
Department for Business, Energy & Industrial Strategy

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DEPARTMENTAL OVERVIEW

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BEIS responsibilities

The Department for Business, Energy and Industrial Strategy (BEIS) brings together responsibilities for business, industrial strategy, science, innovation, energy, and climate change. Its current key responsibilities are:

Business

- Setting the regulatory framework for business and competition
- Representing UK business interests in EU Exit negotiations
- Assessing corporate governance including formal regulation of corporate frameworks and supporting responsible business
- Working with Partners to improve access to finance for small and medium enterprises
- Setting individual worker rights in the labour market, including the National Minimum and National Living Wage, and Trade Union legislation
- Continuing to deliver EU business as usual activities including on labour market regulation and consumer protection and enforcement
- Securing good outcomes for consumers through competitive markets and private and public consumer enforcement regimes

Energy

- Delivering a secure energy supply both in the short-term and long-term
- Working to deliver affordable bills for households and businesses including the roll out of Smart Meters, and relevant targeted measures to tackle fuel poverty
- Meeting our climate change commitments including internationally under the Paris Agreement, nationally through the delivery of Carbon Budgets, and through the provision of International Climate Finance
- Working closely with the Nuclear Decommissioning Authority and Oil and Gas Authority to manage the UK energy legacy

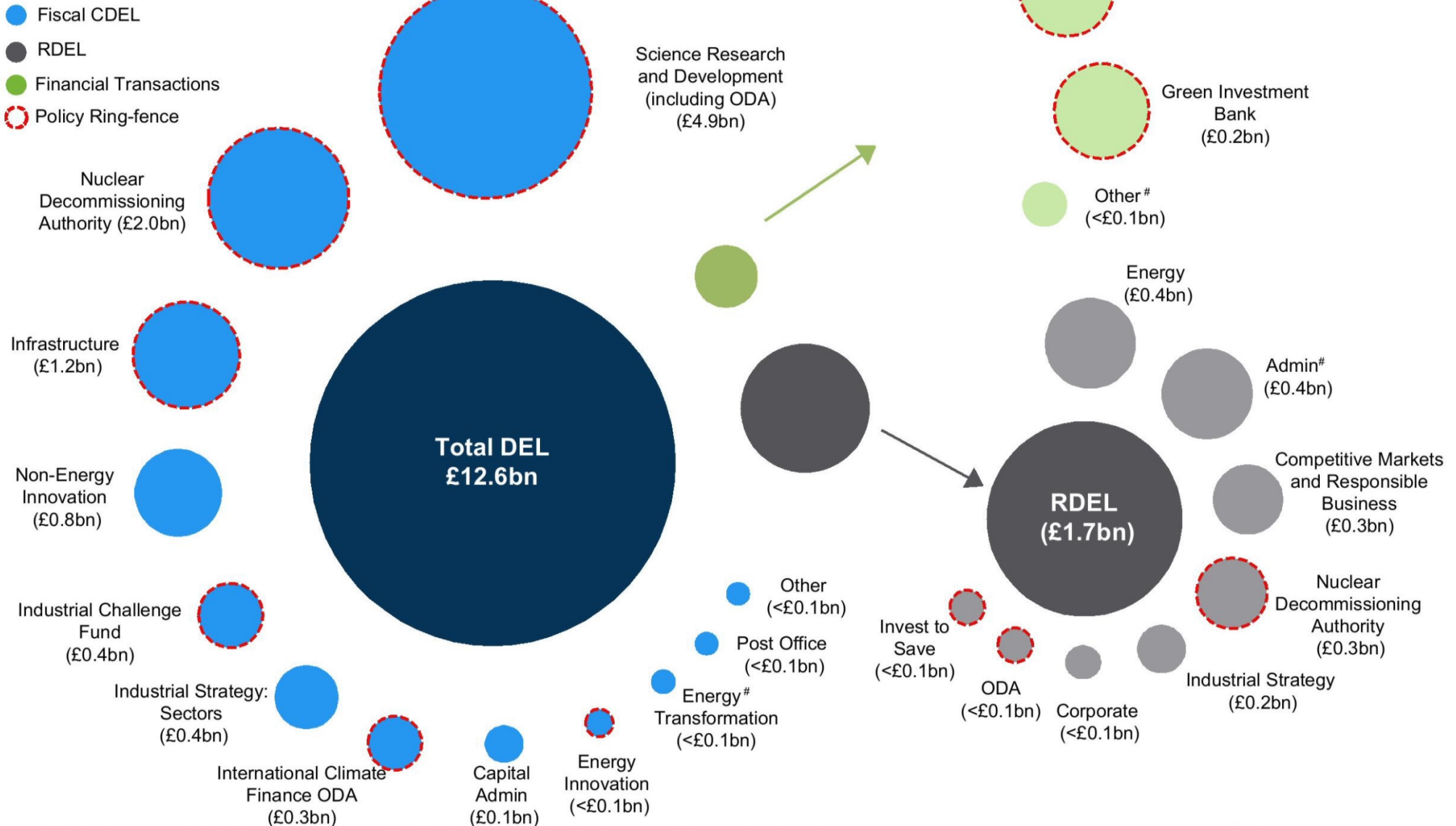
Industrial Strategy

- Defining a long-term industrial strategy
- Supporting science, research and innovation including the creation of UK Research and Innovation
- Managing the Industrial Strategy Challenge Fund
- Working jointly with DCLG to oversee and co-ordinate the government's local devolution agenda



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Finances - 2017/18 DEL Budgets*



- Budgets shown do not including RDEL ring-fenced funding (i.e. non-cash funding for depreciation and impairments)
- The BEIS AME Non Ring-fenced budget is £0.9bn and includes Renewables Heat Incentive (£0.8bn) and Paternity and Adoption Pay (£0.1bn)
- Arms-Length Body expenditure accounts for just over half of the BEIS DEL budget
- Above budgets do not include the Levy Control Framework, where policies are funded through consumer bills.
- # Bubbles marked # also include an amount of policy ring-fence including for Heat Networks, Coal Authority, Energy Efficiency in 'Energy Transformation'; Heat Networks in 'Financial Transactions Other'; and, NDA admin in 'RDEL admin'.
- ◇ Financial Transactions budget also includes Repayable Launch Investments (-£0.1bn) and Enable Securitisation Re-profiling (£0.2bn) which are not shown.

