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Dear Darren,

Thank you for your letter of 11th March. I am also looking forward to our discussions on 13th April.

I am pleased to enclose answers to your questions in the attached Annex.

Yours sincerely,

Kwasi Kwarteng

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy and Industrial Strategy

Annex

State aid, audit and regulation

When do you expect to publish your response to the *Subsidy control: Designing a new approach for the UK* consultation? Will legislation be required and, if so, what is the intended timetable for that legislation? What is the status of the John Penrose MP review into competition policy?

The consultation on the future domestic subsidy control regime will close on the 31st March. We will be considering the responses to the consultation before finalising the policy. Also, as per the obligations in the UK Internal Market Bill, we will be consulting the Devolved Administrations on our final policy proposals. Subject to this process, we will consider the requirements for legislation.

John Penrose published his report, commissioned by Government, on updating the UK's competition and consumer protection regime on 16th February. We are considering his proposals and will respond in due course.

When will the Audit Reform Consultation be published? What is the intended timetable for subsequent legislation?

I was pleased to inform the Committee and indeed the whole House of the publication of our audit and corporate governance white paper on 18 March. These are important reforms and I would be pleased to hear the Committee's reflections on them in due course. My intention is that we will bring forward legislation later in the Parliament, having further developed the Government's proposals in the light of responses to the white paper.

What are Government's priorities for post-Brexit regulatory reform?

Our priorities are to examine how the UK can maximise opportunities for growth and innovation while ensuring that public priorities are protected, and to coordinate and drive an ambitious programme of regulatory reform that unleashes growth and innovation across the economy by:

- using regulation to unlock cutting-edge technologies such as gene-editing, drones and autonomous vehicles;
- easing the regulatory compliance red tape burden on business;
- hard-wiring competition principles into regulatory decision-making; and
- modernising our approach so that we deliver sophisticated policymaking that benefits citizens and the economy.

What is the status of the Taskforce on Innovation, Growth and Regulatory Reform?

The Taskforce is up and running, as indicated on gov.uk[1]. It is engaging with businesses, academics and other stakeholders across a range of sectors, and has been asked to report to the PM around the end of April.

[1] https://www.gov.uk/government/publications/taskforce-on-innovation-growth-and-regulatory-reform/taskforce-on-innovation-growth-and-regulatory-reform-tigrr-terms-of-reference

Employment

In the Queen's Speech the Government committed to include protections for EU-derived workers' rights in the Employment Bill. Is this still the Government's intention?

The UK has a strong record for setting high standards on workers' rights and we have always been clear that we will continue to ensure that workers' rights are protected. The decision to leave the European Union and our new trade agreement does not change this.

This Government is committed to making the UK the best place in the world to work. As laid out in our manifesto, we will bring forward measures to establish an employment framework which is fit for purpose and keeps pace with the needs of modern workplaces. These measures will make workplaces fairer by:

- providing better support for working families and introducing new support for people facing particularly challenging circumstances;
- encouraging flexible working while ensuring everyone benefits from the flexibility of our labour market;
- protecting the majority of businesses who strive to do the right thing by their workers from being undercut by the small minority who seek to avoid their responsibilities; and
- balancing the needs of both employers and workers by striking the right balance between the flexibility that the economy needs and the security that employees deserve.

In light of the Supreme Court's judgment in *Uber*, does the Government believe it is necessary to legislate on employment status?

Given the recent Uber judgment was final, there is no further right of appeal and Uber must adhere to its legal responsibilities. Their decision to reclassify their drivers as workers in compliance with the Supreme Court judgment is a positive step. The Government is absolutely clear that employers must take their responsibilities seriously and cannot simply opt out of them.

The Government has noted on the floor of the House that it considers the use of fire and re-hire to be wrong in a number of circumstances. Can you elaborate on this and set out the Department's intention for potential legislative reform on this issue?

The Government has made clear that employers threatening to 'fire and re-hire' as a negotiating tactic is completely unacceptable. Employers must treat employees fairly and in the spirit of partnership during contractual negotiations.

We have been concerned about reports that suggest that employers' ability to dismiss and re-engage employees is being used to put undue pressure on negotiating partners. However, as we had limited evidence on the issues, we engaged Acas to conduct impartial and independent conversations with representatives of workers and employers to gather evidence of how 'fire and rehire' is being used.

Acas shared their findings with BEIS officials last month. We are now considering this evidence and will respond in due course.

Why have the previous Director of Labour Market Enforcement's 2020-21 and 2021-22 Strategies not been published? When will they be published?

It was important to take the time to work with the Director and the relevant enforcement bodies to ensure that the 2020-21 Strategy was making the right recommendations in the face of the new challenges presented by the coronavirus pandemic. The recommendations are forward-looking and apply beyond the 2020-21 financial year, and so the enforcement bodies are continuing to implement them. The Strategy will be published on gov.uk in due course.

