

Department for Business, Energy and Industrial Strategy (BEIS)

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.

As set out in the written statement by the Prime Minister¹, the Machinery of Government changes announced on 7th February 2023 will be incorporated in the Main Estimates for 2023-24. The Supplementary Estimates for 2022-23 reflect the structures in place prior to that date.

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 as follows.

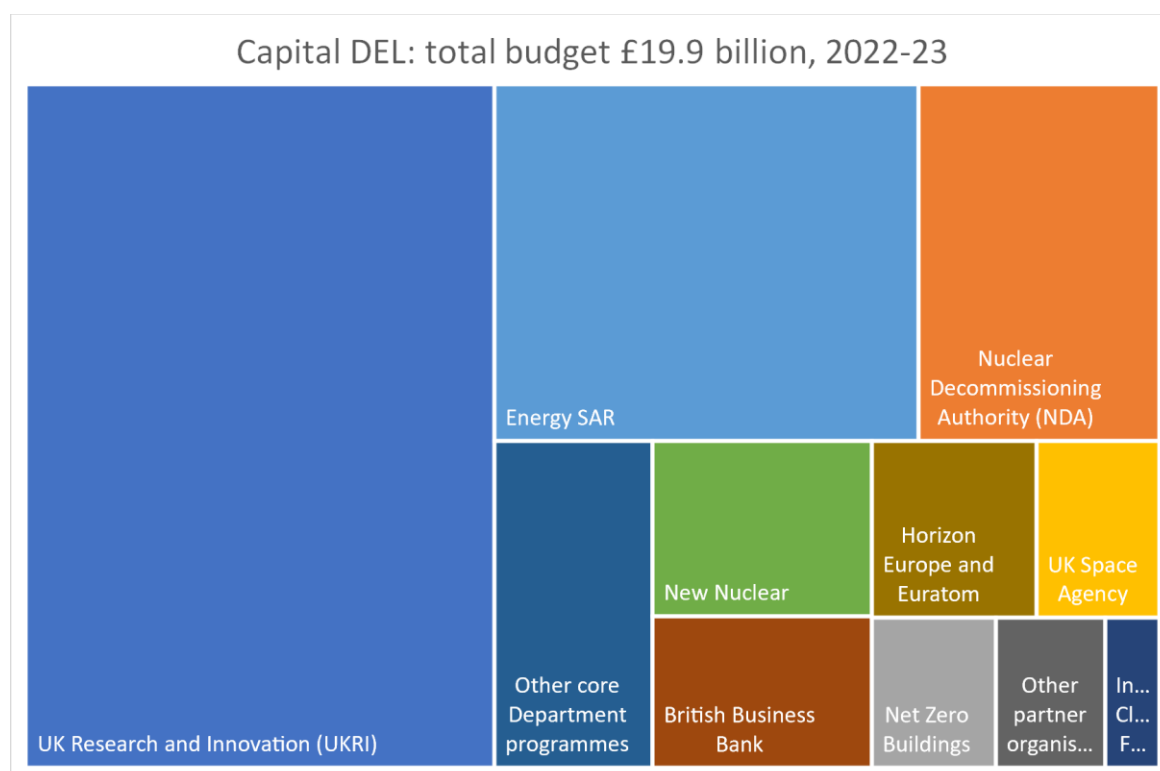
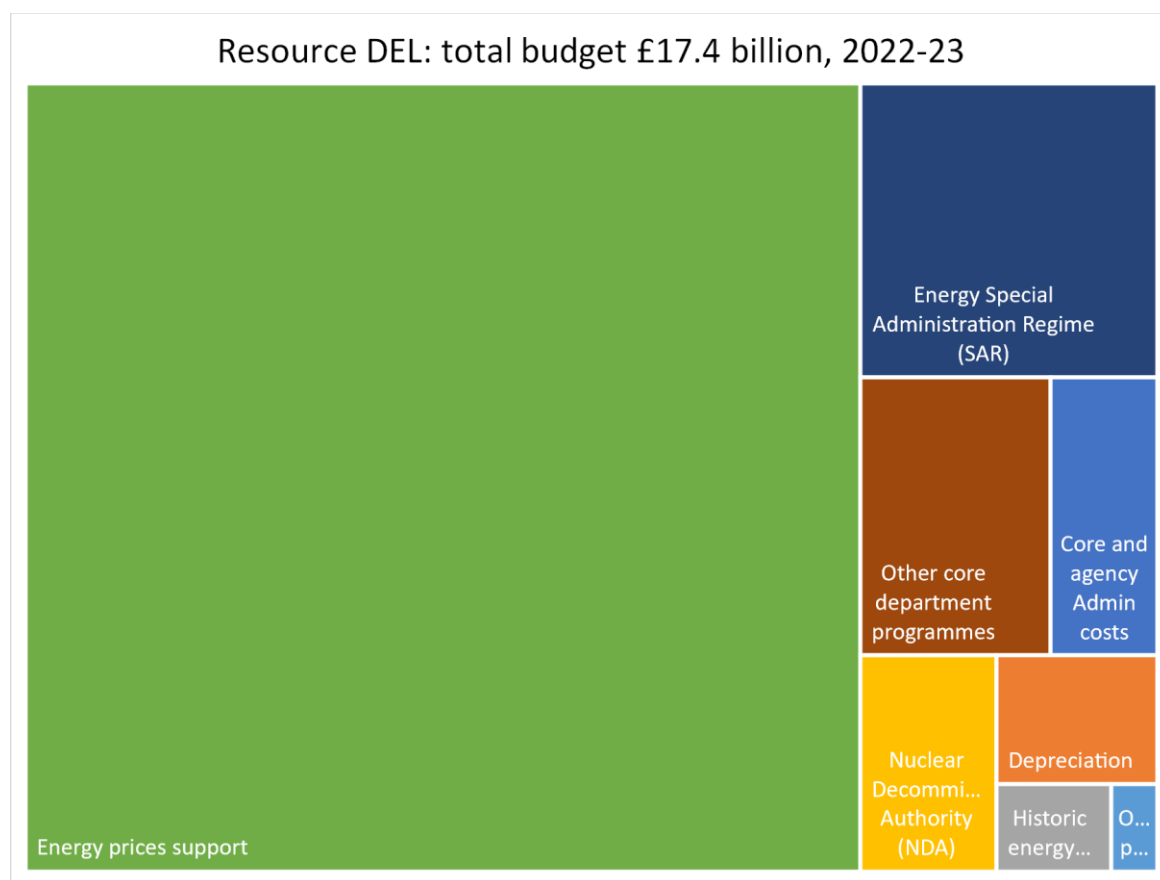
- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs and, in BEIS's case this year, the Energy Bills Support Scheme.
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure, Research and Development.
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable spending, in BEIS's case: the Energy Price Guarantee and Energy Bill Relief Scheme, 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.
- 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 <https://questions-statements.parliament.uk/written-statements/detail/2023-02-07/hcws547>

