



Department for  
Business, Energy  
& Industrial Strategy

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Sarah Munby  
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*Dear Sarah, Dear Jo,*

**ALLOCATION OF 2019/20 BUDGET AND DELEGATION OF FINANCIAL AUTHORITY**

This letter formally allocates budget, including affordable limits for staff, by your respective Group responsibilities. It also sets out my expectations of your role in managing these resources. This letter supersedes all previous budget allocation and delegation notifications. Annex A summarises the budgets allocated to each Group for 2019/20.

The Department at the end of Q1 2019/20 is around £180m 'over-programmed'. There will be no additional funding to cover this over-programming and so we will need to absorb this pressure if we are to live within our control totals by the end of 2019/20. I have decided to retain this over-programming risk at departmental level, recognising that this is a shared responsibility for us to manage collegiately as a leadership team. As a starting point, should new funding pressures materialise against your budgets I expect you to seek to reprioritise within your overall budget allocation.

Over the course of the year it is important that in-year monthly and quarterly forecasts are provided on a timely, taut and accurate basis to enable robust decision-making. This will enable shared scrutiny of our position and I recommend close working with your Finance Business Partners (FBPs). High-quality forecasting will also support our ongoing relationship with our HM Treasury colleagues and their benchmarking processes.

Where underspends develop, I expect budget holders to give first consideration to the wider departmental position before taking decisions with their FBPs on local re-prioritisation. Based on your accurate forecasting we will collectively undertake a quarterly review process to manage the overall position, which may involve resetting budgets in-year.

Administration staff (covering pay and non-pay) budget controls will be enforced for core BEIS in 2019/20, replacing staff full time equivalent (FTE) limits. While FTE remains an important part of the planning process and will form part of BEIS' Strategic Workforce Planning Framework, the move to a staff budget control recognises the need to manage the most significant cost within the Department's declining Administration budget as we move into the next Spending Review period. FTE may still be used for local planning purposes, but it is budget control that will prevail and on which you will be held accountable. Each quarter ExCo will review forecasts against budgets, including staff, and consider whether any action might be required in the context of the Department's overall position on



Administration and plans for the next Spending Review period. You are therefore expected to be within your 2019/20 staff allocation budget over the course of the year.

EU Exit allocations are based on a 'Deal' scenario and are ringfenced for EU Exit only. You have flexibility (except for the additional ring-fence for UK GNSS) to use this funding on any legitimate work to maximise our preparedness for exit from the EU, in line with EU Exit delivery plans. (The Department continues to engage with HM Treasury on funding for a 'No Deal' scenario, including the provision of budget for HMG Underwrite Guarantee grant and administrative funding. If required, any additional ringfenced funding will be confirmed in due course through an updated delegation and subject to a separate ring-fence.)

As Principal Accounting Officer, I am personally responsible for ensuring the Department has a high standard of governance and exercises effective controls over the management of resources. In turn, you are responsible and accountable to me for the activities of your Group and its use of resources. This requires full compliance with 'Managing Public Money' and the Accounting Officer tests of: regularity, propriety, value for money and feasibility: <https://www.gov.uk/government/publications/managing-public-money>

I am delegating to you the authority to commit resources subject to the budgetary control totals and the terms, conditions and limits as set out in the Scheme of Delegations, which is available from the departmental intranet [here](#) and [Annex B](#). This includes for 2019-20 only authority to approve new spending commitments up to £10m in value (£20m R&D) beyond the current SR period (above this the Chief Financial Officer and HM Treasury will need to agree). This authority cannot be sub-delegated (except where this would be inconsistent with limits set for Partner Organisations in 2018-19), and Finance Business Partners should be engaged on all decisions to commit spend beyond the current SR period.