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Finances - context to BEIS budgets

The Spending Review 2015 set budgets until 2019/20 (2020/21 in the case of some capital spending) for BEIS' two former departments (Department for Business, Innovation and Skills (BIS) and Department for Energy and Climate Change (DECC)).

The Spending Review also announced a number of BEIS commitments, some of which involve transformational reform, including:

- Science funding protected in real terms (including ODA funding)
- Ongoing funding for industrial support, providing long-term commitment to aero, auto and agri-tech programmes until 2025
- Obtaining an exemption for Energy Intensive Industries (EII) from the cost of some renewables policies, with savings of up to £270m a year by 2019/20, will be dependent on successful passage of legislation and EU notification.
- New finance products to support innovation, enabling savings by reducing some existing Innovate UK grants
- Delivery of £2 billion of the Government's £5.8 billion International Climate Finance fund, to support decarbonisation and adaptation to the effects of climate change in developing countries
- A doubling of the Energy Innovation programme to £500 million over the 5 years to 2020/21
- Real-term reductions in ex-BIS and ex-DECC admin budgets of 17% and 22% respectively by 2019/20

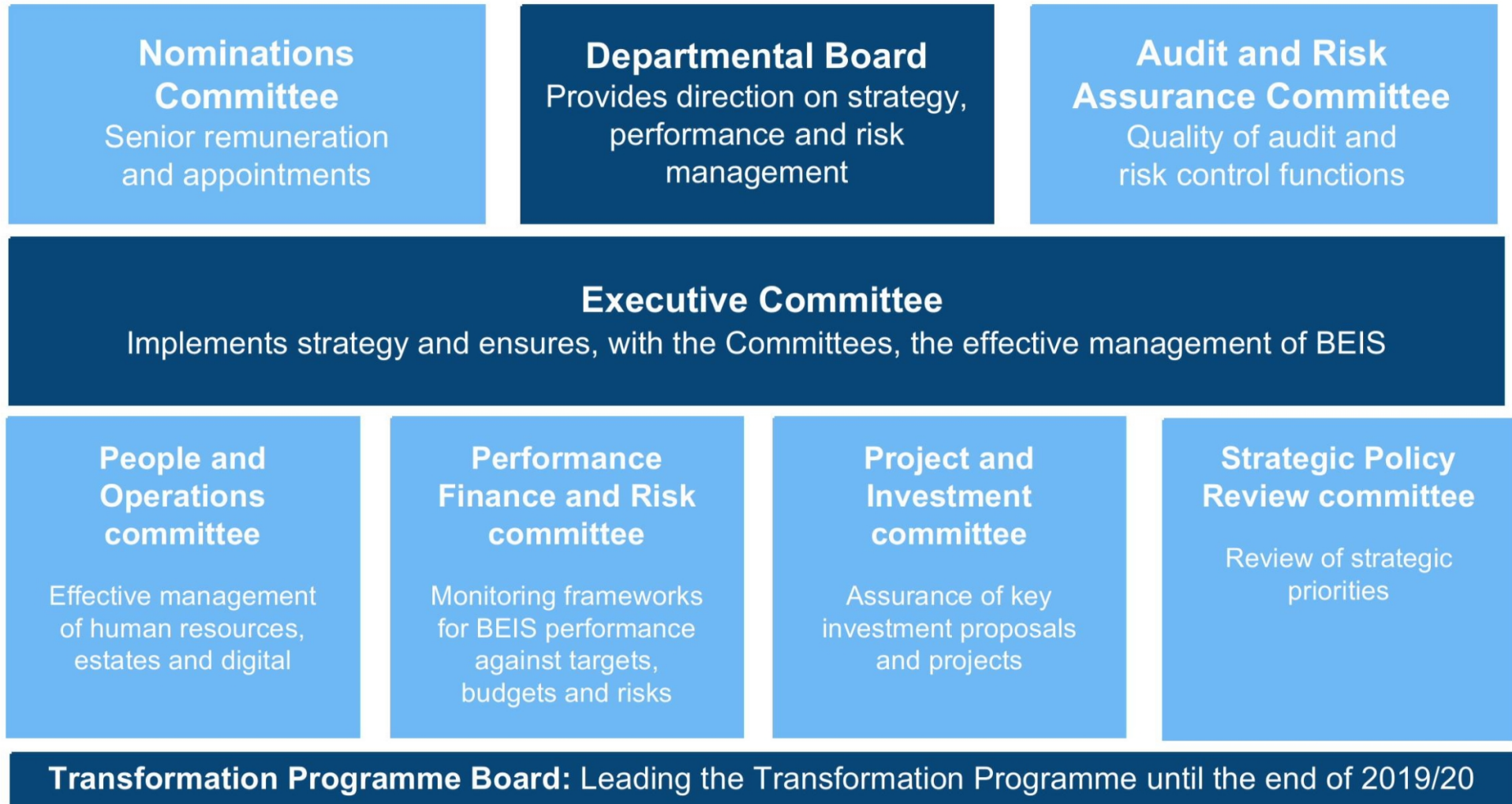
In addition **Autumn Statement 2016** announced a further £4.7 billion of funding for Research and Development over the next 4 years in support of Industrial Strategy objectives.

Looking forward BEIS faces a number of pressures on its budget, including The Post Office, Energy Intensive Industries, risks from Internationally Mobile Investment, EU Exit, and the current Efficiency Review commitment to find £3.5bn of additional public spending savings in 2019/20 (for which BEIS is in scope).

The next expected fiscal event will be the 2017 Autumn Budget. The Chancellor will determine the timing and nature of the event, including the fiscal response to latest economic forecasts and any new spending or savings measures.