1.3 Main areas of spending

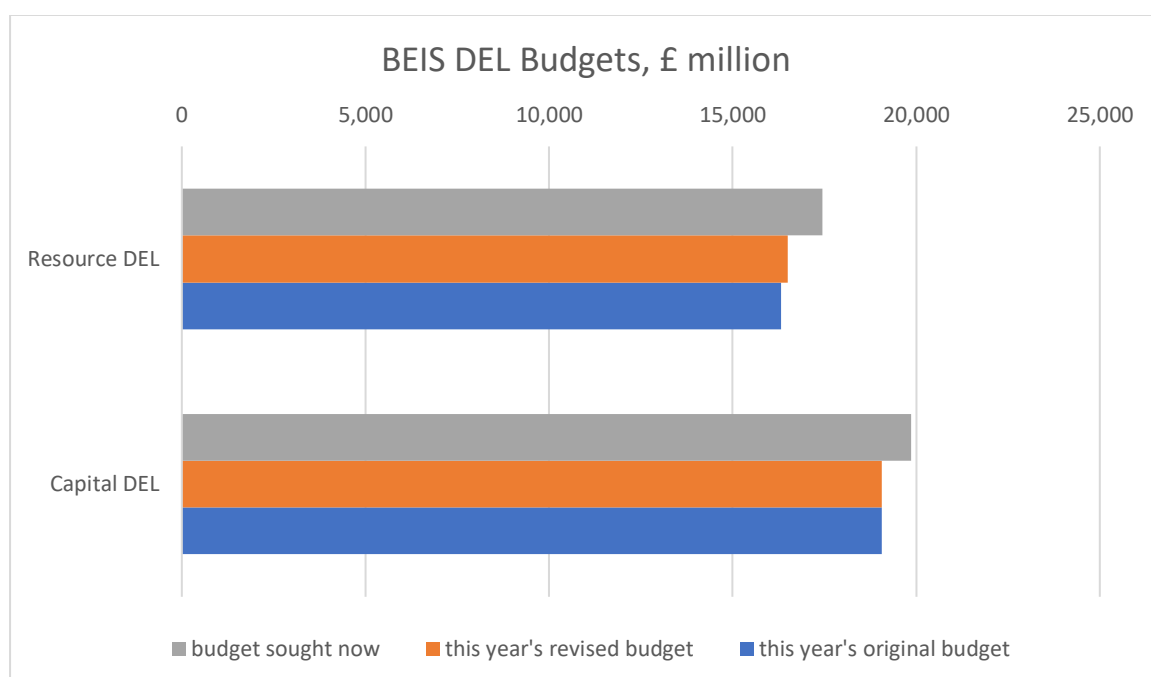
The graphic below shows the main components of BEIS's proposed budget for the current year, after taking account of the latest Supplementary Estimate, and the proportions of funds spent on its main activities.

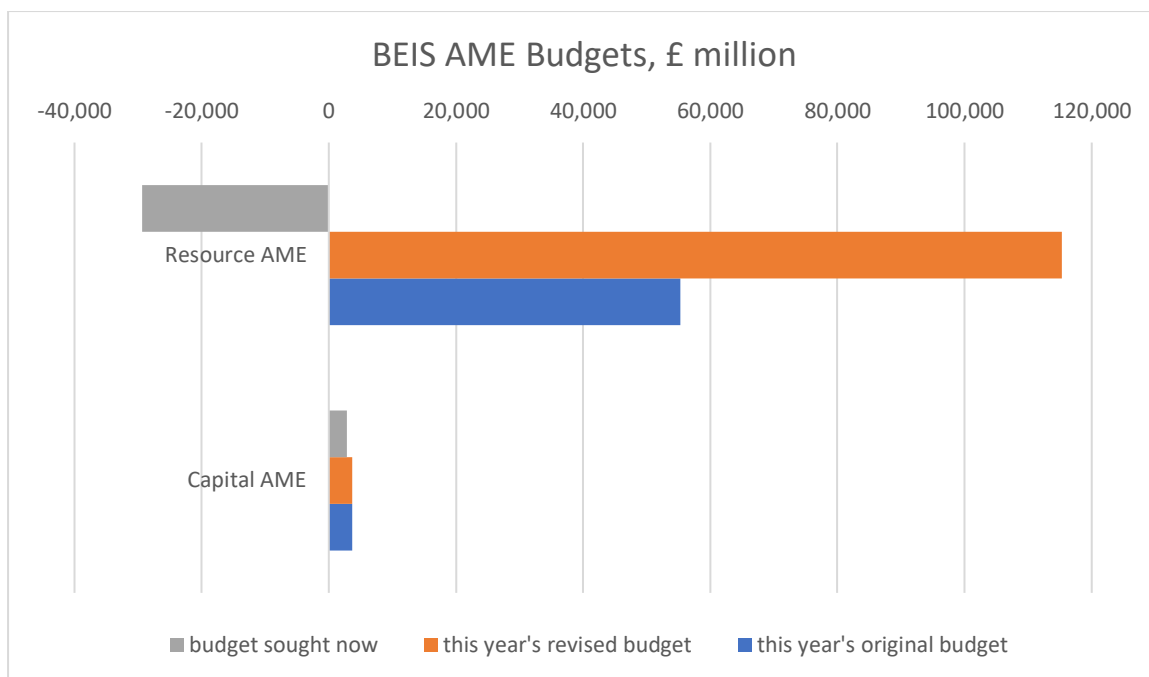


1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for BEIS compare with the Main Estimate and the Out of turn Estimate:

