Department for Business, Energy and Industrial Strategy (BEIS)

Supplementary Estimate 2021-22: Estimates memorandum

1 Overview

1.1 Objectives

As set out in the 2021 to 2022 Outcome Delivery Plan, the Department for Business, Energy and Industrial Strategy (BEIS) has the following priorities:-

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.

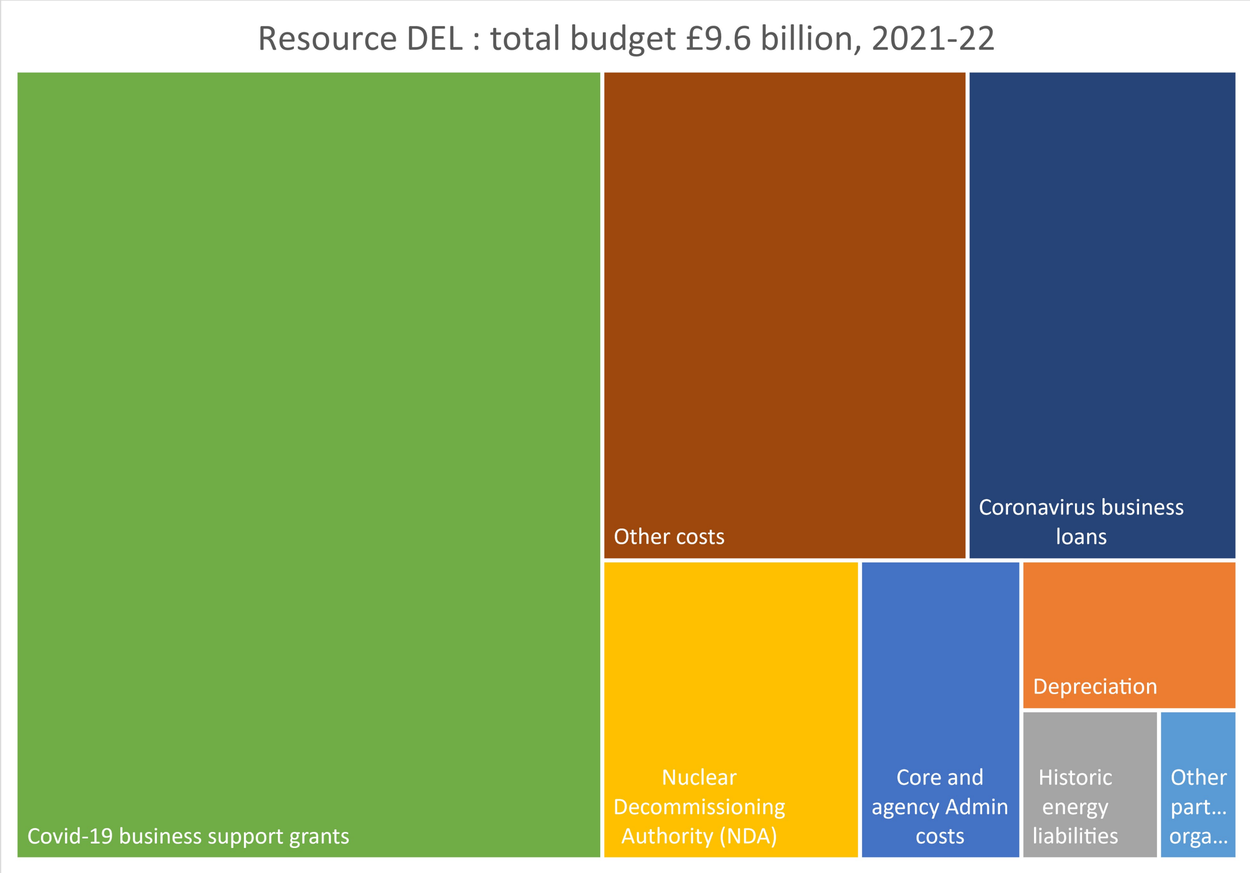
The spending totals which Parliament votes are:

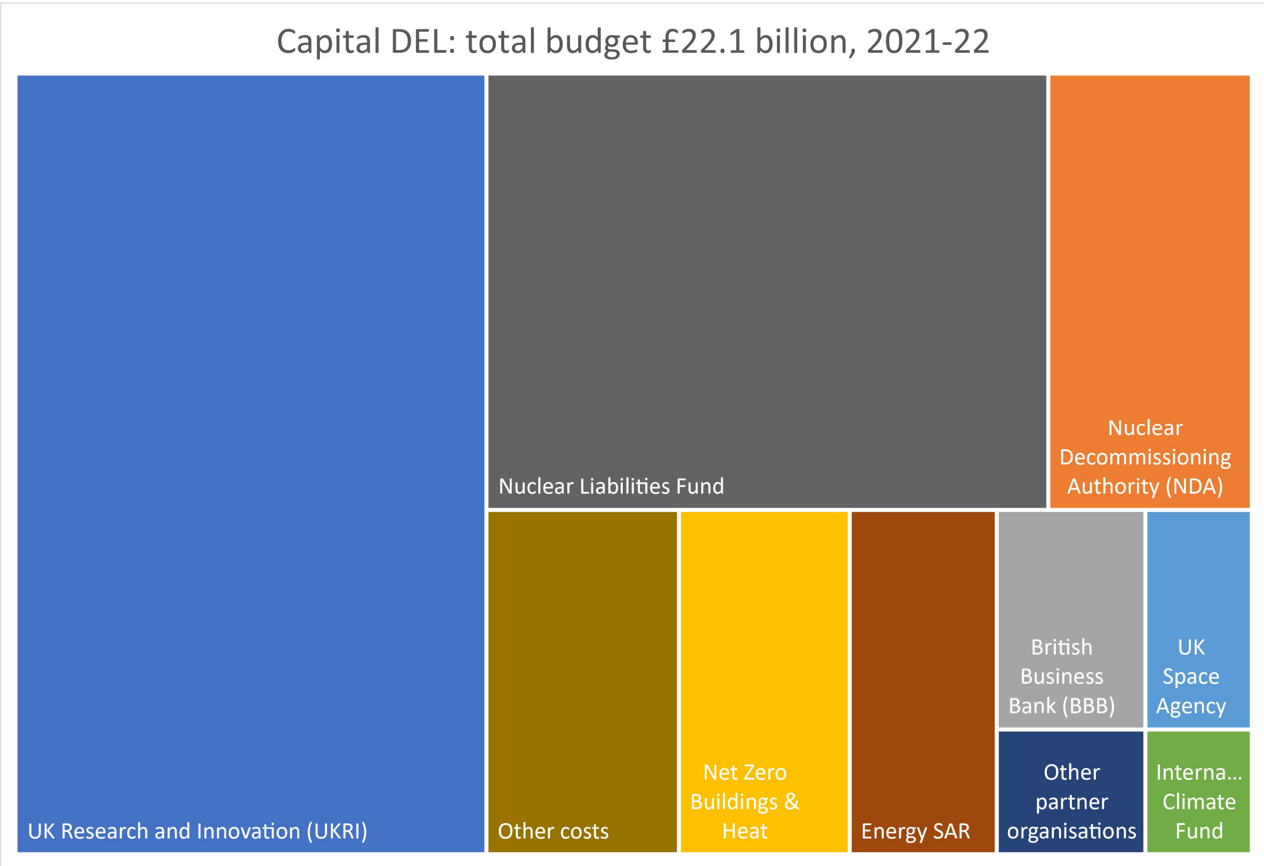
- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs;
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure, Research and Development;
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable day to day spending: in BEIS's case, mainly the Renewable Heat Incentive, redundancy and shared parental leave 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, 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.