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Governance



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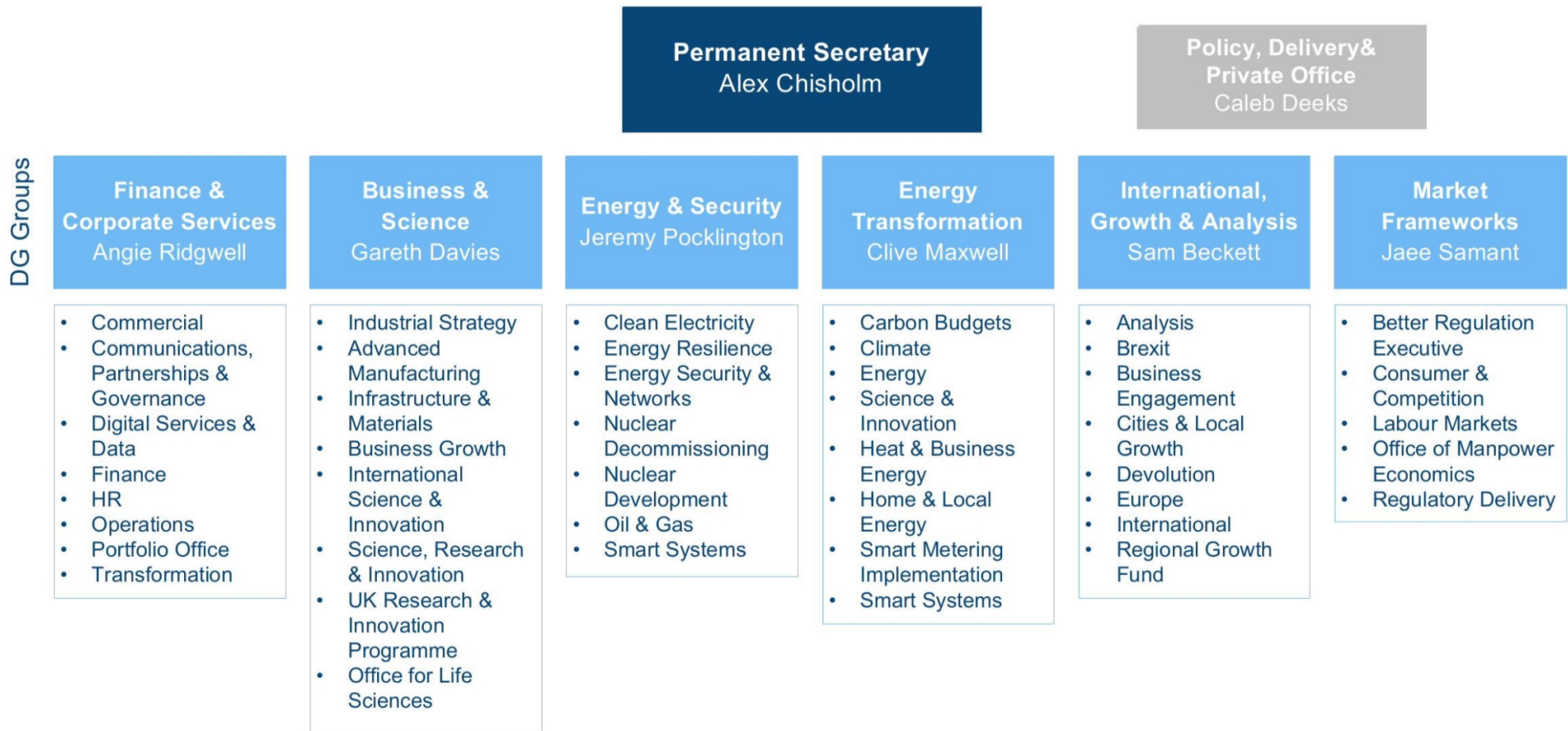
Departmental Board

Membership	Outline of responsibilities and activity to date
• The Secretary of State for Business, Energy and Industrial Strategy (Chair) • Ministers selected as Board members by the Secretary of State • Archie Norman, Lead Non-Executive Board Member (Deputy Chair) • Professor Dame Ann Dowling, Non-Executive Board Member and Chair of the Nominations Committee • Carolyn McCall, Non-Executive Board Member • Charles Randell, Non-Executive Board Member and Chair of the Audit and Risk Committee • Kathryn Parsons, Non-Executive Board Member • Stephen Carter, Non-Executive Board Member • Stuart Quickenden, Non-Executive Board Member • Alex Chisholm, Permanent Secretary • Angie Ridgwell, Director-General, Finance & Corporate Services • Jaee Samant, Director-General, Market Frameworks	• The Board is chaired by the Secretary of State, supported by our Lead Non-Executive Board Member Archie Norman. • It provides collective strategic leadership and challenge, with responsibilities for performance, risk, and delivery, including appropriate oversight of Partner Organisations. • At each meeting, the Board receives a report from the Permanent Secretary on key activities. The last Board meeting (27 March) also discussed Brexit, Security of Gas Supply, Entrepreneurship, BEIS Transformation and Single Departmental Plan. • The Board has held three meetings since it was established for BEIS in December 2016. We are planning for six meetings a year in future, with an aspiration for one of these to be outside London. The next meeting is scheduled for 17th July. • The Board is supported in its work by three main committees: • Audit and Risk Assurance Committee • Nominations and Governance Committee • Executive Committee

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Size and structure

As at 30th April 2017 there were **2,940 FTE** working at BEIS, working across six Director General (DG) groups, and one directorate (outlined below).