Spending total Amounts sought this year (Supplementary Estimate 2022-23)		Compared to revised budget this year (Out of turn Estimate 2022-23)		Compared to original budget this year (Main Estimate 2022-23)	
		£ m	%	£m	%
Resource DEL	£17,445.6m	+£948.6m	+5.8%	+£1,124.6m	+6.9%
Capital DEL	£19,858.1m	+£798.6m	+4.2%	+£798.6m	+4.2%
Resource AME	£(29,313.6)m	-£144,649.1m	-125.4%	-£84,649.1m	-153.0%
Capital AME	£2,841.8m	-£854.7m	-23.1%	-£854.7m	-23.1%





1.5 Key drivers of spending changes since Out of turn Estimate budget

The main causes of the changes in Resource DEL are as follows:

- Significant increases for energy bills support:
 - £639.3 million from the Reserve for the Energy Price Guarantee (EPG) for Alternative Fuels.
 - £93.8 million from the Reserve for the Energy Bill Relief Scheme (EBRS) for Alternative Fuels.
 - £14.6 million from the Reserve for the Energy Bills Support Scheme (EBSS) – Alternative Funding.
- £70.1 million from the Reserve for Expected Credit Losses arising from the Energy Special Administration Regime (SAR).
- £164.9 million budget cover transfer from the Northern Ireland Executive for EBSS Northern Ireland (NI).

The main causes of the changes in Capital DEL are as follows:

- £2,899.1 million additional funding from the Reserve for Energy SAR.
- £218.6 million increase in British Business Bank budgets, reflecting re-profiling and the Bank's high forecast of loans to be made.
- £(1,602.0) million surrender of unused funding for EU R&D Programmes, reflecting the delay to completing the UK's association agreed as part of the Trade and Cooperation Agreement with the EU in December 2020.
- £(709.9) million surrender of unused funding including for Advanced Research and Invention Agency (ARIA), Net Zero and Vaccine Manufacturing and Innovation Centre (VMIC).

The main causes of the changes in Resource AME are as follows:

- £(118.4) billion decrease in Nuclear Decommissioning Authority Nuclear Provisions (largely due to movements in the discount rate).
- £(24.2) billion decrease in costs of energy price support schemes for 2022-23.
- £20.5 billion increase in non-cash provisions for energy price support schemes.
- £(18.8) billion decrease in movement in Fair Value of Contracts for Difference.
- £(3.3) billion decrease in Coal Authority provisions (due to movement in the discount rate).
- £(0.9) billion reduction in EU R&D Programmes provisions.

The main causes of the changes in Capital AME are as follows:

- £(1.8) billion decrease for EU R&D Programmes.
- £0.9 billion for the movement in guarantees on Covid business support loans.

1.6 New policies and programmes; ambit changes

Significant changes to DEL and AME Budgets which relate to new policies and programmes are:

- EPG Alternative Fuels
- EBRS Alternative Fuels
- EBSS Alternative Funding
- Sizewell C investment²
- Post Office compensation to Group Litigation Order claimants³.

The ambit has been updated to include the following:

- Departmental Expenditure Limit expenditure –
“Support for business and other non-domestic energy bills”; and
“Funding to provide compensation to Group Litigation Order (GLO) claimants who have suffered detriment arising from the errors in the Post Office Horizon IT system”.