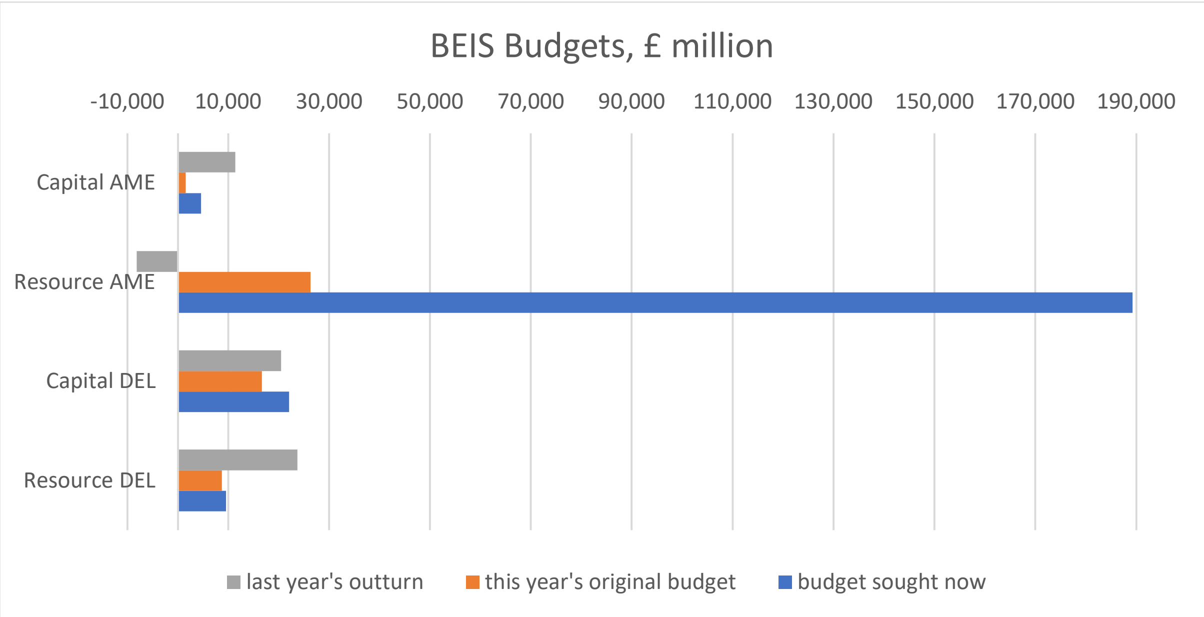

Resource DEL : total budget £9.6 billion, 2021-22
Covid-19 business support grants
Other costs
Coronavirus business loans
Nuclear Decommissioning Authority (NDA)
Core and agency Admin costs
Depreciation
Historic energy liabilities
Other part... orga...


Capital DEL: total budget £22.1 billion, 2021-22
UK Research and Innovation (UKRI)
Nuclear Liabilities Fund
Nuclear Decommissioning Authority (NDA)
Other costs
Net Zero Buildings & Heat
Energy SAR
British Business Bank (BBB)
UK Space Agency
Other partner organisations
Interna... Climate Fund

1.4 Comparison of spending totals sought

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

Spending total **Amounts sought this year** **(Supplementary Estimate 2021-22)**		**Compared to original budget this year** **(Main Estimate 2021-22)**		**Compared to final outturn last year** **(Outturn 2020-21)**	
		£ m	**%**	**£m**	**%**
Resource DEL	£9,568.6m	+£814.6m	+9.3%	-£14,168.8m	-59.7%
Capital DEL	£22,080.0m	+£5,414.8m	+32.5%	+£1,608.6m	+7.9%
Resource AME	£189,303.4m	+£162,981.0m	+619.2%	+£197,455.5m	+2,422.1%
Capital AME	£4,644.8m	+£3,045.7m	+190.5%	-£6,747.0m	-59.2%



1.5 Key drivers of spending changes since original budget

The main causes of the changes in Resource DEL are:

- £737.3m additional funding for Covid Business Support Schemes from the Reserve (Omicron Hospitality and Leisure Grant and top-up of the Additional Restrictions Grant) announced in December 2021;[1]
- £664.1 million from the Reserve for Expected Credit Losses arising from the Energy Special Administration Regime (SAR);
- £252.0 million from the Reserve for Nuclear Decommissioning Authority due to lower than expected revenue income;
- £169.5 million from the Reserve for Coronavirus Business Interruption Loan Scheme (CBILS);

[1] https://www.gov.uk/government/news/businesses-most-impacted-by-omicron-variant-to-benefit-from-over-700-million-as-government-delivers-funding-to-local-authorities

- £76.0 million from the Reserve for support for Energy Intensive Industries;
- £(665.0) million decrease arising from the Machinery of Government transfer of Vaccine Taskforce to the Department of Health and Social Care;
- £(351.8) million surrender of unused funding for Covid business support grants; and
- £(59.7) million surrender of unused funding for the Help to Grow scheme.