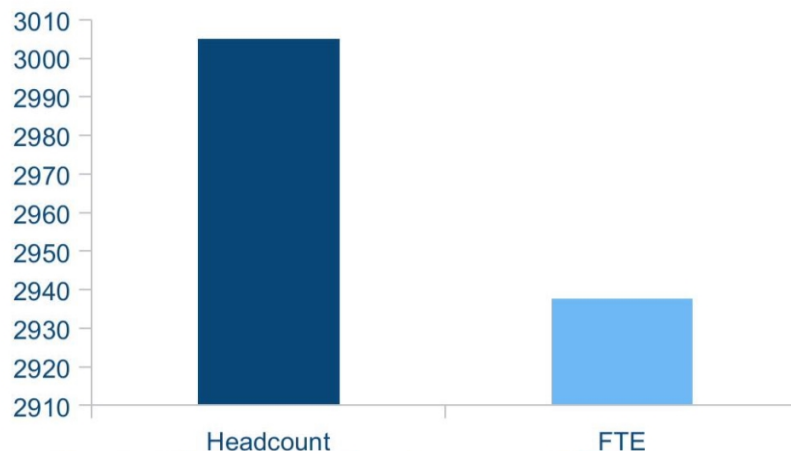


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People

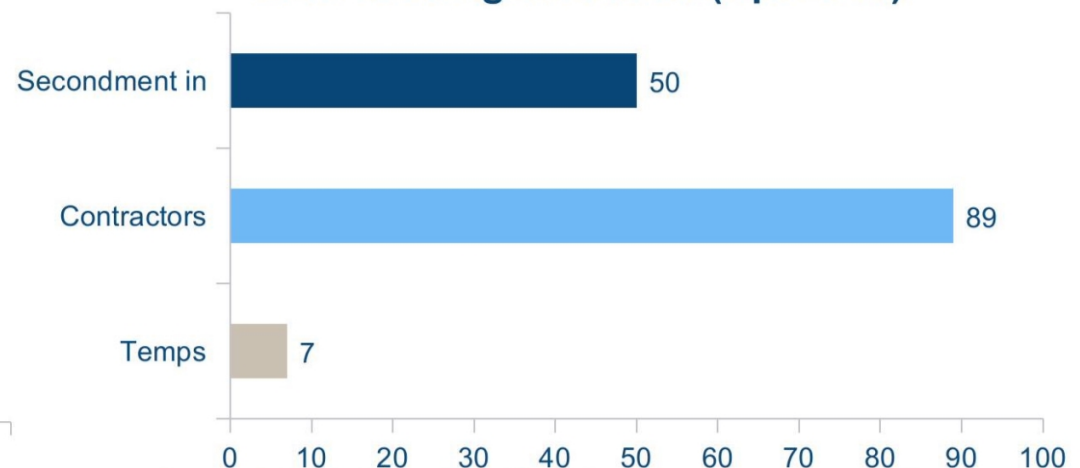
- For 2017/18, BEIS' Full Time Equivalent (FTE) limits are currently 3,100 for end March 17 moving to 2,980 by March 18. This is based on BEIS financial affordability position and agreed by ExCo. At end April 2017, the workforce (active staff, both civil servants and contingent labour) was 2,940 FTE.
- Due to natural attrition rates of circa 15%, BEIS will continue to recruit from the external labour market in 17/18 as part of a skills refresh whilst managing a reduction in overall headcount levels. This overall resourcing strategy for 17/18 will also include inward secondments from business and industry. At end April there were approx. 380 roles being advertised, with circa 345 FTE joiners forecasted by end September 2017 based on current campaigns.
- In addition to the agreed 3100 FTE limit for March 17, BEIS are also in dialogue with HMT on the prospect of further resources being required to support BEIS with our increasing EU exit portfolio.
- Following Machinery of Government changes to form BEIS, resourcing strategies have been put in place to fill remaining vacancies. EU exit, Industrial Strategy and business critical roles will be prioritised.

BEIS workforce (Apr 2017)



Graph 1: breakdown of headcount and FTE

BEIS contingent labour (Apr 2017)