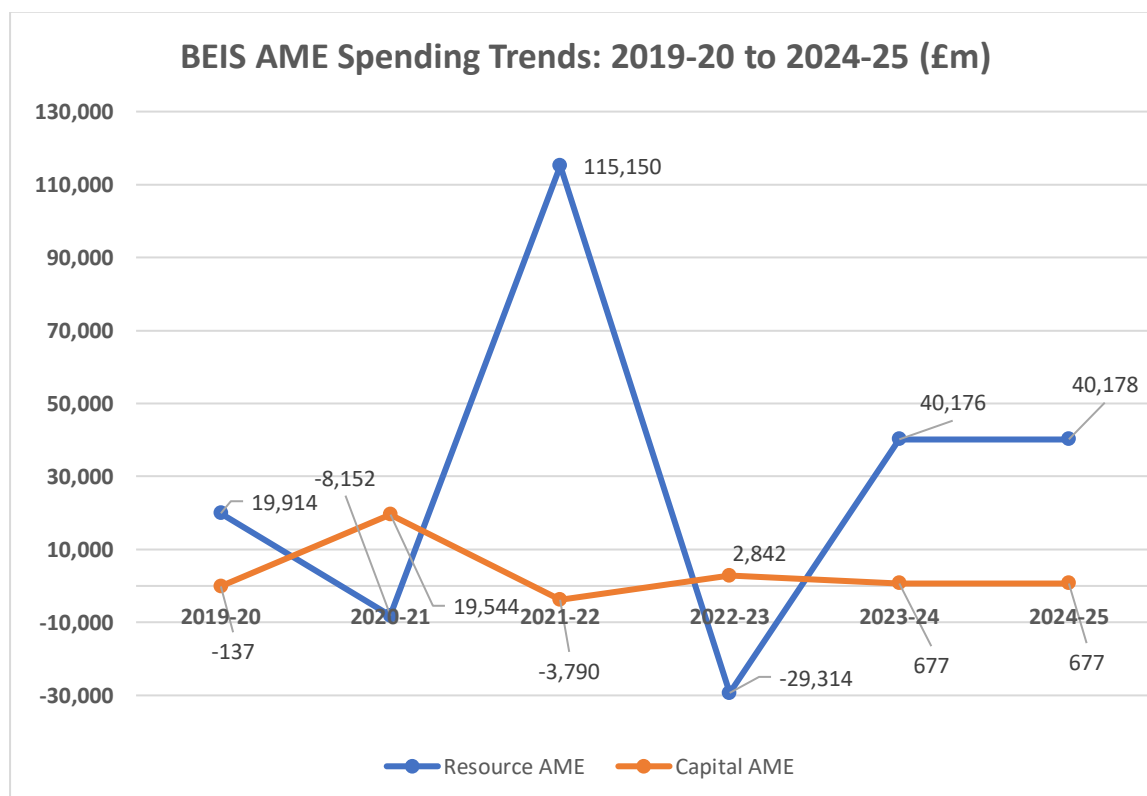
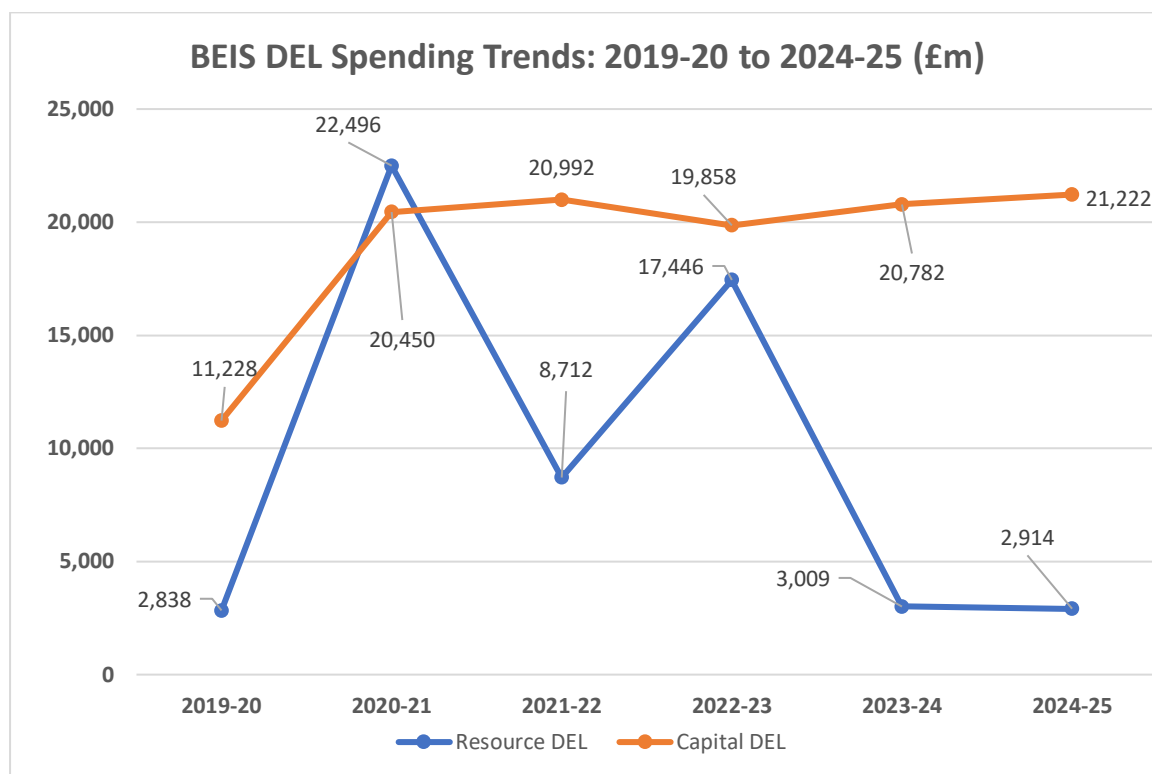
These have been added to reflect the additional areas of work arising from EPG and EBRS Alternative Fuels (which are included within DEL, unlike the main EPG and EBRS schemes which are within AME) and the Post Office Limited compensation payments to Group Litigation Order (GLO) claimants respectively.

² <https://www.gov.uk/government/news/uk-government-takes-major-steps-forward-to-secure-britains-energy-independence>

³ <https://www.gov.uk/government/publications/compensation-scheme-for-group-litigation-order-case-postmasters>

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 ringfenced 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 2022-23.
- The new energy price support schemes for households and business (EPG and EBRs respectively) are included for the first within Resource AME in 2020-23.
- Volatility in Capital AME has significantly increased since 2020-21 due to the inclusion of financial guarantees for Coronavirus business loans.

1.8 Administration costs

Administration costs are set to decrease by £25.5 million, or 3.8% compared to the Out of turn Estimate.

Spending total Amounts sought this year (Supplementary Estimate 2022-23)		Compared to revised budget this year (Out of turn Estimate 2022-23)		Compared to original budget this year (Main Estimate 2022-23)	
		£ m	%	£m	£ m
Administration costs	£644.2 m	-£25.5 m	-3.8%	-£25.5 m	-3.8%

The Department has surrendered unused funding of £3.0 million relating to the National Insurance increase which was subsequently reversed in November.

The Department has switched £10.3 million from RDEL-Administration to RDEL-Programme for the Nuclear Decommissioning Authority to match expenditure profiles.

The Department has also surrendered unused ringfenced funding for depreciation (£11.2 million). Depreciation Budgets for 2022-23 were set in the Main Estimate in line with 2021-22 Budgets and have been refined during the year and adjustments agreed with HM Treasury in this Supplementary Estimate.