The main causes of the changes in Capital DEL are:

- £5,610.0 million funding from the Reserve for the Nuclear Liabilities Fund;
- £1,158.0 million funding from the Reserve for Energy SAR;
- £319.0 million increase in British Business Bank budgets, reflecting re-profiling and the Bank's high forecast of loans to be made;
- £(1,172.8) million budget exchange decrease for Horizon Europe into 2022-23;
- £(507.1) million surrender of unused funding including for Advanced Research and Invention Agency (ARIA), Net Zero and OneWeb; and
- £(25.0) million budget exchange decrease for ARIA into 2022-23.

The main causes of the changes in Resource AME are:

- £134.8 billion increase in Nuclear Decommissioning Authority Nuclear Provisions (largely due to movements in the discount rate);
- £25.0 billion increase in movement in Fair Value of Contracts for Difference (including provision for movements in the discount rate);
- £5.4 billion increase in provisions for Energy Bills Cost Deferral Mechanism;
- £2.6 billion increase in Coal Authority provisions (due to movement in the discount rate)
- £835.8 million increase in provisions for Post Office Limited;
- £530.9 million increase in provisions for Energy SAR;
- £(3.1) billion reduction in Horizon Europe and Euratom provisions compared to Main Estimate forecasts; and
- £(320.0) million reduction in forecast redundancy payments.

The main causes of the changes in Capital AME are:

- £2.9 billion increase for Horizon Europe and Euratom payments; and
- £51.0 million for the Medical Research Council Pension Scheme.

1.6 New policies and programmes

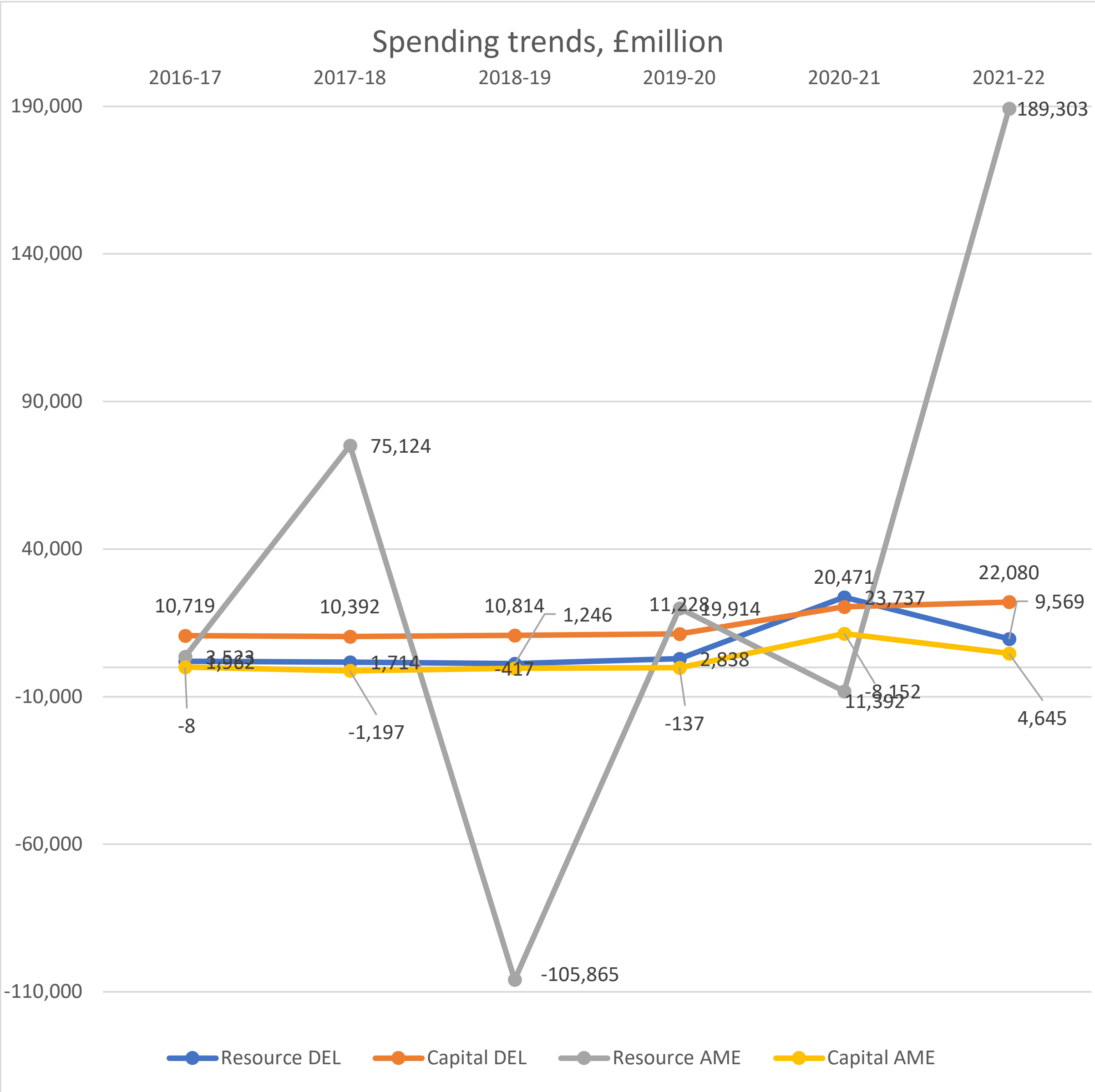
Significant changes to DEL and AME Budgets which relate to new policies and programmes are:-

- Omicron Hospitality and Leisure Grant scheme[2], funded through grants to Local Authorities in England;
- Support for the Special Administration Regime for the energy company Bulb[3]; and
- the Cost Deferral Mechanism for Energy Bills Rebate[4].