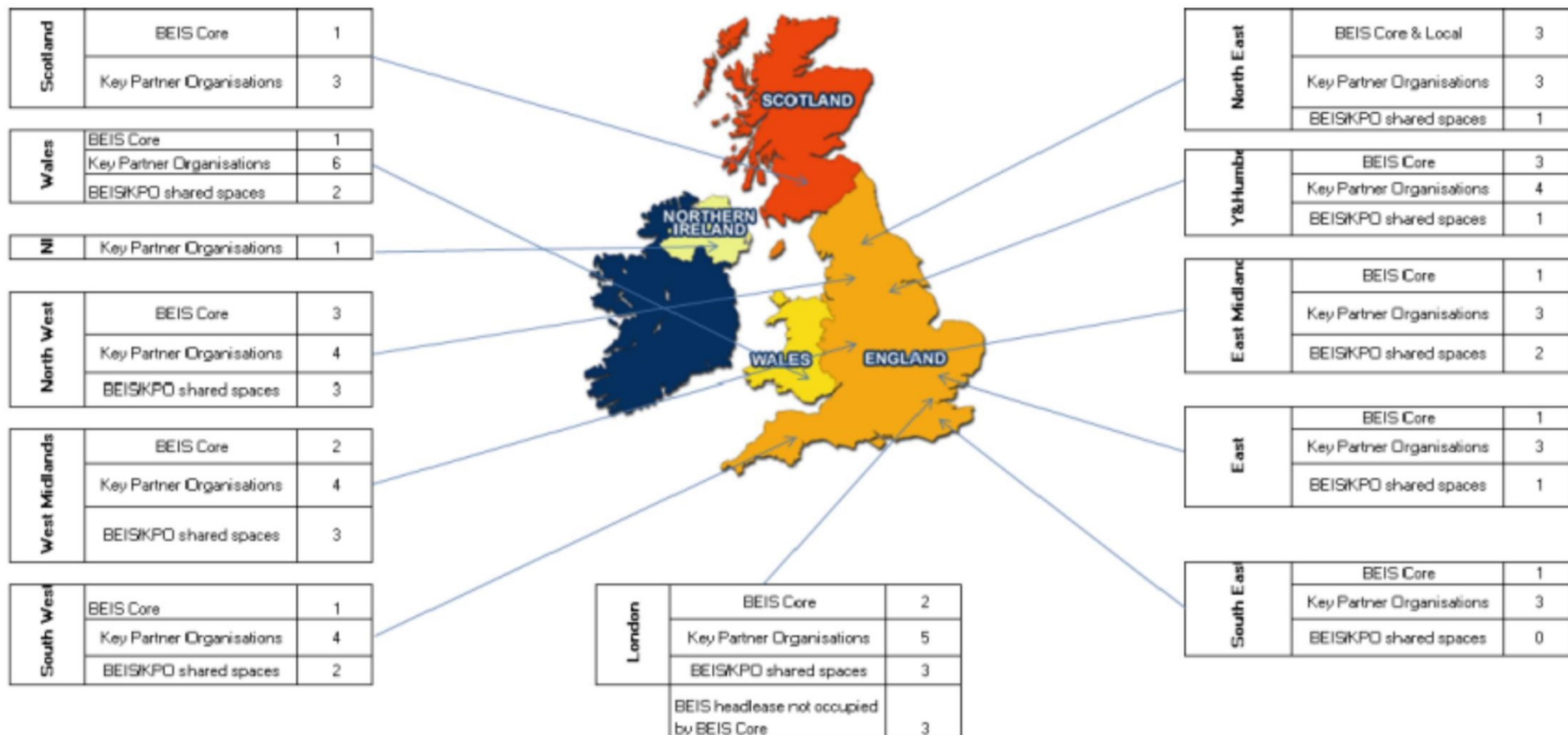


Graph 2: breakdown of contingent workers by person type (headcount)

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Estates

The BEIS estate comprises both administrative and technical sites (ranging from small shared spaces for staff working in the regions to large scientific sites such as Sellafield). Between 2010 and 2015 BIS reduced the size of its administrative estate from 180 to 111 buildings, delivering £104 million in savings across our estates budget. We are one of the first Departments to join the shadow Government Property Agency and we are working with them on an estates strategy for BEIS which continues to consolidate our administrative estate, delivers further savings and higher quality workplaces.



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Partner Organisations

BEIS has a number of organisations with whom we partner and for which we have policy and / or governance responsibilities.

Advisory Non-Departmental Public Bodies

- Committee on Fuel Poverty
- Committee on Radioactive Waste Management
- Low Pay Commission
- Nuclear Liabilities Financing Assurance Board
- Regulatory Policy Committee

Public Corporation

- National Nuclear Laboratory
- National Physical Laboratory
- Nuclear Liabilities Fund
- Post Office Ltd.
- Ordnance Survey

Executive Agencies

- Companies House
- Insolvency Service
- Intellectual Property Office
- Met Office
- UK Space Agency

Government Owned Company

- Oil and Gas Authority
- South Tees Site Company
- UK Shared Business Service Ltd (*BEIS majority shareholder*)

Executive Non-Departmental Public Bodies

- Advisory, Conciliation and Arbitration Service
- Arts and Humanities Research Council
- Biotechnology and Biological Sciences Research Council
- British Hallmarking Council
- Civil Nuclear Police Authority
- Coal Authority
- Committee on Climate Change
- Competition Service
- Economic and Social Research Council
- Engineering and Physical Sciences Research Council
- Innovate UK
- Medical Research Council
- Natural Environment Research Council
- Nuclear Decommissioning Authority
- Science and Technology Facilities Council
- UK Atomic Energy Authority

Non-Ministerial Department

- Competition & Markets Authority
- Office of Gas and Electricity Markets
- Land Registry

Tribunal Non-Departmental Public Bodies

- Central Arbitration Committee
- Competition Appeals Tribunal

Other

- British Business Bank (*Government owned Development Bank*)
- Financial Reporting Council (*Central Government*)
- UK Green Investment Bank (*sale underway*)
- Electricity Settlements Company (*Central Government*)
- Low Carbon Contracts Company (*Central Government*)
- UK Research & Innovation (*not yet operational*)
- Groceries Code Adjudicator (*Office Holder*)
- Pubs Code Adjudicator (*Office Holder*)
- Council for Science & Technology (*Expert Committee*)
- Industrial Development Advisory Board (*Expert Committee*)
- Government Office for Science (*core BEIS*)
- Office of Manpower Economics (*core BEIS*)
- Independent Complaints Reviewer (*Public Sector*)
- Small Business Commissioner (*not yet operational*)
- Office of the Regulator of Community Interest Companies
- Certification Officer