The remaining movement in Administration since the Out of turn Estimate is due to several small budget cover transfers with other departments totalling a net reduction of £0.8 million, together with a net charge for the cross-Whitehall cash management scheme of £0.2 million.

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 several 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 bills support;
- funding for Energy Special Administration Regime; and
- routine re-profiling of budgets for the British Business Bank in line with its latest forecasts for 2022-23.

1.10 Funding: other spending announcements

Spending announcements made during the year not listed at Annex B or referred to in paragraph 1.6 relate to the allocation of money within existing planned limits, rather than additional money.

These include:

- allocation of Research and Development funding;
- allocation of International Climate Finance funding; and
- grant funding for projects developing novel technology and processes that reduce the cost of deploying CCUS (Carbon Capture, Usage and Storage).

2. Spending detail

As shown in the table in Section 3.1, departmental expenditure can contribute across several different strategic objectives. This applies particularly to budgets assigned to the 'Science and Research' and 'Capability' subheads. However, due to Parliamentary rules, budgets must be assigned only to 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 the Out of turn Estimate.

Subheads	Description	Resource DEL				
		£ million			%	see note number
		<i>This year (2022-23 Supplementary Estimates budget sought)</i>	<i>This year (2022-23 Out of turn Estimate budget approved)</i>	change from Out of turn Estimate		
A, S	Deliver an ambitious industrial strategy	302.9	326.5	-23.6	-7.2%	
B	Maximise investment opportunities and bolster UK interests	32.9	76.4	-43.5	-56.9%	1
C, K	Promote competitive markets and responsible business practices	304.0	307.4	-3.4	-1.1%	
D	Delivering affordable energy for households and businesses	13,011.7	12,002.0	1,009.7	8.4%	2
E, L	Ensuring that our energy system is reliable and secure	1,736.5	1,654.3	82.3	5.0%	
F, M	Taking action on climate change and decarbonisation	72.2	79.1	-7.0	-8.8%	
G, N	Managing our energy legacy safely and responsibly	243.5	235.9	7.6	3.2%	
H, O, T	Science and Research	283.3	283.0	0.3	0.1%	
I, P	Capability	663.5	687.3	-23.8	-3.5%	
J, Q	Government as Shareholder	220.2	176.4	43.8	24.8%	3
R, U	Nuclear Decommissioning Authority	574.9	668.7	-93.8	-14.0%	4
	Total voted and non voted	17,445.6	16,496.9	948.6	5.8%	

Differences of more than 10% which are more than £10 million (or more than 5% and more than £200 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. As noted in the Main Estimate

Memorandum, due to the timing of Main Estimate deadlines, a number of budgets were not fully allocated and a larger than usual Resource and Capital DEL budget remained held centrally. Science R&D budgets were not fully allocated and delegated to all partner organisations in the Main Estimate. Where necessary, budgets have been updated and aligned to final opening budgets as part of this Supplementary Estimate.

1. Maximise investment opportunities and bolster UK interests

Resource DEL spending under this subhead is, overall, forecast to decrease by £43.5 million, or 56.9% since the Out of turn Estimate. This is due to £(51.0) million budget cover transfers to the Foreign, Commonwealth and Development Office (FCDO), and £7.5 million transfers from the FCDO, in line with the SR21 settlement and the transition of International Climate Finance.

2. Delivering affordable energy for households and businesses

Resource DEL spending under this subhead is, overall, forecast to increase by £1,009.7 million, or 8.4 % since the Out of turn Estimate.

This is driven largely by:

- £747.6 million funding from the Reserve for energy bill costs:
 - £639.3 million for Energy Price Guarantee Alternative Fuels;
 - £93.8 million for Energy Bill Relief Scheme Alternative Fuels; and
 - £14.6 million for Energy Bills Support Scheme Alternative Funding.
- £164.8 million transfer from the Northern Ireland Executive for the Energy Bills Support Scheme for Northern Ireland;
- £125.0 million from underspends elsewhere within BEIS for Energy Bills Support Scheme Alternative Funding; and
- a £(28.5) million decrease to align with final opening internal budgets.

3. Government as a Shareholder

Resource DEL spending under these subheads is, overall, forecast to increase by £43.8 million, or 24.8 % since the Out of turn Estimate.

This is driven largely by:

- £73.6 million funding from underspends elsewhere for Post Office Limited compensation schemes;
- £2.7 million funding from the Reserve for British Business Bank depreciation;
- £(6.9) million decrease to align with final opening internal budgets; and
- £(24.5) million net underspends within British Business Bank.

4. NDA and SLC expenditure

Resource DEL spending under these subheads (covering the expenditure of the Nuclear Decommissioning Authority and the subsidiary Site Licence Companies (SLC) is, overall, forecast to decrease by £93.8 million, or 14.0 % since the Out of turn Estimate.

This is driven largely by:

- £(57.0) million decrease in net Resource due to increased income during the year;
- £(39.4) million decrease, offset by a similar increase in Capital DEL, to match the expected split between Resource and Capital DEL for nuclear decommissioning costs; and
- £2.6 million transfer from the Ministry of Defence.

Capital DEL

The table below shows how BEIS's spending plans for Capital DEL compare with the Out of turn Estimate.

