



Department for
Business, Energy
& Industrial Strategy

Sarah Munby
Permanent Under-Secretary of State
1 Victoria Street
London
SW1H 0ET
T: +44 (0)20 7215 5916
E: permanentsecretary@beis.gov.uk

Meg Hillier MP
House of Commons
Westminster
SW1A 0AA

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UPDATE ON THE IMPLEMENTATION OF PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS

Thirty-Ninth Report of Session 2016-17: Consumer funded energy policies, Third Report of Session 2017-19 : Hinkley Point C , Twenty-First Report of Session 2017-19: Nuclear Decommissioning Authority's Magnox contract, Sixty-Fifth Report of Session 2017-19: Nuclear Decommissioning Authority: risk reduction at Sellafield, Eighty-Ninth Report of Session 2017-19: Public cost of decommissioning oil and gas infrastructure. (Department for Business, Energy and Industrial Strategy)

The 12 June 2020 *Dear Accounting Officer* letter (DAO 02/20) sets out new requirements for reporting the revision of target dates for implementing Public Accounts Committee recommendations. In accordance with those requirements, and in advance of the publication of the October 2020 Treasury Minute Progress Updates, I am writing to you with an update on the implementation of Public Accounts Committee recommendations for BEIS.

A broader update on Public Accounts Committee reports with open BEIS recommendations will soon be published on gov.uk as part of the usual Treasury Minute Progress Updates process. That broader update will provide useful context for this letter, giving detail on the recommendations BEIS has now implemented, as well as more information on progress against the Department's still-open recommendations.

I am writing now to notify you of our latest target dates for implementing some of the Department's outstanding recommendations from the following Public Accounts Committee reports.

TM3 Hinkley Point C

Recommendation 2: By March 2018, the Department should tell us how it will ensure there is an independent and transparent assessment of the impacts on consumers, including the impacts on the poorest households, when agreeing future energy infrastructure deals that are paid for through consumers' bills.

There were 6 recommendations in this report. As of the last Treasury Minute Update (CP 22170) in February 2020, 4 recommendations had already been implemented. In the upcoming Treasury Minute Progress Update in November 2020, BEIS will report recommendation 5 as implemented.

On outstanding Recommendation 2, the Government has a strong, professional analysis function, who are involved in the production of impact assessments for new policies, including Regulatory Impact Assessments (RIAs), in accordance with guidelines set out in HM Treasury's Green Book guidelines for evaluation and appraisal. RIAs for the Department's policies are submitted to the Regulatory Policy Committee (RPC), which offers independent advice and scrutiny of the proposals. The Department is also required to produce Post-Implementation Reviews (PIR) to review legislation and regulation following its implementation, which may involve externally commissioned work. The Department also works with independent experts where appropriate, such as forming a Panel of Technical Experts to bring industry and academic knowledge to challenge and support methodological decisions.

The Department was aiming to publish a report on the impact of energy policies on consumer bills in Spring 2019. However, following the change of Government and the need to update the Department's internal modelling to reflect updated electricity and gas statistics issued over the course of 2019, the Department has been assessing the options available to publish a report in 2020. Since March, the Department has been focused and mobilised towards responding to the impacts of Covid-19, which delayed progress on this issue. The Department intends to publish this information to fulfil this recommendation, with the aim of issuing a publication in the first quarter of 2021 and following the publication of the Energy White Paper.

TM21 Nuclear Decommissioning Authority's Magnox contract

Recommendation 1: The Cabinet Office, NDA and the Department should each set out how they have changed advice and guidance, as a result of the lessons from the Magnox procurement, on how best to evaluate bids to ensure that future procurements are fair, transparent and open to effective scrutiny.

Recommendation 3: *To address our concerns about NDA's oversight of taxpayer's money on existing and future contracts, the NDA should set out clearly to us how it will develop and maintain the right information on the state of its sites. It should do so within 6 months of the publication of the government's Independent Inquiry.*

Recommendation 5: *The Department should report back to us by July 2018 on its work to review and strengthen its oversight of the NDA, ensuring it addresses the issue of having appropriate procurement and contracting expertise.*

Recommendation 6: *Within 6 months of its publication, the NDA and the Department should submit a report to us on what progress they have made on implementing the recommendations of the Independent Inquiry.*

There were 6 recommendations in this report. As of the last Treasury Minute update in February 2020, 2 of these had already been implemented.

There are 4 remaining recommendations. This is because the Magnox enquiry has not yet published having been delayed by legal action. The legal action has now been resolved and we expect that the enquiry will be published shortly allowing the Department to respond to these recommendations. The delay to the Magnox enquiry has also had a knock-on effect to the Tailored Review also referenced in these recommendations. The Tailored Review (now a Departmental Review) has not yet completed, meaning that the Department cannot yet formally respond to the recommendations connected with this Review. We expect that the review will complete in Winter 2020 (i.e. before Spring 2021) allowing us to respond to the recommendation.

