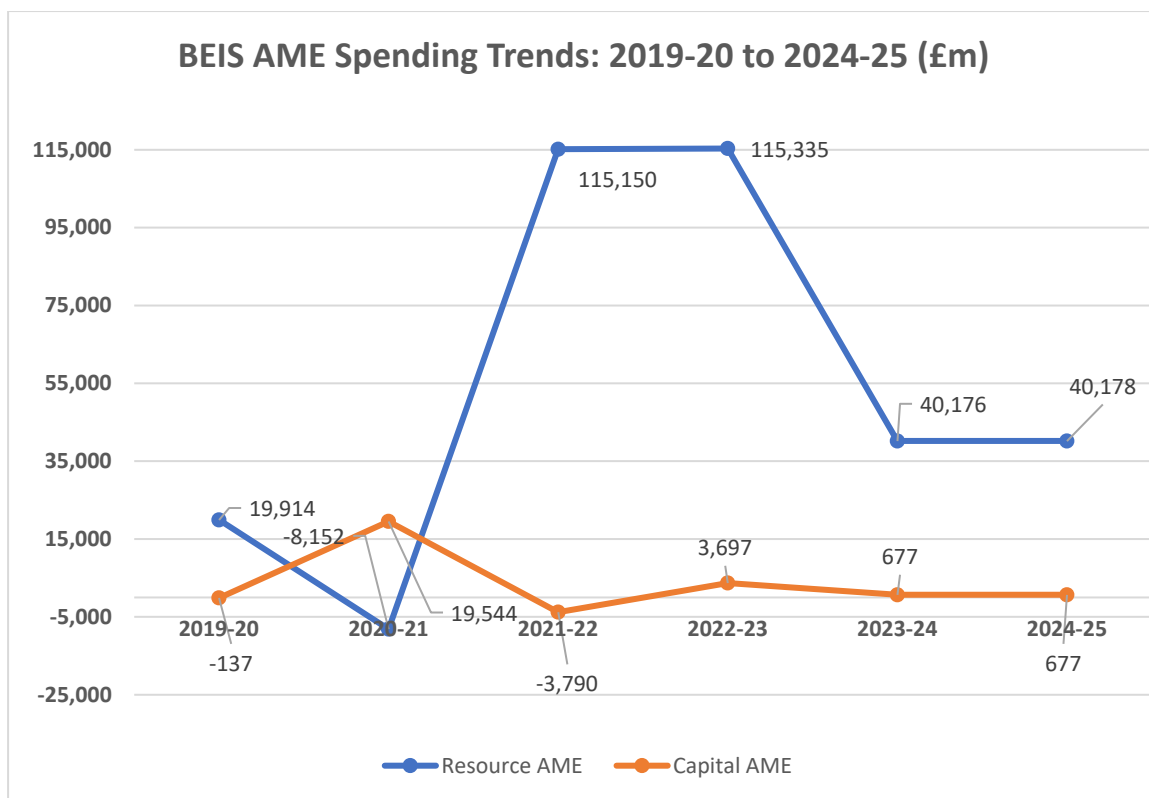
- All sections – “The Energy Security Strategy, to enable or encourage the supply of energy, including acquisition, and making available or enabling access at government expense to, energy or related infrastructure”; and
- Annually Managed Expenditure: expenditure – “Support for consumer and household, business and other non-domestic energy bills”.

This has been added to reflect the additional areas of expenditure arising from the Energy security strategy and the Energy bills schemes respectively.

1.7 Spending trends

The charts below show overall spending trends for the last three years, plans presented in Estimates for 2022-23 and plans for the remainder of the Spending Review period.





All 2020-21 budgets were impacted by additional expenditure in response to the Covid-19 pandemic with increases of £25,141.2 million Resource DEL and £1,396.6 million Capital DEL, and changes to AME Budgets of £(9,614.2) million Resource AME and £31,430.0 million Capital AME.

DEL Budgets

- 2021-22 DEL budgets included further Covid-19 expenditure albeit at lower levels than seen in 2020-21;
- The increase in Resource DEL to £16.5 billion in 2022-23 is largely driven by the Energy Bills Support Scheme;
- Capital DEL has, since 2017-18, seen significant increases in Science and Research. Alongside the increases for Covid-19, 2020-21 included an additional £5.1 billion budget for the Nuclear Liabilities Fund along with a further £5.6 billion in 2021-22;

AME Budgets

- 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. Changes to discount rates can have a particularly significant impact on the large, long-term provision for nuclear decommissioning held by the NDA, as can be seen by the substantial variation in 2021-22; and
- Volatility in Capital AME has significantly increased since 2020-21 due to the inclusion of financial guarantees for Coronavirus business loans as set out in Section 1.5.