Subheads	Description	Capital DEL				
		£ million			%	
		<i>This year (2022-23 Supplementary Estimates budget sought)</i>	<i>This year (2022-23 Out of turn Estimate budget approved)</i>	change from Out of turn Estimate		see note number
A, S	Deliver an ambitious industrial strategy	118.0	445.4	-327.4	-73.5%	5
B	Maximise investment opportunities and bolster UK interests	208.8	263.3	-54.5	-20.7%	6
C, K	Promote competitive markets and responsible business practices	36.7	41.7	-5.0	-12.0%	
D	Delivering affordable energy for households and businesses	498.2	1,123.4	-625.2	-55.7%	7
E, L	Ensuring that our energy system is reliable and secure	4,871.6	1,712.6	3,159.0	184.5%	8
F, M	Taking action on climate change and decarbonisation	324.7	344.4	-19.7	5.7%	
G, N	Managing our energy legacy safely and responsibly	46.3	37.7	8.7	23.0%	
H, O, S	Science and Research	10,496.3	12,208.3	-1,712.0	-14.0%	9
I, P	Capability	-0.7	32.0	-32.7	-102.2%	10
J, Q	Government as Shareholder	1,057.2	689.7	367.5	53.3%	11
R, T	Nuclear Decommissioning Authority	2,201.0	2,161.0	40.0	1.9%	
	Total voted and non voted	19,858.1	19,059.5	798.6	4.2%	

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.

5. Deliver an ambitious industrial strategy

Capital DEL spending under these subheads is, overall, forecast to decrease by £327.4 million, or 73.5 % since the Out of turn Estimate.

This is driven largely by:

- £31.7 million increase to align with final opening internal budgets;
- £30.9 million increase for Trade Credit Reinsurance;
- £(10.0) million surrender of unused funding from the Automotive Transformation Fund;
- £(13.3) million additional income to be surrendered to the Consolidated Fund for repayments of a loan for Celsa Steel (UK) Limited;
- £(14.9) million transfers to Department for Health and Social Care
- £(27.7) million budget cover transfer to the Northern Ireland Executive for Repayable Launch Investments funding;
- £(136.0) million underspends on Automotive Transformation Fund reprioritised for investment in Sizewell C; and
- £(192.4) million additional income from Repayable Launch Investments (RLI).

6. Maximise investment opportunities and bolster UK interests

Capital DEL spending under this subhead is, overall, forecast to decrease by £54.5 million, or 20.7 % since the Out of turn Estimate.

This is driven largely by:

- £15.0 million transfer from Science and Research R&D ODA to International Climate Finance ODA as set out in SR21;
- £10.5 million transfer from FCDO for a payment to UK Climate Investment made on FCDO's behalf; and
- £(80.0) million transfer to FCDO for Promissory Notes relating to International Climate Finance transition from BEIS to FCDO.

7. Delivering affordable energy for households and businesses

Capital DEL spending under this subhead is, overall, forecast to decrease by £625.2 million, or 55.7 % since the Out of turn Estimate.

This is driven largely by:

- £(117.7) million decrease to align with final opening internal budgets;
- £(132.0) million underspends on Net Zero programmes reprioritised for investment in Sizewell C;
- £(161.0) million surrender of unused funding for Net Zero; and
- £(216.3) million surrender of recovered Local Authority funding for the Public Sector Decarbonisation Scheme, Heating Upgrade Grants and the Local Authority Delivery scheme.

8. Ensuring that our energy system is reliable and secure

Capital DEL spending under these subheads is, overall, forecast to increase by £3,159.0 million, or 184.5 % since the Out of turn Estimate.

This is driven largely by:

- £2,899.1 million additional funding from the Reserve for Energy SAR;
- £319.0 million increase in funding for investment in Sizewell C from underspends elsewhere; and
- £(59.0) million surrender of unused funding for Offshore Network Reform and New Nuclear.

9. Science and Research

Capital DEL spending under these subheads is, overall, forecast to decrease by £1,712.0 million, or 14.0 % since the Out of turn Estimate.

This is driven largely by:

- £(1,602.0) million surrender of budget for EU R&D Programmes, reflecting the continued delay to completing our association agreed as part of the Trade and Cooperation Agreement with the EU in December 2020;
- £106.0 million budget cover transfer from Defra for the Copernicus Programme;
- £55.3 million increase to align with final opening internal budgets;
- £(2.0) million surrender of budget for Advanced Research & Invention Agency (ARIA) for carryover to 2023-24 under the Budget Exchange system;
- £(33.0) million surrender of unused Research & Development funding;
- £(39.4) million underspends reprioritised for other programmes;
- £(79.0) million surrender of unused funding for the Vaccines Manufacturing and Innovation Centre; and
- £(120.0) million surrender of unused funding for ARIA, expected to be reprofiled into 2024-25 and 2025-26.

10. Capability

Capital DEL spending under these subheads is, overall, forecast to decrease by £32.7 million, or 102.2 % since the Out of turn Estimate. This is driven largely by:

- £(36.6) million delegation of budgets within the department;
- £(4.4) million budget cover transfer to the Cabinet Office for Government Property Agency capital projects on behalf of the Department, and
- £8.3 million increase to align with final opening internal budgets.

11. Government as a Shareholder

Capital DEL spending under these subheads is, overall, forecast to increase by £367.5 million, or 53.3 % since the Out of turn Estimate.

This is driven largely by:

- £218.6 million increased funding from the Reserve for British Business Bank, reflecting the high forecast for Financial Transactions. 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;

- £192.4 million increase for British Business Bank, funded by increased RLI income under *Deliver an ambitious industrial strategy*;
- £(21.1) million decrease to align with final opening internal budgets; and
- £(20.7) million reduction in Met Office budgets where costs will now be met from Administration budget under *Capability*.

Resource AME

The table below shows how spending plans for Resource AME compare with the Out of turn estimate.