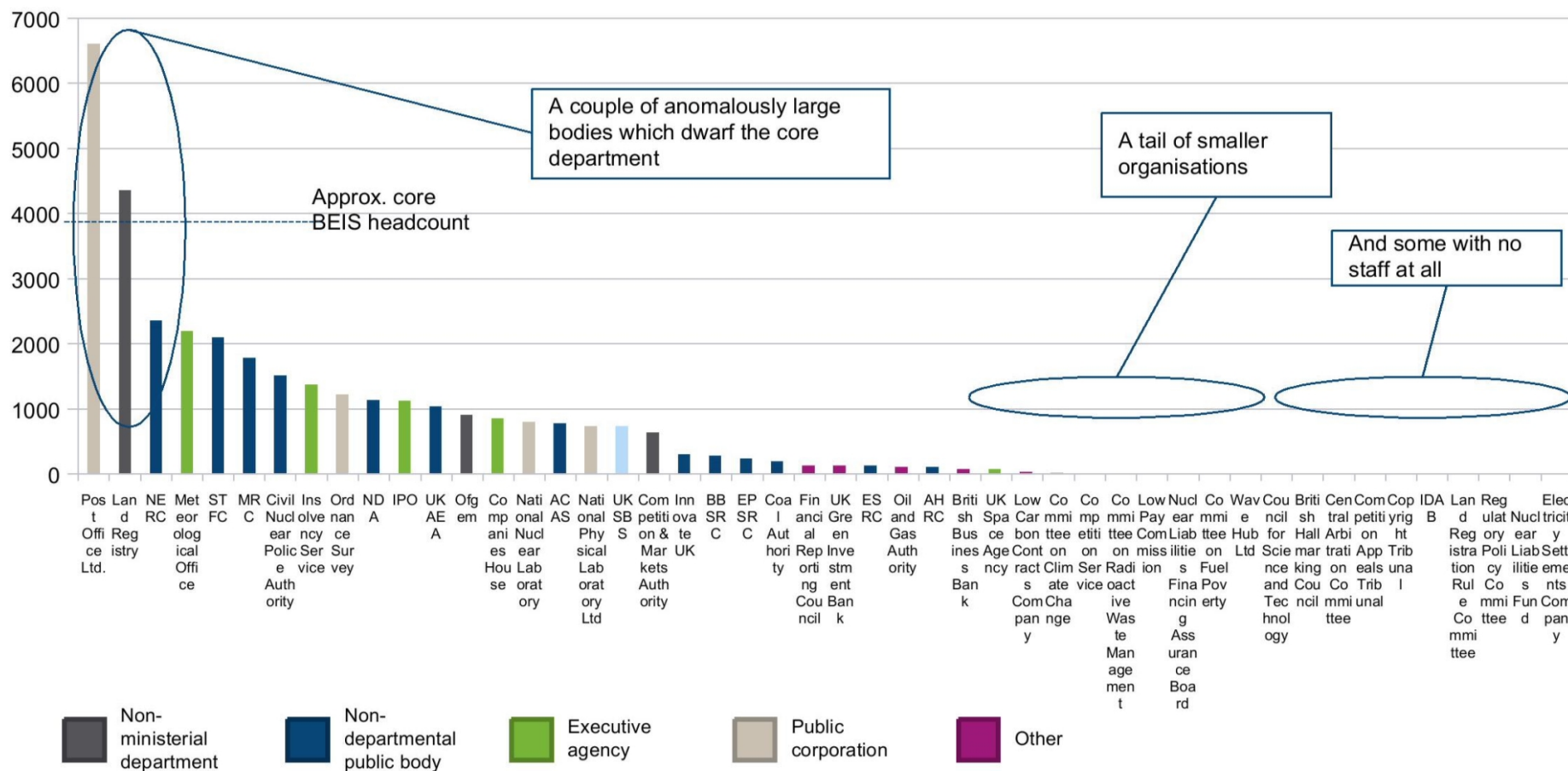


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Delivery landscape

BEIS has a number of organisations with whom we partner and for which we have policy and / or governance responsibilities. These organisations differ vastly in size and scope, which creates significant complexity for BEIS as a parent department. Depending on the outcome of the election it is possible that the landscape of Partner Organisations could change further.

The chart below shows a number of the BEIS Partner organisations organised by headcount*.



*Certain BEIS partner organisations are excluded from the graph for one of the following reasons:

- they exit in legal, but shadow form, e.g. UKRI, Small Business Commissioner;
- they have a single post holder, e.g. Groceries Code Adjudicator, Pubs Code Adjudicator, Certification Officer;
- they are currently out of classification scope, e.g. Office of Manpower Economics, Independent Complaints Reviewer, Office of the Regulatory of Community Interest Companies, Government Office for Science, South Tees Site Company.



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Communications

BEIS delivers quality communication and engagement to support Government priorities, help deliver efficient and effective public services, and improve people's lives.



Raising awareness of government policy



Building our
Industrial Strategy

Industrial strategy: Leading national and regional engagement with stakeholders to explain and generate responses to the recent Green Paper.



Influencing attitudes and behaviours



Get in. Go far: Driving significant demand for apprenticeships amongst a sceptical young audience who previously would not have considered them.



Reassuring people in times of crisis



Tata Steel: Generating a comprehensive plan of media, stakeholder and digital engagement to show a strong Government response to the steel crisis.



Enhancing the reputation of the UK



UK Space programme: Building awareness of Tim Peake's Principia space mission to inspire the next generation of UK scientists and engineers.



Meeting statutory or legal requirements



National Living & Minimum Wage: Raising public and employer awareness of the new wage to ensure workers are being paid the right amount.

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Immediate issues

There are some **challenges and opportunities** in terms of **media and stakeholder engagement** early in the new government, which we are considering and tracking. These include:

	Risks
Media	• Analysis of industrial opportunities, shocks and investment through the prism of Brexit and UK economic strength. Requires departmental grip and use of soft power and influence with focus on government investment. • Concerns about strength of players in the new nuclear market. Stakeholder relationships key, continue to explore opportunities to demonstrate support from new investment – including internationally. • Concerns over interoperability of Smart Meter systems reducing consumers desire to switch. Ongoing strong rebuttal on safeguards, milestones and protections for consumers and benefits. Working across sector to manage story and pressure on industry to solve problems quickly. • Fears of curbs on immigration and free movement in sectors which are used to recruiting internationally, particularly AI, robotics, and science. Balance required of managed migration in the UK's interest, with development of UK talent. • Delivery of industrial strategy. If Government does not articulate long term objectives implementation will prove impossible. Media will criticise lack of focus/ failure to make choices/the choices made. • Workers' Rights pitting old-style managers against workers criticised as 'out of date' by private sector. Is Government view of public sector staff as workers not employees with a stake in delivery out of touch with business? • Energy consumer protections are not universally welcomed, particularly by industry. Need for price protections to be communicated clearly, and engagement with industry to ensure risks in the sector are mitigated and identified swiftly.

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Immediate issues

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	Risks
Stakeholders	• Brexit e.g. access to labour and potential trade barriers, colours all interactions with business and science stakeholders. Need to maintain dialogue during negotiations and present a unified front with OGDs such as the Home Office and DExEU. Clear confirmation of priorities and key policy direction will help to reduce uncertainty. • Potential conflict between the interests of business and consumer stakeholders if inflation continues to rise. BEIS will need to tread a careful line to balance these interests. • High levels of support and advocacy for Industrial Strategy Green Paper consultation may fall off as the approach is refined, particularly if it seems that BEIS has not really listened. • Significant divergence of priorities and interests across the UK means nationally-led stakeholder engagement may not resonate. Need strong engagement with Devolved Administrations, LEPs, and regional/local institutions to maintain engagement with and support for BEIS priorities.