1.8 Administration costs

Administration costs are unchanged from those presented in the Main Estimate.

Spending total Amounts sought this year (Out-of-turn Supplementary Estimate 2022-23)		Compared to original budget this year (Main Estimate 2022-23)		Compared to final outturn last year (Outturn 2021-22)	
		£ m	%	£m	£ m
Administration costs	£669.7 m	-	-	+£134.8 m	+25.2%

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for BEIS for 2022-23 are based on plans published in Spending Round 2021. Since that time, the Government has made a number of changes to 2022-23 spending plans including announcements of some additional funding in the Budget and further announcements during the year. Details of funding changes are set out in the Table at Annex B.

Notable amongst these changes are:

- funding for Energy Special Administration Regime;
- routine re-profiling of budgets for the British Business Bank in line with their latest forecasts for 2022-23; and
- funding for the Energy Bills Support Scheme.

1.10 Funding: other spending announcements

All spending announcements reflected in this out-of-turn Estimate are referred to in paragraph 1.5.

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 compare with the Main Estimate.

Subheads	Description	Resource DEL				see note number
		£ million		%		
		<i>This year (2022-23 Out-of-turn Supplementary Estimates budget sought)</i>	<i>This year (2022-23 Main Estimates budget approved)</i>	change from Main Estimate		
A	Deliver an ambitious industrial strategy	326.5	326.5	0.0	0.0%	
B	Maximise investment opportunities and bolster UK interests	76.4	76.4	0.0	0.0%	
C, K	Promote competitive markets and responsible business practices	307.4	307.4	0.0	0.0%	
D	Delivering affordable energy for households and businesses	12,002.0	11,826.0	+176.0	+1.5%	
E, L	Ensuring that our energy system is reliable and secure	1,654.3	1,654.3	0.0	0.0%	
F, M	Taking action on climate change and decarbonisation	79.1	79.1	0.0	0.0%	
G, N	Managing our energy legacy safely and responsibly	235.9	235.9	0.0	0.0%	
H, O, S	Science and Research	283.0	283.0	0.0	0.0%	
I, P	Capability	687.3	687.3	0.0	0.0%	
J, Q	Government as Shareholder	176.4	176.4	0.0	0.0%	
R, T	Nuclear Decommissioning Authority	668.7	668.7	0.0	0.0%	
	Total voted and non voted	16,496.9	16,320.9	+176.0	+1.1%	

As noted in the Main Estimate Memorandum, due to the timing of Main Estimate deadlines, a number of budgets were not fully allocated and larger than usual Resource and Capital DEL budget remained held centrally. In particular, Science R&D budgets were not fully allocated and delegated

to all partner organisations in the Main Estimate. Where necessary, budgets will be updated and aligned to final opening budgets as part of the usual Supplementary Estimate in early 2023.

Capital DEL

The table below shows how BEIS's spending plans for Capital DEL remain unchanged from the Main Estimate.

Subheads	Description	Capital DEL				see note number
		£ million		%		
		<i>This year (2022-23 Out-of-turn Supplementary Estimates budget sought)</i>	<i>This year (2022-23 Main Estimates budget approved)</i>	change from Main Estimate		
A	Deliver an ambitious industrial strategy	445.4	445.4	0.0	0.0%	
B	Maximise investment opportunities and bolster UK interests	263.3	263.3	0.0	0.0%	
C, K	Promote competitive markets and responsible business practices	41.7	41.7	0.0	0.0%	
D	Delivering affordable energy for households and businesses	1,123.4	1,123.4	0.0	0.0%	
E, L	Ensuring that our energy system is reliable and secure	1,712.6	1,712.6	0.0	0.0%	
F, M	Taking action on climate change and decarbonisation	344.4	344.4	0.0	0.0%	
G, N	Managing our energy legacy safely and responsibly	37.7	37.7	0.0	0.0%	
H, O, S	Science and Research	12,208.3	12,208.3	0.0	0.0%	
I, P	Capability	32.0	32.0	0.0	0.0%	
J, Q	Government as Shareholder	689.7	689.7	0.0	0.0%	
R, T	Nuclear Decommissioning Authority	2,161.0	2,161.0	0.0	0.0%	
	Total voted and non voted	19,059.5	19,059.5	0.0	0.0%	