I expect you to comply fully with the Department's governance and internal control processes and ensure there are robust governance and control processes in place within your Group at all times. Annex B lists the principles and responsibilities of departmental controls, including finance and procurement approvals that must be obtained in line with delegated budgetary authority and procurement controls. Other functional approvals may also be required depending on the nature and value of expenditure e.g. Research and Development. In addition, all expenditure is subject to the provisions of the Cabinet Office's controls, details of which can be found via the following link: <https://www.gov.uk/government/publications/cabinet-office-controls>

Your FBP team will support you to manage your expenditure within the requirements of this delegation, engaging the Chief Financial Officer as necessary, but the ultimate accountability for management of your delegated budget remains yours alone. As such, you are responsible for ensuring you have adequate skills and training to be able to discharge the inherent responsibilities of budget and fiduciary duty given to you as part of this delegation.

You may sub-delegate the authority granted to you so that financial responsibilities are delegated to the level where decisions can be made most efficiently, but accountability for management of your delegated budget remains with you. Any sub-delegation must be made within your delegated limits and following the same guiding principles set out in this letter. You should sub-delegate in writing (a template is available on the intranet [here](#)), copied to your FBP and to [internalcontrols](#) [GRO](#). Authority will not be delegated until it is reflected in the departmental Scheme of Delegations. In doing so, you should ensure that all colleagues with financial responsibilities have the time, skills and training to discharge them effectively; including competence in writing effective business cases.



This Delegation of Financial Authority should be considered 'evergreen', in that it has immediate effect and will remain in force until further notice or such time that you personally cease to be the post holder. Naturally, the delegated budget amounts are subject to change.

I am copying this letter to Tom Taylor, Alice Hurrell, Emma Ward, the Financial Reporting and Control team, and your FBP.



**Alex Chisholm**

**ANNEX A: 2019/20 BUDGET ALLOCATIONS APRIL 2019**

The following tables set out key budget control totals for the Department and by Group. Please refer to the Scheme of Delegations for information on any specific policy ring-fences that operate within these control totals.

**BEIS TOTAL DEPARTMENTAL BUDGET**

<b>BUDGET CONTROL</b>	<b>Core</b>	<b>EU Exit<sup>1</sup></b>
	£'000s	£'000s
<b>RESOURCE</b>		
Programme	1,312,059	20,285
Programme: depreciation ring-fence	301,777	-
Administration: staff costs	186,195	68,593
Administration: non-staff costs	200,966	16,098
Administration: depreciation ring-fence	20,692	-
Non-delegated budgets: Departmental 'over-programming'	(56,660)	-
Non-delegated budgets: 2019/20 Supplementary Estimates <sup>2</sup>	(56,760)	
<b>CAPITAL</b>		
Financial Transactions	223,211	-
General Capital	11,124,656	72,001
Non-delegated budgets: Departmental 'over-programming'	(73,984)	-
Non-delegated budgets: 2019/20 Supplementary Estimates <sup>2</sup>	(11,480)	
<b>ANNUALLY MANAGED EXPENDITURE</b>		
Resource	2,870,832	-
Resource: depreciation ring-fence	82,863	-
Financial Transactions	(184,470)	-
General Capital	5,471	-

**Business Sectors**

<b>BUDGET CONTROL</b>	<b>Core</b>	<b>EU Exit</b>
	£'000s	£'000s
<b>RESOURCE</b>		
Programme	249,128	-
Administration: staff costs	23,961	7,750
Administration: non-staff costs	315	-
<b>CAPITAL</b>		
Financial Transactions <sup>3</sup>	(58,900)	-
General Capital	377,458	-
<b>ANNUALLY MANAGED EXPENDITURE</b>		
Resource <sup>3</sup>	(70,900)	-
Financial Transactions <sup>3</sup>	(77,070)	-

<sup>1</sup> The remainder of the Department's EU Exit allocation has been delegated separately to the Department's Chief Financial Officer; this includes £7 million Business Readiness funding to be transferred to Cabinet Office at the Supplementary Estimates (amount tbc) with the remainder held as contingency.