Subheads	Description	Resource AME				
		£ million			%	
		<i>This year (2022-23 Supp Estimates budget sought)</i>	<i>This year (2022-23 Out of turn Estimates budget approved)</i>	change from Out of turn Estimate		<i>note number</i>
V, AG	Deliver an ambitious industrial strategy	-18.0	38.2	-56.2	-147.2%	12
W	Maximise investment opportunities and bolster UK interests	8.2	-	8.2	-	
X, AH, AP	Promote competitive markets and responsible business practices	587.5	568.8	18.7	3.3%	
Y	Delivering affordable energy for households and business	56,300.0	60,000.0	-3,700.0	-6.2%	13
Z	Ensuring that our energy system is reliable and secure	-1,689.0	-1,689.0	-	-	
AA, AI	Taking action on climate change and decarbonisation	6,200.0	25,000.0	-18,800.0	-75.2%	14
AB, AJ, AO	Managing our energy legacy safely and responsibly	-3,289.0	-69.5	-3,220.3	-4,634.1%	15
AC, AK	Science and Research	16,706.2	17,598.0	-891.8	-5.1%	16
AD, AL	Capability	-1.2	2.3	-3.6	-153.1%	
AE, AM	Government as Shareholder	212.9	-27.7	240.5	869.0%	17
AF	Renewable Heat Incentive	1,063.5	1,079.0	-15.5	-4.1%	
AN	Nuclear Decommissioning Authority	-105,393.7	12,835.3	-118,229.0	-921.1%	18
	Total voted and non voted	-29,313.6	115,335.5	-144,649.1	-125.4%	

Differences of more than 10% which are more than £10 million, or more than 5% which are more than £200 million, are explained below.

12. Deliver an ambitious industrial strategy

Resource AME spending on these subheads is forecast to decrease by £56.2 million, or 147.2% since the Out of turn Estimate. This is due to a net decrease of £(21.1) million for historic British Shipbuilders liabilities, and a decrease of £(31.9) million for Trade Credit Reinsurance provisions.

13. Delivering affordable energy for households and businesses

Resource AME spending on this subhead is forecast to decrease by £3,700.0 million, or 6.2%, since the Out of turn Estimate. This is due to a reduction in the cash forecast for the Energy Price Guarantee (EPG) Scheme of £(7,100.0) million and a reduction of £(17,100.0) million for the Energy Bills Relief Scheme, partially offset by a new provision for the Energy Bills Discount Scheme for 2023-24 of £5,500.0 million and a £15,000.0 million increase in provision for EPG for the extension to the scheme to 2023-24.

14. Taking action on climate change and decarbonisation

Resource AME spending on this subhead is forecast to be £18,800.0 million lower than in the Out of turn Estimate due to a reduction in the forecast for 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 £3,220.3 million lower, or 4,634.1% than in the Out of turn Estimate due largely to movements in provisions for Coal Authority (£(3,275.0) million) due to the changes in the discount rate, Coal Health liabilities (£(24.8) million), Concessionary Fuel £70.3 million) and British Energy liabilities (£(26.3) million); together with an increase of £35.0 million in Coal Authority impairments.

16. Science and Research

Resource AME spending on these subheads is forecast to be £891.8 million lower, or 5.1% than forecast at the Out of turn Estimate. This is largely due to a reduction of £(945.7) million in the provision for EU R&D Programmes (reflecting the continued delay to completing our association agreed as part of the Trade and Cooperation Agreement with the EU in December 2020), together with a £54.8 million increase in provisions for UK Research and Innovation.

17. Government as a Shareholder

Resource AME spending on these subheads is forecast to be £240.5 million higher than in the Out of turn Estimate driven by additional budget for Post Office Limited (£91.5 million), Future Fund (£20.6 million) and British Business Bank movement in fair value (£180.0 million); partially offset by £(53.7) million increased income for Covid business loans.

18. Nuclear Decommissioning Authority

Resource AME spending on this subhead is forecast to decrease by £118,229.0 million compared to the Out of turn Estimate. The decrease is mainly as a result of applying a revised discount rate to the NDA nuclear provision.

Capital AME

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

Subheads	Description	Capital AME				
		£ million			%	
		<i>This year (2022-23 Supp Estimates budget sought)</i>	<i>This year (2022-23 Out of Turn Estimate budget approved)</i>	change from Out of Turn Estimate		<i>note number</i>
AB, AJ, AO	Managing our energy legacy safely and responsibly	-123.4	-123.4	0.1	0.1%	
AC	Science and Research	1,172.2	2,934.0	-1,761.7	-60.0%	19
AD	Capability	0.0	0.1	-0.1	-100.0%	
AE	Government as Shareholder	1,792.9	885.9	907.0	102.4%	20
	Total voted and non voted	2,841.8	3,696.5	-854.7	-23.1%	

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

19. Science and Research

Capital AME expenditure on these subheads is forecast to be £1,761.7 million lower than in the Out of turn Estimate due to the reduction in the forecast for EU R&D Programmes, reflecting the continued delay to completing our association agreed as part of the Trade and Cooperation Agreement with the EU in December 2020.

20. Government as Shareholder

Capital AME expenditure on these subheads is forecast to be £907.0 million higher than in the Out of turn Estimate due to a forecast increase in the value of Covid business loan financial guarantees.

2.2 Restructuring

As announced by the Prime Minister on 7 February 2023⁴, four new Departments have been created, three of which – Department for Energy Security and Net Zero, Department for Science, Innovation and Technology, and Department for Business and Trade – will take forward the work of the former Department for Business, Energy and Industrial Strategy. In addition, the responsibility for National Security and Investment policy, and the associated teams, will move from what was the Department for Business, Energy and Industrial Strategy to sit under the Chancellor of the Duchy of Lancaster in the Cabinet Office. These changes will be included in 2023-24 Main Estimates, ahead of which the Accounting Officers in the transferring departments will continue to have formal responsibility for the transferred functions up until the point at which the Supply Estimate and related legislation is approved.

As announced by the then Prime Minister on 11 October 2022⁵, with effect from that date the Brexit Opportunities Unit transferred to BEIS from the Cabinet Office. At the time of preparing this Estimate, detailed agreement for the transfer of Budgets and expenditure had not yet been agreed and are therefore not reflected in Supply Estimates.

2.3 Ringfenced 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. As part of this Supplementary Estimate, HM Treasury have agreed to relax a number of ringfences in order for the Department to manage pressures and reallocate underspends; these revised ringfences are still being agreed at this time.