[2] https://www.gov.uk/guidance/check-if-youre-eligible-for-the-omicron-hospitality-and-leisure-grant
[3] https://www.gov.uk/government/news/bulb-customers-protected-as-energy-provider-enters-special-administration
[4] https://www.gov.uk/government/news/millions-to-receive-350-boost-to-help-with-rising-energy-costs

1.7 Spending trends

The chart below shows overall spending trends for the last five years, and plans presented in Estimates for 2021-22.



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 include further Covid-19 expenditure as outlined in this Memorandum albeit at lower levels than seen in 2020-21;
- 2018-19 Resource DEL is lower than other years primarily due to a one-off Coal Pension surplus receipt of £(475.0) million;
- 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). Alongside the increases for Covid-19, 2020-21 included an additional one off £5.1 billion budget for the Nuclear Liabilities Fund;

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 2017-18, 2018-19 and 2021-22; and
- Capital AME is also subject to significant fluctuation from year to year due to privatisation receipts (for Royal Mail and Green Investment Bank) and Coal Pension receipts. The material change in 2020-21 arises from the inclusion of financial guarantees for Coronavirus business loans.

1.8 Administration costs

Administration costs are set to increase by 5.0% compared to last year's final outturn, reflecting the implementation of IFRS16 and other additional funding from the Reserve.

Spending total **Amounts sought this year** **(Supplementary Estimate 2021-22)**		**Compared to original budget this year** **(Main Estimate 2021-22)**		**Compared to final outturn last year** **(Outturn 2020-21)**	
		£ m	**%**	**£m**	**£ m**
Administration costs	£593.7 m	-£22.5 m	-3.7%	+£28.1 m	+5.0%

The main cause of the reduction in Administration Budget since the Main Estimate is the £29.9 million Machinery of Government transfer of the Vaccine Taskforce to the Department of Health and Social Care. The Department has also surrendered unused ringfenced funding for IFRS 16 (£10.6 million).

The reduction is partially offset by an additional £21 million in Administration budget received from the Reserve in this Supplementary Estimate, including funding for the implementation of IFRS 16 (£11.9 million) and the Post Office Horizon Enquiry (£4.0 million).

The Department has switched £5 million funding for National Investigation Service (NATIS) from Programme to Administration to match where the expenditure will be incurred; and £10.9 million from Administration to Programme for the Nuclear Decommissioning Authority to match expenditure profiles.

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for BEIS for 2021-22 are based on plans published in Spending Review 2020 (SR20). Since that time, the Government has made a number of changes to 2021-22 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:

- Machinery of Government transfer of Vaccine Taskforce to the Department of Health and Social Care;
- additional funding for Covid-19;
- funding for Energy Special Administration Regime;
- routine re-profiling of budgets for the British Business Bank in line with their latest forecasts for 2021-22; and
- additional funding for the Nuclear Liabilities Fund.

1.10 Funding: other spending announcements

Spending announcements made during the year not listed at Annex B or referred to in paragraph 1.6 above 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;
- allocation of funding from the Industrial Strategy Challenge Fund;
- grant funding for projects developing novel technology and processes that reduce the cost of deploying CCUS (carbon capture, usage and storage) and
- funding for Catapult centres.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows how BEIS's spending plans for Resource DEL compare with the Main Estimate.

Subheads	Description	**Resource DEL**				
		£ million			%	
		This year (2021-22 Supplemen -tary Estimates budget sought)	*This year (2021-22 Main Estimates budget approved)*	change from Main Estimate		see note number
A, S	Deliver an ambitious industrial strategy	4,943.5	4,534.2	**409.3**	**9.0%**	1
B	Maximise investment opportunities and bolster UK interests	131.6	139.0	**-7.4**	**-5.3%**	
C, K	Promote competitive markets and responsible business practices	288.6	275.9	**12.6**	**4.6%**	
D	Delivering affordable energy for households and businesses	134.1	118.1	**16.0**	**13.5%**	2
E, L	Ensuring that our energy system is reliable and secure	689.0	21.3	**667.7**	**3,141.8%**	3
F, M	Taking action on climate change and decarbonisation	83.5	96.1	**-12.6**	**-13.1%**	4
G, N	Managing our energy legacy safely and responsibly	241.7	225.7	**16.0**	**7.1%**	
H, O, T	Science and Research	289.4	952.6	**-663.3**	**-69.6%**	5
I, P	Capability	582.6	642.0	**-59.4**	**-9.3%**	
J, Q	Government as Shareholder	1,419.0	1,238.8	**180.2**	**14.5%**	6
R, U	Nuclear Decommissioning Authority	765.8	510.3	**255.5**	**50.1%**	7
	Total voted and non voted	9,568.6	8,754.1	**814.6**	**9.3%**	

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 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 have been updated and aligned to final opening budgets as part of this Supplementary Estimate.

1. Deliver and ambitious industrial strategy

Resource DEL spending under these subheads is, overall, forecast to increase by £409.3 million, or 9.0 % since the Main Estimate.

This is driven largely by:

- £737.3 million additional funding from the Reserve for Covid-19 business support grants distributed via Local Authorities (£635.3 million for the Omicron Hospitality and Leisure Grant (OHLG) and £102.0 million Additional Restrictions Grant (ARG) top-up);
- £(351.8) million surrender of unused funding for Covid-19 business support grants (Restart Grant);
- £(78.9) million reduction in funding reflecting premium income for Trade Credit Reinsurance;
- £76.0 million additional funding from the Reserve for compensation for Energy Intensive Industries;
- £(59.7) million surrender of unused funding for Help to Grow: Management and Help to Grow: Digital;
- £30.0 million additional funding from the Reserve for British Steel; and
- £28.1 million additional funding from the Reserve for Trade Credit Reinsurance.