TM39 Consumer Funded Energy Policies

Recommendation 4: *The Department should report much more openly and regularly on the Framework and also publish a consumer prices and bills report annually in an easily understandable format so that consumers can see clearly what they are paying. The next edition should be published before April 2017. It should also publish a clear account of the assumptions underpinning Framework forecasts each time those forecasts are published.*

There were 6 recommendations in this report. As of the last Treasury Minute update (CP 221) in February, 5 recommendations had already been implemented.

For the remaining recommendation relating to publishing information on consumer funded energy schemes, the Department was aiming to publish a report on the impact of energy policies on consumer bills in spring 2019. However, following the change of Government and the need to update the Department's internal modelling to reflect updated electricity and gas statistics issued over the course of 2019, the Department has been assessing the options available to publish a report in 2020. Since March, the Department has been focused and mobilised towards responding to the impacts of Covid-19, which delayed progress on this issue. The Department intends to publish this information to fulfil this recommendation, with the aim of issuing a publication in the first quarter of 2021 and following the publication of the Energy White Paper.

TM65 Nuclear Decommissioning Authority: risk reduction at Sellafield

Recommendation 4: The NDA and the Department should write to the Committee to set out clearly how assurance and oversight will be strengthened. They should do this within six months of the publication of the government's independent inquiry into the failed Magnox Contract.

Recommendation 5: Once the tailored review is complete, the Department should write to the Committee setting out the findings and recommendations of the review, and its plan for implementing them. In particular, in conjunction with the Cabinet Office, they should consider whether UKGI is playing any useful role. In its response, the Department must set out in detail how it intends to solve the problem.

There were 7 recommendations in this report. As of the last Treasury Minute update (CP 221) in February, 3 of these had already been implemented.

The Department has completed two recommendations since our last update. The NDA has now published its updated socio-economic strategy, outlining the opportunities for the wider economy and plans for their realisation. As well as carrying out work to further identify and to articulate the constraints to additional and faster progress on the Sellafield site. The NDA has written to the Committee to identifying how and where this work will be used to inform future plans.

There are two remaining recommendations in relation to: setting out how assurance and oversight will be strengthened; as well as deferring writing to the committee setting out the findings and recommendations of the tailored review, and its plan for implementing them. This is because the Magnox enquiry has not yet published having been delayed by legal action.

The legal action has now been resolved and we expect that the enquiry will be published shortly allowing the Department to respond to these recommendations. The delay to the Magnox enquiry has also had a knock-on effect to the Tailored Review also referenced in these recommendations. The Tailored Review (now a Departmental Review) has not yet completed, meaning that the Department cannot yet formally respond to the recommendations connected with this Review. We expect though that the review will complete in Winter 2020 (i.e. before Spring 2021) allowing us to respond to the recommendation.

TM89 decommissioning oil and gas infrastructure

Recommendation 3: The Department should set out by July its strategy for maximising the economic benefit of the development and export of decommissioning skills and resources.

Recommendation 5: The Department should set out as part of its Energy White Paper, expected during 2019, how it will continue to ensure that government support for oil and gas remains compatible with its wider energy objectives.

There were 6 recommendations in this report. As of the last Treasury Minute update (CP 221), in February, 4 recommendations had already been implemented.

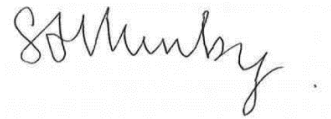
Closure of the remaining two recommendations has been delayed as both are linked to the publication of the Energy White Paper. These two recommendations were: to set out our strategy for maximising the economic benefit of the development and export of decommissioning skills and resources; and to set out (as part of our Energy White Paper) how BEIS will continue to ensure that government support for oil and gas remains compatible with its wider energy objectives.

The original implementation date for the publication of the Energy White Paper was Summer 2019 with the decommissioning call for evidence response planned for an Autumn 2019 publication. Both recommendations were delayed due to the General Election, Cabinet reshuffles and the impact of Covid-19 on the Department's work.

The White Paper is a priority for the Department and will be published this autumn. This means it can play a vital role in building back better and greener, driving a clean economic recovery, delivering jobs and skills.

We plan to align the publication of the government's response to the decommissioning call for evidence with the release of the Energy White Paper due to the closely interlinked nature of the two documents.

I am copying this letter to the Treasury Officer of Accounts.

A handwritten signature in black ink, appearing to read 'S. Munby', is centered on the page. The signature is written in a cursive, flowing style.

Sarah Munby