<sup>2</sup> Allocations made to Group delegated budgets ahead of funding being received by BEIS from HMT at 2019/20 Supplementary Estimates, covering approved reserve claims and agreed transfers in from other Departments.

<sup>3</sup> Negative Capital DEL Financial Transactions budget is due to Repayable Launch Investment (RLI) income receipts in Advance Manufacturing Directorate. Negative Resource AME budget is due to effective interest (unwinding of the discount that reflects the time value of money) on RLI contracts in Advanced Manufacturing Directorate. Negative Financial Transactions AME budget is due to movements on the Post Office working capital facility.



**Industrial Strategy, Science and Innovation**

<b>BUDGET CONTROL</b>	<b>Core</b>	<b>EU Exit</b>
	£'000s	£'000s
<b>RESOURCE</b>		
Programme	30,573	382
Programme: depreciation ring-fence	290,391	-
Administration: staff costs	18,203	5,597
Administration: non-staff costs	414	931
Administration: depreciation ring-fence	7,200	-
<b>CAPITAL</b>		
Financial Transactions	246,111	-
General Capital <sup>3</sup>	8,377,899	67,150
<b>ANNUALLY MANAGED EXPENDITURE</b>		
Resource <sup>4</sup>	251,071	-
Resource: depreciation ring-fence	29,163	-
Financial Transactions	35,000	-

<sup>3</sup>EU Exit Capital allocation includes £50.1m ring-fenced for UK GNSS.

<sup>4</sup>ISSI is responsible for managing the AME requirement for UKAEA Pension Schemes (£276.94m in 2019/20). This amount is not included in the Group allocations above since UKAEA Pension Schemes fall under a separate Estimate outside of BEIS Control Totals.

## **ANNEX B: PRINCIPLES AND RESPONSIBILITIES OF DEPARTMENTAL CONTROLS**

### **Principles**

Authority to spend budgets for both core-BEIS staff and those from BEIS Partner Organisations is made as part of the delegated flow of funds from HM Treasury through the BEIS Principle Accounting Officer. Those who receive delegated authority to spend have a central role in ensuring that high standards of financial management and control are maintained within their team, directorate or organisation. Each person with a budget is designated as a Primary Budget Holder. As such they should comply with the following standards as a minimum:

- All income and expenditure should withstand scrutiny against the principles of HM Treasury's guidance, Managing Public Money, and Cabinet Office Controls so that we can demonstrate Regularity, Propriety, Value for Money and Feasibility with a system of records and controls. All records of receipts and spending and any related decisions-making must be retained for subsequent audit and/or review.
- As the Primary Budget Holder, you should commit and certify expenditure and payments against budgets your post is accountable and responsible for administering, or against allocations made to your post from other budgets for the primary purpose of delivering your contribution to Departmental Objectives. This includes grants, grant-in aid, and the purchase of goods and services, and to raise invoices, collect and accept receipts of monies for fees and charges, appropriations-in-aid, and the sales of good and services.
- You are also instructed to observe the policy, procedure and guidance issued by the Department with regard to all:
  - financial matters relating to accounting, budgeting, estimates, and expenditure;
  - commercial matters relating to contracting, procurement, purchasing and sales; and
  - matters of corporate governance, fraud and tax avoidance, and risk management.
- You are also required to carry out an annual review of the internal controls, financial and otherwise, operating within your area of responsibility and to sign a formal statement to that effect in support of the Department's Governance.

It is important to note that while not all of our Partnership Organisations receive a departmental budget, they may still be subject to other control frameworks, for example: HM Treasury guidance, Cabinet Office Controls.