2. Delivering affordable energy for households and businesses

Resource DEL spending under this subhead is, overall, forecast to increase by £16.0 million, or 13.5% since the Main Estimate. This is driven largely by a £15.0 million increase to align with final opening internal budgets.

3. Ensuring that our energy system is reliable and secure

Resource DEL spending under these subheads is, overall, forecast to increase by £667.7 million, or 3,141.8 % since the Main Estimate. This is driven largely by the £664.1 million increase from the Reserve fund for Expected Credit Losses arising from the Energy Special Administration Regime (SAR).

4. Taking action on climate change and decarbonisation

Resource DEL spending under these subheads is, overall, forecast to decrease by £12.6 million, or 13.1 % since the Main Estimate. This is driven largely by a £(15.1) million decrease to align with opening budgets, together with additional funding from the Reserve of £1.8 million for IFRS16 implementation.

5. Science and Research

Resource DEL spending under these subheads is, overall, forecast to decrease by £663.3 million, or 69.6 % since the Main Estimate. This is driven largely by the £(665.0) million Machinery of Government transfer of the Vaccine Taskforce to DHSC.

6. Government as a Shareholder

Resource DEL spending under these subheads is, overall, forecast to increase by £180.2 million, or 14.5 % since the Main Estimate.

This is driven largely by:

- £169.5 million funding from the Reserve for Business Interruption Payments for CBILS;
- £(36.8) million decrease to align with final opening internal budgets;
- £29.7 million funding from the Reserve for Post Office Limited;
- £22.3 million funding from the Reserve for Covid-19 Loans Operational Expenditure; and
- £(18.4) million surrender of unused funding for the Covid Business Interruption Payments for BBLS.

7. NDA and SLC expenditure

Resource DEL spending under these subheads is, overall, forecast to increase by £255.5 million, or 50.1 % since the Main Estimate.

This is driven largely by:

- £252.0 million increase from the Reserve for lower than expected revenue income this financial year (two expected deals worth £130m and £157m of revenue respectively, have been delayed into future years);
- £2.0 million switch from Capital DEL, to match the expected split between Resource and Capital DEL for nuclear decommissioning costs; and
- £1.3 million transfer from the Ministry of Defence.

Capital DEL

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

Subheads	Description	**Capital DEL**				
		£ million			%	
		This year (2021-22 Supplemen -tary Estimates budget sought)	*This year (2021-22 Main Estimates budget approved)*	change from Main Estimate		see note number
A, S	Deliver an ambitious industrial strategy	232.0	97.4	**134.7**	**138.3%**	8
B	Maximise investment opportunities and bolster UK interests	303.8	321.0	**-17.2**	**-5.4%**	
C, K	Promote competitive markets and responsible business practices	59.4	34.5	**24.9**	**72.1%**	9
D	Delivering affordable energy for households and businesses	1,346.1	905.0	**441.1**	**48.7%**	10
E, L	Ensuring that our energy system is reliable and secure	1,364.0	129.3	**1,234.7**	**954.9%**	11
F, M	Taking action on climate change and decarbonisation	329.3	1,111.8	**-782.5**	**-70.4%**	12
G, N	Managing our energy legacy safely and responsibly	5,666.9	95.1	**5,571.8**	**5,859.4%**	13
H, O, T	Science and Research	9,547.6	11,075.9	**-1,528.3**	**-13.8%**	14
I, P	Capability	21.6	45.8	**-24.2**	**-52.8%**	15
J, Q	Government as Shareholder	1,166.7	826.4	**340.3**	**41.2%**	16
R, U	Nuclear Decommissioning Authority	2,042.7	2,023.1	**19.6**	**1.0%**	
	Total voted and non voted	22,080.0	16,665.2	5,414.8	**32.5%**	

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

8. Deliver an ambitious industrial strategy

Capital DEL spending under these subheads is, overall, forecast to increase by £134.7 million, or 138.3 % since the Main Estimate.

This is driven largely by:

- £28.7 million funding from the Reserve for Trade Credit Reinsurance;
- £254.5 million increase to align with final opening internal budgets;
- £(12.6) million budget cover transfer to the Northern Ireland Executive for Repayable Launch Investments funding;
- £(13.3) million additional income to be surrendered to the Consolidated Fund for repayments of a loan for Celsa Steel (UK) Limited;
- £(122.9) million surrender of unused funding largely for OneWeb (£81.0 million, due to the investment ultimately being recorded in 2020-21 rather than 2021-22) and the Automotive Transformation Fund (£35.5 million).

9. Promote competitive markets and responsible business practices

Capital DEL spending under these subheads is, overall, forecast to increase by £24.9 million, or 72.1 % since the Main Estimate.

This is driven largely by:

- £16 million additional funding from the Reserve;
- £5.4 million increase to align with final opening internal budgets; and
- £2.9 million increase in funding for IFRS16.

10. Delivering affordable energy for households and businesses

Capital DEL spending under this subhead is, overall, forecast to increase by £441.1 million, or 48.7 % since the Main Estimate.

This is driven largely by:

- £450.0 million movement of funding from Salix to the core Department, reflecting the agreed accounting treatment for the public sector energy efficiency schemes;
- £(22.0) million surrender of unused funding for the Public Sector Decarbonisation Scheme and the Local Authority Delivery scheme; and
- £12.5 million increase to align with final opening internal budgets.

11. Ensuring that our energy system is reliable and secure

Capital DEL spending under these subheads is, overall, forecast to increase by £1,234.7 million, or 954.9 % since the Main Estimate.

This is driven largely by:

- £1,158.0 million additional funding from the Reserve for Energy SAR; and
- £73.6 million increase to align with final opening internal budgets.