The previous Director has submitted his Strategy for 2021-22 and it will need to be considered by the Government and enforcement bodies before approval for publication, as required by the Immigration Act 2016.

We understand that the advertisement for the new Director of Labour Market Enforcement is for only one day each week. Is this sufficient?

The role is advertised for one to two days a week. This time commitment was sufficient for both previous Directors to fulfil their strategic role. The Director is also supported on a full-time basis by the staff in his office.

Future of the Industrial Strategy

Following the demise of the Industrial Strategy, can you confirm whether all of the policies, initiatives, offices, grand challenges and sector deals are still active, or not?

We will draw on the valuable lessons we have learnt from the 2017 Industrial Strategy as we transition to this new, more focused, and more ambitious plan for growth. Delivery of ongoing aspects of the 2017 Industrial Strategy will not be abandoned: to fit the landscape of the 2020s, existing Sector Deals will continue, and Grand Challenges will evolve to reflect HMG's current priorities:

- BEIS will lead on an Innovation Strategy, to be published in the Summer. Through this, we will evolve the Grand Challenges and Missions programme to ensure they meet the needs of our technology innovation landscape. We are working to review the programme and will engage across Government and with external partners to identify options for how we might build on the progress made and embed missions-based policy thinking to support current priorities; and
- Existing published Sector Deals and sector councils will continue.

If parts of the Industrial Strategy are to continue, how will this work be transitioned and what will remain in the BEIS department?

BEIS is entirely focused on building back better after the coronavirus pandemic, which is why it is leading the Government's work on supporting British industry and priority sectors.

To support HMG's '*Build Back Better: our plan for growth*', BEIS plans to set out details of our approach to supporting sectors, places, technologies and innovation. BEIS is already leading on strategies with respect to net zero, hydrogen and innovation itself, as well as the space strategy. We will use the best parts of the Industrial Strategy and work across Whitehall to transition this into the new framework.

The work BEIS has and continues to do has contributed greatly to the work for '*Build Back Better: our plan for growth*' and will contribute to its supporting strategies. For example:

- We will continue to look at issues facing businesses on a sector-by-sector basis and this will be demonstrated in forthcoming Sector Visions to be developed over the course of the next twelve months;
- The Innovation Strategy will build upon groundwork laid by the Industrial Strategy and look at boosting innovation across sectors and across the UK; and
- The 2017 Industrial Strategy's work on net zero issues will inform the Government's upcoming Net Zero Strategy.

What are the key metrics against which delivery and effectiveness of the Plan for Growth will be assessed?

'*Build Back Better: our plan for growth*' sets the Government's approach to and aspiration for growth policy. Departments delivering strategies and programmes in support of HMG's cross-cutting plan for growth will be responsible for monitoring impact in the usual way.

We must, however, ensure our plan is carried through with a relentless focus on delivery. That is why the Prime Minister and Cabinet Secretary have asked Sir Michael Barber to conduct a rapid review of Government delivery to ensure that it remains focused, effective, and efficient, and suggest how it could be strengthened.

This builds on reforms to the Government's planning and performance framework already underway which aims to embed a new focus on the delivery of outcomes.

Which Department(s) and Minister(s) are responsible for the Plan for Growth? What are the implications of industrial policy moving from BEIS to HM Treasury? How will responsibility be shared and coordinated between multiple departments?

Although '*Build Back Better: our plan for growth*' was published by HMT, it sets a cross-Government framework for work to ensure we build back better from the current challenges and deliver long term economic growth.

To support HMG's '*Build Back Better: our plan for growth*', BEIS will lead work on an Innovation Strategy, as well as strategies on net zero, hydrogen, and space. Over the next twelve months, we will also be setting out sectoral visions for priority future sectors and technologies. DfE have recently published 'Skills for Jobs: Lifelong Learning for Opportunity and Growth'. The expertise of relevant Departments will be leveraged to ensure that each strategy has maximum impact; DIT, DWP, DfE, DHSC, HO, and MHCLG, will all work to drive plan for growth priorities.

Ministers and officials work across Government all the time on these types of issues, and we will continue to work together to ensure our priorities are met. We will develop close ways of working as we develop strategies to deliver Government priorities.

The Cabinet Committee, National Economic Recovery Taskforce (NERT), will act as a vehicle to secure collective agreement on policies with cross-Government interests. It is chaired by the Prime Minister with a focus on catalysing growth, levelling up across the UK and driving public service performance and delivery. It will continue as a key committee working to shape the Government’s approach to economic recovery and renewal, and supporting the ways in which this is taken forward.