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 (2022-23 Out-of-turn Supplementary Estimates budget sought)</i>	<i>This year (2022-23 Main Estimates budget approved)</i>	change from Main Estimate		
U, AD	Deliver an ambitious industrial strategy	38.2	38.2	0.0	0.0%	
V, AE, AM	Promote competitive markets and responsible business practices	568.8	568.8	0.0	0.0%	
W	Delivering affordable energy for households and business	60,000.0	-	+60,000.0	n/a	1
X	Ensuring that our energy system is reliable and secure	-1,689.0	-1,689.0	0.0	0.0%	
AF	Taking action on climate change and decarbonisation	25,000.0	25,000.0	0.0	0.0%	
Y, AG, AL	Managing our energy legacy safely and responsibly	-69.5	-69.5	0.0	0.0%	
Z, AH	Science and Research	17,598.0	17,598.0	0.0	0.0%	
AA, AI	Capability	2.3	2.3	0.0	0.0%	
AB, AJ	Government as Shareholder	-27.7	-27.7	0.0	0.0%	
AC	Renewable Heat Incentive	1,079.0	1,079.0	0.0	0.0%	
AN	Nuclear Decommissioning Authority	12,835.3	12,835.3	0.0	0.0%	
	Total voted and non voted	115,335.5	55,335.5	+60,000.0	+108.4%	

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

1. Delivering affordable energy for households and businesses

Resource AME spending on this new subhead is forecast to increase by £60,000.0 million, reflecting the forecast for the Energy Price Guarantee (£31 billion) and the Energy Bill Relief Scheme (£29 billion) as set out in The Growth Plan 2022.

Capital AME

The table below shows how spending plans for Capital AME remain unchanged from the Main estimate.

Subheads	Description	Capital AME				note number
		£ million		%		
		<i>This year (2022-23 Out-of-turn Supplementary Estimates budget sought)</i>	<i>This year (2022-23 Main Estimates budget approved)</i>	change from Main Estimate		
U, AC	Deliver an ambitious industrial strategy	0.0	0.0	0.0	0.0%	
X, AF, AK	Managing our energy legacy safely and responsibly	-123.4	-123.4	0.0	0.0%	
Y, AG	Science and Research	2,934.0	2,934.0	0.0	0.0%	
Z, AH	Capability	0.1	0.1	0.0	0.0%	
AA, AI	Government as Shareholder	885.9	885.9	0.0	0.0%	
	Total voted and non voted	3,696.5	3,696.5	0.0	0.0%	

2.2 Restructuring

No restructuring is included in this Estimate.

2.3 Ring fenced budgets

There are no changes to existing ring fenced budgets included in this Estimate.

2.4 Changes to contingent liabilities

The list of contingent liabilities shown in Part III: Note K has been updated from that in the Main Estimate to include the Contingent Liability for the Energy Price Guarantee notified to Parliament on 22nd September⁴.

⁴ <https://questions-statements.parliament.uk/written-statements/detail/2022-09-22/hcws295>

3. Priorities and performance

3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to Departmental priority outcome.

Outcome>>>>	1: Fighting coronavirus: supporting business through the pandemic and recovery	2: Tackling climate change and delivering net zero	3: Unleashing innovation	4: Backing long-term growth and boosting enterprise
Estimates subheads				
A, U, AD	X		X	X
B		X		
C, K, V, AE, AM			X	X
D, W		X		
E, L, X		X	X	
F, M, AF		X	X	
G, N, Y, AG, AL		X		
H, O, S, Z, AH	X		X	X
I, P, AA, AI	X	X	X	X
J, Q, AB, AJ	X	X	X	X
R, T, AK		X		
AC		X		

3.2 Measures of performance against each priority

BEIS's Outcome Delivery Plan set out the high-level objectives, and measures of performance, for the department.

The performance measures can be found in the Plan [here](#).