12. Taking action on climate change and decarbonisation

Capital DEL spending under these subheads is, overall, forecast to decrease by £782.5 million, or 70.4 % since the Main Estimate.

This is driven largely by:

- £(450.0) million movement of funding from Salix to the core Department, reflecting the agreed accounting treatment for the public sector energy efficiency schemes;
- £(73.7) million decrease to align with final opening internal budgets; and
- £(241.1) million surrender of unused funding for Net Zero.

13. Managing our energy legacy safely and responsibly

Capital DEL spending under these subheads is, overall, forecast to increase by £5,571.8 million, or 5,859.4 % since the Main Estimate.

This is driven largely by:

- £5,610.0 million additional funding from the Reserve for the Nuclear Liabilities Fund; and
- £(35.8) million decrease to align with final opening internal budgets;

14. Science and Research

Capital DEL spending under these subheads is, overall, forecast to decrease by £1,528.3 million, or 13.8 % since the Main Estimate.

This is driven largely by:

- £(1,172.8) million surrender of budget for Horizon Europe for carryover to 2022-23 under the Budget Exchange system;
- £(307.2) million decrease to align with final opening internal budgets;
- £(12.6) million reduction in budget transfers for a variety of programmes including the Global Partnership Fund and the Health Data Programme;
- £(25.0) million surrender of budget for Advanced Research & Invention Agency (ARIA) for carryover to 2022-23 under the Budget Exchange system; and
- £(24.8) million surrender of unused funding for ARIA.

15. Capability

Capital DEL spending under these subheads is, overall, forecast to decrease by £24.2 million, or 52.8 % since the Main Estimate. This is driven largely by IFRS16 implementation, and the delegation within the department of Main Estimate budgets of £(17.9) million, and surrender of unused funding of £(5.4) million.

16. Government as a Shareholder

Capital DEL spending under these subheads is, overall, forecast to increase by £340.3 million, or 41.2 % since the Main Estimate.

This is driven largely by:

- £319.0 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;

- £34.5 million increase to align with final opening internal budgets; and
- £(13.2) million surrender of unused funding for Future Fund.

Resource AME

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

Subheads	Description	**Resource AME**				
		£ million			%	
		This year (2021-22 Supplementary Estimates sought)	*This year (2021-22 Main Estimates approved)*	change from Main Estimate		*note number*
V, AF	Deliver an ambitious industrial strategy	192.1	27.9	**164.2**	**588.1%**	17
W, AG, AO	Promote competitive markets and responsible business practices	525.1	859.2	**-334.1**	**-38.9%**	18
X	Delivering affordable energy for households and business	5,409.0	0.0	**5,409.0**	**n/a**	19
Y	Ensuring that our energy system is reliable and secure	530.9	0.0	**530.9**	**n/a**	20
Z, AH	Taking action on climate change and decarbonisation	25,000.6	0.0	**25,000.6**	**n/a**	21
AA, AI, AN	Managing our energy legacy safely and responsibly	3,018.3	420.2	**2,598.1**	**618.3%**	22
AB, AJ	Science and Research	17,700.1	23,583.1	**-5,883.0**	**-24.9%**	23
AC, AK	Capability	22.8	-1.0	**23.8**	**-2,505.2%**	24
AD, AL	Government as Shareholder	1,002.5	-253.0	**1,255.6**	**-496.2%**	25
AE	Renewable Heat Incentive	1,026.0	1,081.0	**-55.0**	**-5.1%**	
AM	Nuclear Decommissioning Authority	134,876.0	605.0	**134,271.0**	**22,193.6%**	26
	Total voted and non voted	189,303.43	26,322.45	**162,980.98**	**6.19**	

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

17. Deliver an ambitious industrial strategy

Resource AME spending on these subheads is forecast to increase by £164.2 million, or 588.1% since the Main Estimate. This is due to an increase of £100.0 million for the fair value movement in Launch Investments, and a net increase of £57.0 million for Trade Credit Reinsurance provisions.

18. Promote competitive markets and responsible business practices

Resource AME spending on these subheads is forecast to decrease by £334.1 million, or 38.9% since the Main Estimates. This is largely due to a forecast reduction of £320.0 million for redundancy payments, and a decrease of £15.0 million for parental leave schemes in line with the latest forecasts and revisions to prior year outturn calculated by the Government Actuary’s Department.

19. Delivering affordable energy for households and businesses

Resource AME spending on this new subhead is forecast to be £5,409.0 million, reflecting the forecast for the provision for the Cost Deferral Mechanism for Energy Bills.[5]

20. Ensuring that our energy system is reliable and secure

Resource AME spending on this new subhead is forecast to be £530.9 million, reflecting the forecast for the provision for the Energy SAR.

21. Taking action on climate change and decarbonisation

Resource AME spending on this subhead is forecast to be £25,000.6 million higher than in the Main Estimate largely due to the addition of £25,000.0 million for the movements in the fair value of Contracts for Difference held by the Low Carbon Contracts Company. Although there will in practice be no net liability to government, accounting rules mean that the movement within the year in the estimated net present value of future payments to generators has to be recognised as a liability by the Low Carbon Contracts Company. As the matching receipts from electricity suppliers are classified as future taxation they cannot be recognised as an offsetting asset in the accounts.

22. Managing our energy legacy safely and responsibly

Resource AME spending on these subheads is forecast to be £2598.1 million higher, or 618.3% than in the Main Estimate due largely to movements in provisions for Coal Authority (£2,583.0 million) due to the changes in the discount rate, Coal Health liabilities (£18.0 million), Concessionary Fuel £(14.6) million) and British Energy liabilities (£11.4 million).

23. Science and Research

Resource AME spending on these subheads is forecast to be £5,883.0 million lower, or 24.9% than forecast at Main Estimates. This is largely due to a reduction of £6,029.6 million in the provision for Horizon Europe and Euratom, a £102.6 million increase in provisions for UK Research and Innovation, primarily for pensions and decommissioning costs, and an increase in provisions of £44.4 million for UK Atomic Energy Agency.