### **Responsibilities**

You are required to ensure:

- There is appropriate segregation of duties to minimise the risk of fraud and/or irregularities.
- There is adequate monitoring and feedback to provide early awareness of any material overspend or underspend against budgets and any potentially poor value for money issues which have arisen.
- That the BEIS Chief Financial Officer is made aware, via your Finance Business Partner of serious financial issues as soon as possible after you become aware of the issue.
- Ensure that manager responsibilities, which can be found [here](#), are adhered to and that accurate HR records are maintained on BEIS systems, which are key to making our processes work – including pay and expenses.
- That financial records which represent transactions within your budget area are kept accurate and up to date, along with suitable and appropriate audit trail.
- That risks are identified and managed through removal or mitigation at the earliest opportunity.
- Programme and project management, and procurement and contract management are undertaken in accordance with departmental guidance and procedures.



### Detailed Delegated Limits

In addition to the above, there are some specific authorities for which you will personally be held accountable for ensuring that they are complied with in full. The table below includes a list of categories of spending that sets specific limits on approvals and override any other delegated authority and will be logged in the Department's Scheme of Delegations, which can be found [here](#).

In addition, you should ensure that you comply with any specific HM Treasury conditions set either through the Department's delegation letter (please use this [link](#)) or through fiscal events. Where appropriate these are also recorded in the Scheme of Delegations and I recommend that you ensure you are familiar with these.

Area of delegated authority		Delegated Limit
New Spending Proposals	Proposals that are novel, contentious, set a precedent, or could cause repercussions elsewhere in the public sector.	£0
	Proposals that could lead to a pressure against any budget control (see annex A).	£0
	Whole life costs <sup>5</sup> of all projects and programmes, and announcements and policy proposals with a defined lifetime.	£10m Capital, £20m R&D (£50m for UKRI)
		£20m Programme
	Spending commitments beyond current spending review <sup>6</sup>	£10m non-R&D, £20m R&D
	Administration	£5m
Special Payments	Extra Contractual payments	£0
	Ex-gratia payments for financial loss	£0
	Ex-gratia payments (no financial loss)	£0
	Special payments (including severance / compensation)	£0
Other	Guarantees, Indemnities, letters of comfort & Loans	£0
	Contingent Liabilities	£0
	Gifts	£0
	Losses and Write-offs: 3 <sup>rd</sup> party solvent	£10k
	Losses and Write-offs: 3 <sup>rd</sup> party insolvent	£50k
	Stocks e.g. equipment, IT/IS (write-offs, impairments and fixed assets)	£1m
	Claims waived or abandoned	£0
Projects and programmes that have materially changed in scope	<p>If a PIC approved project or programme materially changes from the agreed case, then it may need to come back to PIC for reapproval. Any one or more of the following may be considered material and you should engage the portfolio team on whether a case should be resubmitted:</p> <ul style="list-style-type: none"> <li>• Increase in the original budget of more than 33%;</li> <li>• Change in benefits or outcome sought;</li> <li>• Change in criteria for disbursement of funds; and / or</li> <li>• Major changes to competent projects or workstreams.</li> </ul>	

<sup>5</sup> Whole life cost being defined the direct and indirect public-sector cash, and wider social cash costs for the duration of the appraisal period without any netting of cash savings, in real terms.

<sup>6</sup> For 2019-20 and DGs (not to be sub-delegated, except where this would be inconsistent with 2018-19 limits) with FBPs engaged on all new post SR commitments.

<b>Procurements</b>	All procurements must be logged initially with the Central Procurement Team. Procurement templates will be used for procurements over <b>£10k</b> . Additional approvals will be needed for single tender actions (direct award of contract without competition) at lower value thresholds. Certain types of expenditure will also require functional approvals e.g. research and development or legal spend.
<b>Cabinet Office Controls</b>	All expenditure, even if signed off by BEIS and HM Treasury may require separate Cabinet Office (CO) clearance. Please see the CO website <a href="#">here</a> for further details on controls.
<b>Recruitment of ex-Civil Servants</b>	BEIS approval is specifically required for the engagement of all ex-civil servants who are not re-employed as civil servants, e.g. as employed or self-employed consultants or contractors.