Spending total Amounts sought this year (Supplementary Estimate 2022-23)		Compared to revised budget this year (Out of turn Estimate 2022-23)		Compared to original budget this year (Main Estimate 2022-23)	
		£m	%	£m	%
International Climate Finance (ICF) ODA (Official Development Assistance) (Resource DEL)	£32.9m	-£43.5m	-56.9%	-£43.5m	-56.9%
International Climate Finance ODA (Capital DEL)	£208.8m	-£7.0m	-3.2%	-£7.0m	-3.2%

⁴ <https://questions-statements.parliament.uk/written-statements/detail/2023-02-07/hcws547>

⁵ <https://questions-statements.parliament.uk/written-statements/detail/2022-10-11/hcws311>

Financial transactions	£4,368.4m	+£2,940.3m	+205.9%	+£2,940.3m	+205.9%
<i>Of which:</i>					
<i>British Business Bank</i>	£849.6m	+£560.3m	+193.7%	+£560.3m	+193.7%
<i>Northern Powerhouse</i>	£61.2m	-	-	-	-
<i>Midlands Engine</i>	£56.2m	-	-	-	-
<i>British Technology Investments</i>	£20.0m	-	-	-	-
<i>ICF ODA</i>	£10.5m	-£37.0m	-77.9%	-£37.0m	-77.9%
<i>Met Office</i>	£7.5m	-	-	-	-
<i>UK Research and Innovation (UKRI)</i>	£38.0m	-	-	-	-
<i>Launch Investments</i>	-£259.3m	-£220.1m	-561.6%	-£220.1m	-561.6%
<i>Energy SAR</i>	£3,877.0m	+£2,899.1m	+296.5%	+£2,899.1m	+296.5%
<i>Other</i>	-£292.3m	-£262.0m	-865.1%	-£262.0m	-865.1%
Nuclear Decommissioning Authority (Resource DEL)	£574.9m	-£93.8m	-14.0%	-£93.8m	-14.0%
Nuclear Decommissioning Authority (Capital DEL)	£2,201.0m	+£40.0m	+1.9%	+£40.0m	+1.9%
South Tees Site Company	£22.0m	-	-	-	-
Covid-19 business loans	£222.0m	+£117.8m	+113.1%	+£117.8m	+113.1%
Depreciation	£404.4m	+£36.2m	+9.8%	+£36.2m	+9.8%

2.4 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 2021-22 Annual Report and Accounts, along with the Contingent Liabilities notified to Parliament on 12th January for the Energy Bills Support Scheme and Alternative Fuel Payment in Northern Ireland⁶ and on 22nd September 2022 for the Energy Price Guarantee⁷.

New contingent liabilities since 2020-21 are as follows.

- Indemnities in respect of personal injury claims in the event of a nuclear incident.
- UKRI Corporation tax.
- NDA – AGR transfer - decommissioning arrangements for seven Advanced Gas-cooled Reactor (AGR) stations.

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, S, V, AG	X		X	X
B, W		X		
C, K, X, AH, AP			X	X
D, Y		X		
E, L, Z		X	X	
F, M, AA, AI		X	X	
G, N, AB, AJ, AO		X		
H, O, T, AC, AK	X		X	X
I, P, AD, AL	X	X	X	X
J, Q, AE, AM	X	X	X	X
R, U, AN		X		
AF		X		

⁶ <https://questions-statements.parliament.uk/written-statements/detail/2023-01-12/hcws493>

⁷ <https://questions-statements.parliament.uk/written-statements/detail/2022-09-22/hcws295>

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. Also, the split between wages and salaries and other costs had not yet been established for the core Department, so have been updated in this Supplementary Estimate.

Spending total Amounts sought this year (Supplementary Estimate 2022-23)		Compared to revised budget this year (Out of Turn Estimate 2022-23)	
	£ million	£ million	%
Wages and salaries / Purchase of goods and services/other	£530.8m	-£2.9m	-0.5%
Depreciation	£47.4m	-£10.8m	-18.6%
OGD income for Committee on Climate Change	£(2.0)m	-	-
Total core department & Agency administration	£576.3m	-£13.7m	-2.3%
UKRI (depreciation)	£10.3m	+£4.3m	+71.7%
ACAS	£8.6m	-	-
Competition Service	£1.1m	-£0.1m	-5.6%
Civil Nuclear Police Authority	£1.3m	-£4.1m	-75.6%
UK Shared Business Services	£1.5m	-£0.1m	-5.4%
Committee on Climate Change	£5.1m	-	-
Coal Authority	£5.3m	+£0.0m	+0.9%
Oil and Gas Authority	£0.0m	-£1.5m	-100.0%
Nuclear Decommissioning Authority	£34.7m	-£10.3m	-22.9%
Total Partner Organisations administration	£67.9m	-£11.8m	-14.8%
Total Administration Budget	£644.2m	-£25.5m	-3.8%

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	1,643.9	1,508.0	1,471.8
Resource DEL income	-748.1	-599.5	-693.9	-1,068.9	-844.0	-964.8
Net Resource DEL	582.1	645.8	734.1	574.9	664.0	507.0
<i>of which Admin</i>	<i>52.9</i>	<i>54.9</i>	<i>35.5</i>	<i>34.7</i>	<i>44.0</i>	<i>42.0</i>

Capital DEL expenditure	1,797.2	1,799.7	2,023.1	2,201.0	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	2,775.9	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	206.3	31.3	31.3
Movement in Provisions/other non-cash	4,226.9	894.8	100,459.4	-105,600.0	12,804.0	12,804.0
Total AME	4,371.7	1,027.6	100,605.1	-105,393.7	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 Tom Taylor as Strategic Finance Director, on behalf of Sarah Munby, Accounting Officer of the Department for Business, Energy and Industrial Strategy, who is responsible for this Estimate.

Tom Taylor

Strategic Finance Director

Department for Business, Energy and Industrial Strategy

9 February 2023