24. Capability

Resource AME spending on these subheads is forecast to increase by £23.8 million from the Main Estimate. This is largely due to increases to core Department provisions for Estates costs for dilapidations.

25. Government as a Shareholder

Resource AME spending on these subheads is forecast to be £1,255.6 million higher than in the Main Estimate driven by additional budget for Post Office Limited (£835.8 million), Future Fund (£216.0 million) and British Business Bank corporation tax (£33.6 million).

26. NDA and SLC expenditure

Resource AME spending on this subhead is forecast to increase by £134,271.0 million compared to the Main Estimate, The increase is mainly as a result of applying a revised discount rate, but it also now

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[5] https://www.gov.uk/government/news/millions-to-receive-350-boost-to-help-with-rising-energy-costs

includes relevant EDF liabilities (ie. relating to the future transfer of the AGR stations), a revision of the estimated costs at Sellafield and to account for inflation-related increases. This re-estimate will be finalised as part of the year end process, including accurate estimates of NDA's portion of the EDF liability and the most up to date information for the Sellafield baseline..

Capital AME

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

Subheads	Description	**Capital AME**				
		£ million			%	
		This year (2021-22 Supplementary Estimates sought)	*This year (2021-22 Main Estimates approved)*	change from Main Estimate		*note number*
U, AD	Deliver an ambitious industrial strategy	10.0	10.0	**-**	**-**	
AA, AI, AN	Managing our energy legacy safely and responsibly	-117.4	-119.3	**1.9**	**-1.6%**	
AB, AJ	Science and Research	2,934.0	-51.4	**2,985.4**	**-5808.2%**	27
AC, AK	Capability	30.0	0.0	**30.0**	**n/a**	28
AD, AL	Government as Shareholder	1,788.3	1,759.8	**28.5**	**1.6%**	
	Total voted and non voted	4,644.82	1,599.09	**3,045.73**	**190.5%**	

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

27. Science and Research

Capital AME expenditure on these subheads is forecast to be £2,985.4 million higher than in the Main Estimate due to the inclusion of £2,934.0 million cover for payments for Horizon Europe and Euratom association, together with an increase of £51.4 million for Medical Research Council pensions.

28. Capability

Capital AME expenditure on these subheads is forecast to be £30.0 million higher than in the Main Estimate due to the inclusion of cover for core Department provisions for Estates costs for dilapidations.

2.2 Restructuring

As announced by the Prime Minister on 22 July 2021[6], with effect from 1st August 2021 the Vaccine Taskforce became a joint-unit of the Department for Business, Energy and Industrial Strategy and the Department of Health and Social Care. To support this, responsibility for the Taskforce's work on vaccine and antibody procurement and supply and clinical development transferred to the Department of Health

[6] https://questions-statements.parliament.uk/written-statements/detail/2021-07-22/hcws242

and Social Care. This is reflected in this Supplementary Estimate by the transfer of £29.9 million Administration Budget and £665.0 million Programme Budget to DHSC.

2.3 Ring fenced budget

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

Spending total **Amounts sought this year** **(Supplementary Estimate 2021-22)**		**Compared to original budget this year** **(Main Estimate 2021-22)**		**Compared to final outturn last year** **(Outturn 2020-21)**	
		£m	**%**	**£m**	**%**
Research and Development (General Capital DEL)	£9,650.5m	-£1,419.5m	-12.8%	n/a	n/a
International Climate Finance (ICF) ODA (Official Development Assistance) (Resource DEL)	£131.6m	-£7.4m	-5.3%	+£40.8m	+44.9%
International Climate Finance ODA (Capital DEL)	£303.8m	-£17.2m	-5.4%	-£188.9m	-38.3%
Financial transactions	£2,478.3m	+£1,431.7m	+136.8%	+£791.5m	+46.9%
Of which:					
British Business Bank	*£745.1m*	*+£252.6m*	*+51.3%*	*+£564.2m*	*+311.9%*
Northern Powerhouse	*£43.8m*	*+£43.8m*	*n/a*	*-£30.9m*	*-41.3%*
Midlands Engine	*£47.0m*	*+£47.0m*	*n/a*	*+£2.9m*	*+6.5%*
British Technology Investments	*£45.0m*	*-*	*-*	*n/a*	*n/a*
Future Fund	*£36.8m*	*-£13.2m*	*-26.4%*	*-£1,053.4m*	*-96.6%*
OneWeb	*£0.0m*	*-£81.0m*	*-100.0%*	*-£373.7m*	*-100.0%*
Post Office	*£177.0m*	*-*	*-*	*n/a*	*n/a*

ICF ODA	*£105.3m*	*+£105.3m*	*n/a*	*+£47.8m*	*+83.1%*
Heat Networks	*£68.0m*	*-*	*-*	*+£38.9m*	*+134.0%*
Met Office	*£39.0m*	*-*	*-*	*-£3.8m*	*-8.9%*
UK Research and Innovation (UKRI)	*£56.0m*	*-£5.0m*	*-8.2%*	*+£15.3m*	*+37.7%*
Launch Investments	*-£48.6m*	*-£12.6m*	*+35.0%*	*+£287.6m*	*-85.5%*
Energy SAR	*£1,158.0m*	*+£1,158.0m*	*n/a*	*n/a*	*n/a*
Other	*£5.9m*	*-£63.2m*	*-91.5%*	*-£91.7m*	*-94.0%*
Nuclear Decommissioning Authority (Resource DEL)	£765.8m	+£255.5m	+50.1%	+£120.0m	+18.6%
Nuclear Decommissioning Authority (Capital DEL)	£2,030.7m	+£7.6m	+0.4%	+£230.9m	+12.8%
EU Exit Funding (Resource DEL)	£35.5m	-	-	-£73.9m	-67.5%
South Tees Site Company	£46.1m	+£0.0m	+0.0%	+£16.1m	+53.6%
Covid-19 business support grants	£4,595.5m	+£385.5m	+9.2%	-£14,282.1m	-75.7%
Covid-19 business loans	£1,312.4m	+£173.4m	+15.2%	-£230.7m	-15.0%
Depreciation	£321.8m	-£12.7m	-3.8%	+£51.7m	+19.2%

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 2020-21 Annual Report and Accounts. In addition, the Contingent Liabilities notified to Parliament during 2021-22 for Bulb Special Administration Regime; Extension of nuclear third party liability regime; and Baglan Operations Limited and Baglan Group Companies - Official Receiver indemnity, have been included.