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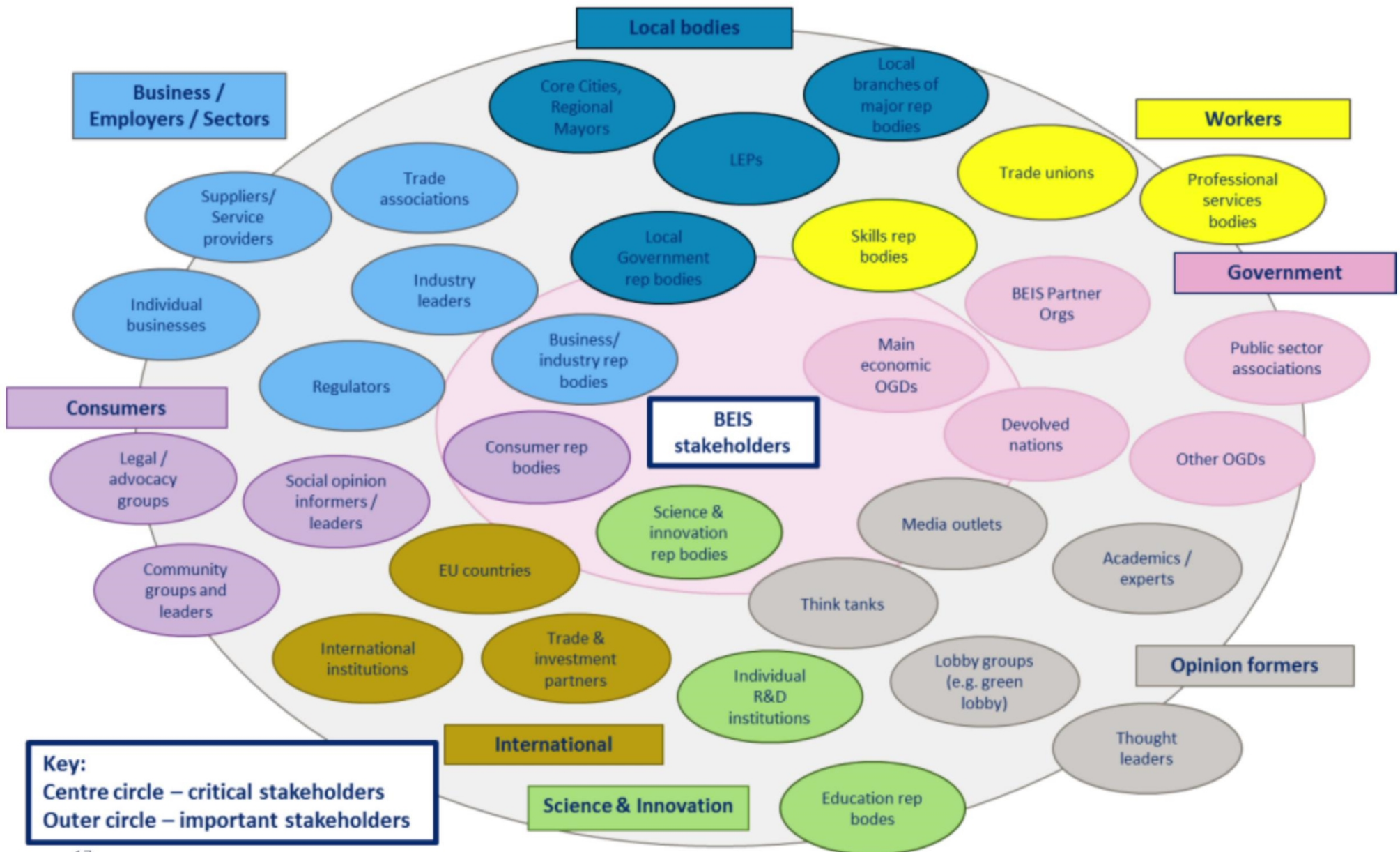
Immediate issues

There are some **challenges and opportunities** in terms of **media and stakeholder engagement** early in the new government, which we are considering and tracking. These include:

	Opportunities
Media	• Developing long-term communications strategy for the next stages of the industrial strategy aligned with No10/HMG economic/Brexit narratives. • Media handling around the introduction of the energy cap to protect consumers on standard variable tariffs from rising costs. • Planning for announcement of protections for Critical National Infrastructure in the face of foreign investment and safeguards for UK companies from hostile takeovers. • Working with other departments across Government to amplify the impact and reach of our industrial strategy messaging on an 'economy that works for all'.
Stakeholders	• Demonstrating best practice in genuinely two-way engagement that encompasses both domestic and Brexit concerns. • Continuing high level engagement on the industrial strategy, particularly outside London. The Industrial Strategy Green Paper consultation has generated significant interest and goodwill from a broad range of stakeholders across the country, which provides a strong starting point to further build support from stakeholders. • Employing the full ministerial team to deepen engagement within portfolios and sectors, and across regions and Devolved Administrations. Use visits, roundtables and receptions strategically to increase local commitment through formal and informal engagements. • High-level engagement to focus engagement on the most influential stakeholders to gain credible buy in and endorsement. Ministerial time should primarily focus on strategic relationships and engagement that will have the most impact.

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Key BEIS stakeholders



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Transition and Transformation

Transition – creating a fully functional department of state

Sept 2016 – May 2017

Following the creation of BEIS in July 2016, a programme was put in place to ensure BEIS was a fully functioning department of state

Key objectives:

- A clear vision and priorities
 - A new organisation structure
 - A combined IT system with same functionality for all staff
 - All London staff based in 1 Victoria Street
 - A single set of selected HR policies and strategies
 - A single departmental budget
- 
- The Programme completed at the end of May– costing c.£4 million. This is significantly lower than the NAO's estimate of £15 million for the average MoG.
 - Staff engagement has been a key priority throughout Transition – with over 40 staff workshops, senior leader updates, regular comms bulletins and dedicated space on the intranet. The impact of this has been seen through steadily increasing scores in pulse surveys throughout Transition.
 - A Gate 0 review in April recognised that Transition had “successfully delivered the core functionality required for a single department of state and lays the groundwork for further transformation beyond March 2017.”