3.3 Major projects

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

- CCUS (Carbon Capture, Usage and Storage)

- Geological Disposal Facility Programme (GDF)
- Green Homes Grant: Local Authority Delivery (LAD)
- Green Homes Vouchers Programme
- Heat Networks Investment Project
- Help to Grow – Digital
- Help to Grow - Management
- Home Upgrade Grant (HUG)
- Industrial Decarbonisation & Hydrogen Revenue Support
- Local Authority Delivery (LAD) Phase 3
- Low Cost Nuclear Programme (Rolls Royce SMRs Challenge)
- Met Office Supercomputing 2020+ Programme
- New Polar Research Vessel
- Net Zero Hydrogen Fund
- Public Sector Decarbonisation Scheme (PSDS)
- Replacement Analytical Project (Sellafield)
- Sellafield Product and Residue Store Retreatment Plant
- SIXEP Continuity Plant (Sellafield)
- Sizewell C
- Smart Metering Implementation Programme
- Social Housing Decarbonisation Fund
- Vaccines Task Force

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

At the time of preparing the Main Estimate detailed Budgets had not yet been set so the Main Estimate budgets for partner organisations were largely rolled forward from 2021-22, and the split between Wages and salaries and Other costs not yet established for the core Department. These will be updated in the usual Supplementary Estimate to be published in early 2023.

Spending total Amounts sought this year (Out-of-turn Supplementary Estimate 2022-23)	Compared to original budget this year (Main Estimate 2022-23)		
	£ million	£ million	%
Wages and salaries / Purchase of goods and services/other	533.8	-	-
Depreciation	58.2	-	-
OGD income for Committee on Climate Change	-2.0	-	-

Total core department & Agency administration	590.0	-	-
UKRI (depreciation)	6.0	-	-
ACAS	8.6	-	-
Competition Service	1.2	-	-
Civil Nuclear Police Authority	5.5	-	-
UK Shared Business Services	1.6	-	-
Committee on Climate Change	5.1	-	-
Coal Authority	5.2	-	-
Oil and Gas Authority	1.5	-	-
Nuclear Decommissioning Authority	45.0	-	-
Total Partner Organisations administration	79.7	-	-
Total Administration Budget	669.7	-	-

4.2 Additional tables for Nuclear Decommissioning Authority

NDA DEL Budgets	£ million					
	2019-20 outturn	2020-21 outturn	2021-22 outturn	2022-23 plans	2023-24 plans	2024-25 plans
Resource DEL expenditure	1,330.2	1,245.2	1,427.9	1,516.6	1,508.0	1,471.8
Resource DEL income	-748.1	-599.5	-693.9	-847.9	-844.0	-964.8
Net Resource DEL	582.1	645.8	734.1	668.7	664.0	507.0
<i>of which Admin</i>	<i>52.9</i>	<i>54.9</i>	<i>35.5</i>	<i>45.0</i>	<i>44.0</i>	<i>42.0</i>
Capital DEL expenditure	1,797.2	1,799.7	2,023.1	2,161.0	2,298.6	2,433.0
Capital DEL income	-	-	-	-	-	-
Net Capital DEL	1,797.2	1,799.7	2,023.1	2,161.0	2,298.6	2,433.0
Total Net DEL	2,379.3	2,445.5	2,757.1	2,829.7	2,962.6	2,940.0

NDA AME Budgets	£ million					
	2019-20 outturn	2020-21 outturn	2021-22 outturn	2022-23 plans	2023-24 plans	2023-24 plans
Depreciation/Impairments	144.8	132.8	145.7	31.3	31.3	31.3

Movement in Provisions/other non-cash	4,226.9	894.8	100,459.4	12,804.0	12,804.0	12,804.0
Total AME	4,371.7	1,027.6	100,605.1	12,835.3	12,835.3	12,835.3

NDA Outturn 2016-17 to 2018-19	£ million		
	2016-17	2017-18	2018-19
Resource DEL expenditure	1,290.3	1,257.6	1,175.3
Resource DEL income	-1,029.6	-1,179.7	-978.4
Net Resource DEL	260.7	78.0	197.0
<i>of which Admin</i>	38.2	42.1	50.6
Capital DEL expenditure	1,970.7	2,051.0	2,002.7
Capital DEL income	-	-	-
Net Capital DEL	1,970.7	2,051.0	2,002.7
Total Net DEL	2,231.4	2,129.0	2,199.7
AME Depreciation/Impairments	29.0	305.8	206.9
AME Movement in Provisions/other non-cash	2,821.5	69,606.0	-101,998.2
Total AME	2,850.5	69,911.9	-101,791.3

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 Tim Sparrow as Operational Finance Director, on behalf of Sarah Munby, Head of Department and Accounting Officer of the Department for Business, Energy and Industrial Strategy, who is responsible for this Estimate.

Tim Sparrow

Operational Finance Director

Department for Business, Energy and Industrial Strategy

18 October 2022