New contingent liabilities that were included in the 2020-21 Annual Report and Accounts since 2019-20 are as follows:

- indemnity to the Chair of the Post Office Horizon IT Inquiry in respect of any liabilities he may incur as a result of holding, or having held, this position;
- indemnities related to vaccine manufacturing defects (transferring to DHSC as part of the Machinery of Government transfer included in this Supplementary);
- Compensation for exclusion from grant scheme - GB Non-Domestic Renewable Heat Incentive scheme; and
- CNPA - Multi Force Shared Service (MFSS) redundancy costs.

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>>>> Estimates subheads	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
A, S, V, AF	X		X	X
B		X		
C, K, W, AG, AO			X	X
D, X		X		
E, L, Y		X	X	
F, M, Z, AH		X	X	
G, N, AA, AI, AN		X		
H, O, T, AB, AJ	X		X	X
I, P, AC, AK	X	X	X	X
J, Q, AD, AL	X	X	X	X
R, U, AM		X		
AE		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 fifteen major projects, four are nuclear energy or decommissioning projects, and most of the remaining portfolio relates to energy networks and systems:

- Geological Disposal Facility Programme (GDF)
- Heat Networks Investment Project
- Replacement Analytical Project (Sellafield)
- New Polar Research Vessel
- Smart Metering Implementation Programme
- Sellafield Product and Residue Store Retreatment Plant
- SIXEP Continuity Plant (Sellafield)
- Met Office Supercomputing 2020+ Programme
- Green Homes Vouchers Programme
- Space Based Positioning, Navigation and Timing (PNT) Programme
- Home Upgrade Grant (HUG)
- Green Homes Grant: Local Authority Delivery (LAD)
- Public Sector Decarbonisation Scheme (PSDS)
- 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

Spending total **Amounts sought this year** **(Supplementary Estimate 2021-22)**		**Compared to original budget this year** **(Main Estimate 2021-22)**	
	£ million	**£ million**	**%**
Wages and salaries	315.7	+8.9	+2.9
Purchase of goods and services/other	142.8	-13.6	-7.3
Notional Audit Fee	1.1	+1.1	n/a
Depreciation	34.8	-3.4	-8.9
Sales of goods & services/other income	-10.8	-2.8	+34.7
OGD income for Committee on Climate Change	-1.2	-	-
Total core department & Agency administration	**513.0**	**-9.8**	**-1.9**
UKRI (depreciation)	7.0	-2.2	+123.3
UKAEA (depreciation)	0.0	-0.6	-100.0
ACAS	7.8	-0.2	-3.0
British Business Bank (depreciation)	0.0	+0.3	-100.0
Competition Service	1.0	-0.0	-2.0

Civil Nuclear Police Authority	3.7	+0.6	+21.1
UK Shared Business Services	1.6	-0.0	-0.9
Committee on Climate Change	4.3	-0.5	-11.0
Coal Authority	5.1	-0.0	-0.1
Oil and Gas Authority	0.2	+0.2	n/a
Nuclear Decommissioning Authority	50.1	-10.2	-16.9
Total Partner Organisations administration	**80.7**	**-12.7**	**-13.6**
Total Administration Budget	**593.7**	**-22.5**	**-3.7**

4.2 Additional tables for Nuclear Decommissioning Authority

NDA DEL Budgets	£ million			
	2018-19 outturn	2019-20 outturn	2020-21 outturn	2021-22 plans
Resource DEL expenditure	1,175.3	1,330.2	1,245.2	1,365.8
Resource DEL income	-978.4	-748.1	-599.5	-600.0
Net Resource DEL	**197.0**	**582.1**	**645.8**	**765.8**
of which Admin	*50.6*	*52.9*	*54.9*	*50.1*
Capital DEL expenditure	2,002.7	1,797.2	1,799.7	2,030.7
Capital DEL income	-	-	-	-
Net Capital DEL	**2,002.7**	**1,797.2**	**1,799.7**	**2,030.7**
Total Net DEL	**2,199.7**	**2,379.3**	**2,445.5**	**2,796.4**

NDA AME Budgets	£ million			
	2018-19 outturn	2019-20 outturn	2020-21 outturn	2021-22 plans
Depreciation/Impairments	206.9	144.8	132.8	50.0
Movement in Provisions/other non-cash	-101,998.2	4,226.9	894.8	134,826.0
Total AME	**-101,791.3**	**4,371.7**	**1,027.6**	**134,876.0**

NDA Outturn 2015-16 to 2017-18	£ million		
	2015-16	2016-17	2017-18

Resource DEL expenditure	1,417.7	1,290.3	1,257.6
Resource DEL income	-977.8	-1,029.6	-1,179.7
Net Resource DEL	**440.0**	**260.7**	**78.0**
of which Admin	*35.0*	*38.2*	*42.1*
Capital DEL expenditure	1,827.7	1,970.7	2,051.0
Capital DEL income	-51.6	-	-
Net Capital DEL	**1,776.1**	**1,970.7**	**2,051.0**
Total Net DEL	**2,216.0**	**2,231.4**	**2,129.0**
AME Depreciation/Impairments	54.4	29.0	305.8
AME Movement in Provisions/other non-cash	89,743.6	2,821.5	69,606.0
Total AME	**89,797.9**	**2,850.5**	**69,911.9**

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 Kim Humberstone as co-Director of Finance, 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.

Kim Humberstone

Co-Director of Finance

Department for Business, Energy and Industrial Strategy

22 February 2022