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Transition and Transformation

Transformation – creating a high performing and high impact department that delivers for business and consumers

From May 2017

Transformation is an ambitious 3 year programme – building on the work done in Transition and ensuring that BEIS is outcome focussed and has the capability and capacity to deliver its priorities

Transformation activity will include:

- Embedding a culture based on values we all share
 - Developing and deepening our understanding of business and consumers and using that knowledge to inform and drive our work
 - Investing in our people – developing our skills, identifying innovative ways to attract and retain talent, and providing a competitive employee offer
 - Upgrading and leveraging our technology to support our ambition to work in a flexible, innovative and collaborative way
 - Building on our relationships with our partners so that we can learn from each other and enable them to deliver
 - Streamlining corporate processes to make them as straightforward as possible for colleagues
-
- The scope for Transformation was reviewed by the Departmental Board on 27 March and subsequently signed off by the Executive Committee on 28 March. Transformation plans were launched with staff at the end of May 2017
 - Projects will be kept regularly under review to ensure that activity continues to meet the needs of the department
 - Detailed plans will be developed with workstreams in June, and shared with the Executive Committee at the end of July

BEIS CORPORATE FUNCTIONS

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Communications

Communications is organised into four disciplines – Strategic Communications, Media and Campaigns, Strategic Engagement and Internal Communications – to support you as follows:



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Finance

Finance operates as strategic partner, ensuring that the department uses its resources wisely at all times to deliver Ministers' strategic priorities. Protecting value through robust stewardship of, and accounting for, public money whilst adding value through insightful analysis:

Financial Strategy, Planning and Systems

- **Operational Resource Planning and Strategy:** financial planning, strategy, analysis and advice that ensures the effective running of the Department - supporting BEIS in delivering its objectives in the most effective and efficient way.
- **Policy Funding and Fiscal Events** utilises extensive policy knowledge to provide guidance to groups and Ministers enabling BEIS to achieve its strategic objectives including at fiscal events.
- **Management Accounts** oversee good in-year financial management to ensure BEIS operates within Parliamentary limits and provide analysis and provide strategic financial advice to decision makers to ensure value for money.

Financial Reporting and Control

- **Financial Reporting** produce the interim and year end consolidated financial statements for the BEIS group. They manage the departmental boundary and provide advice on complex accounting treatments.
- **External Reporting:** Management of Main and Supplementary Estimates, monthly forecast outturn to Treasury, cash management, and finance-related Freedom of Information Requests and Parliamentary Questions.
- **Internal Controls:** mitigate risks and remediate issues identified to build a stronger internal control environment including establishing an internal control framework and lead on engagement with internal audit.

Group Finance

- **Group Finance** teams provide an important bridge between policy and central finance. They have the resource, expertise and authority to take decisions and provide clearance for use of Group budgets within agreed delegated limits. The Business Partner team provides policy teams with business-related expertise, advising on financial considerations of new proposals including any related accounting and budgeting treatment, helping directors in managing their budgets and promoting good financial practice and value for money within teams.

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Legal

The core purpose for lawyers in Government is to help Ministers deliver their objectives, providing a legal service to support them. We pride ourselves on understanding the priorities of Ministers and policy colleagues and use that understanding to anticipate needs and help to find legal solutions to deliver objectives, identifying and managing legal risks. BEIS Legal provides legal advice across all policy areas and operates as part of the Government Legal Department (GLD) which provides expert litigation support and employment and commercial advice.

Advisory work

- To work to help Ministers deliver their objectives within the rule of law, delivering fit for purpose, professional advice. We identify legal risk in terms of the likelihood of a legal challenge being brought, the likelihood of it being successful and the impact and consequences, whether successful or not. We go on to seek solutions to manage that risk working closely with policy officials;
- We are problem solvers offering constructive, imaginative advice which provides legal support;
- We use our time wisely and adapt our approach to what is needed for the particular circumstances;
- We constantly look for ways to do things better and cut down on time and duplications;
- We ensure our advice is clear and crisp.

Making legislation

- **Primary Legislation:** we work with policy colleagues to help Ministers to achieve their policy and operational objectives. Where those objectives require changes in the law through primary legislation we work with Parliamentary Counsel to develop Bills and provide legal advice and guidance throughout the Parliamentary process to deliver legislation;
- **Secondary legislation:** we work with Ministers and policy colleagues to develop policy outcomes and draft any secondary legislation required to implement those outcomes. We work closely with the Parliamentary authorities and provide all the support in taking secondary legislation through Parliament.

Litigation and commercial and employment

- BEIS Legal works with GLD which prepares cases brought against the Government such as judicial reviews, all cases brought against the Government before domestic courts and cases before the CJEU in Luxembourg;
- We also work with colleagues in GLD who deliver specialist services in commercial and employment law.

ANNEX

Government Finance Terminology: Budgetary Classifications and Policy Ring-fences

DEL – Departmental Expenditure Limit

The government budget that is allocated to and spent by government departments is known as the Departmental Expenditure Limit, or DEL. This amount, and how it is split between government departments, is set at Spending Reviews.

AME – Annually Managed Expenditure

Annually managed expenditure, or AME, is more difficult to explain or control as it is spent on programmes which are demand-led – such as welfare, tax credits or public sector pensions.

RDEL - Resource Departmental Expenditure Limit

Resource expenditure which can also be expressed as Expenses, Current Expense, Current Expenditure, Operating Expenses (OpEx), Running Costs. Examples include programmes delivered by Partner Organisations (such as ACAS), salaries and administration.

CDEL - Capital Departmental Expenditure Limit

Capital expenditure which can also be expressed as Capital Expenditure, CapEx, Buying Fixed Assets and Investment. Examples include major equipment, science and research, innovation and infrastructure.

CDEL-FT - Capital (Financial Transactions) Departmental Expenditure Limit

Capital expenditure that is usually provided as loans to business and industry.

Policy Ring-fences

Set by HMT; Policy ring-fences protect key policy areas from significant cuts and reprioritisations, such as the Science Research and Development Ring-fence. This protects science spending as a core strategic priority – funds cannot be spent on other programmes and underspends are surrendered to Treasury.