What machinery of government changes will be made in response to the ending of the Industrial Strategy? Are BEIS officials who are currently working on the Industrial Strategy going to be deployed elsewhere?

No machinery of government changes will be made. A sizeable proportion of relevant staff will continue their work on the department's strategic priorities for business and growth.

How much involvement have the devolved governments and LEPs had in the process of creating the Plan for Growth, and how will they be involved in the delivery of this strategy? Are Local Industrial Strategies still supported by Government?

We are keen to ensure we build back better in a way that supports the whole economy and delivers for all parts of the UK. ‘*Build Back Better: our plan for growth*’ sets out how the Government plans to level up across the Union.

We are working to strengthen the Union to ensure that the institutions and the power of the United Kingdom are used in a way that benefits people in every part of our country. That is why, as part of the upcoming Innovation Strategy, we plan to work with counterparts in the Territorial Offices and Devolved Administrations (DA) to discuss their priorities. We want to understand the ideas and priorities of the Devolved Administrations in relation to driving long-term growth and recovery, and Ministers across Government have regular meetings with DAs to build this.

Our focus remains on the immediate public health response to coronavirus and continuing to support the economy. Places have been developing their own thinking on local economic recovery. We are working with LEPs, MCAs, and other local partners to ensure places build on priorities identified through the Local Industrial Strategies and address new issues which have arisen as a result of the crisis, which LISs were not designed to consider. This intelligence, combined with ongoing analysis of the impacts of the health crisis, should guide strategic recovery thinking.

We will continue to work on the levelling up agenda, building on the strengths of places. We encourage places to consider key sectors, assets and clusters they want to support to foster their long-term growth ambitions, building on the strong evidence base and the brilliant work done to date by places across the country on the design of Local Industrial Strategies.

How will the Building Back Better Business Council provide independent oversight over the Plan for Growth? Will the Department seek to retain any of the expertise of the Industrial Strategy Council? If so, how?

The Build Back Better Business Council (B4C) was convened by the Prime Minister to support ‘*Build Back Better: our plan for growth*’.

The B4C brings together a broad range of business leaders from across the whole British economy to work in partnership with the Government to recover from coronavirus, unlock investment, boost job creation, level up the whole of the UK, and promote Global Britain.

The members of the B4C will work with the Government to fuel the economic recovery and future growth plans. The Council will:

- Serve as a high level, confidential forum for engagement between business and HMG;
- Provide an opportunity for business to comment on HMG's ambitions and vision for the UK, giving frank advice and feedback on the UK's growth and recovery plans;
- Enable HMG and business to work together to promote and deliver for UK Plc; and
- Complement the wide range of existing engagement with businesses, business representative groups and trades unions across the whole of Government.

The Government has decided that **the Industrial Strategy Council** in its current form will no longer be needed to monitor and evaluate the impact of the Industrial Strategy, and so will be wound down after its upcoming Annual Report.

We will draw on the Industrial Strategy Council's work and expertise, both on success metrics and insight projects, in taking forward further work in this area.

Presumably the name of the Department and Ministerial responsibilities will soon change following the demise of the Industrial Strategy. Please can you confirm if this is the case?

The focus for us now is on delivering the huge volume of work we have in hand, which continues apace. There are no current plans to change the name of the department.

Common Frameworks

BEIS continues to work closely with Cabinet Office on the Common Frameworks Programme and will continue to align to its processes and milestones, and we are committed to developing effective frameworks on a consensual basis with the Devolved Administrations.

In response to your specific questions:

Do you believe it is appropriate for BEIS common frameworks to be operational, when they have not been published, nor scrutinised by this Committee?

We have received summaries of two common frameworks which we are responsible for scrutinising. What is the delay in receiving the remaining five?

If the full frameworks cannot be shared, why have you not been able to at least provide summaries of all frameworks which are in operation?

BEIS Common Frameworks have been provisionally confirmed by JMC (EN) ministers in the UK Government, Scottish Government and Welsh Government, but not in the Northern Ireland Executive. These Frameworks are operating on an interim basis across the UK at official level, reflecting established ways of working between the four nations, as is the case for all other Frameworks which have not been signed off provisionally by all the relevant administrations. As the Common Frameworks programme is undertaken jointly between the UK Government and the Devolved Administrations, it is important that we only publish or share the full text of Frameworks for scrutiny when the JMC (EN) confirmation process is completed by all parties. Cabinet Office is working with partners in the Scottish Government, the Welsh Government and the Northern Ireland Executive to develop a consistent approach to the publication of frameworks, and in line with Cabinet Office guidance, we are committed to ensuring our frameworks are finalised and properly scrutinised by the end of 2021.

The UK Government recognises the important role that parliamentary scrutiny plays in the development of Common Frameworks and, as such, will continue to work with committees to ensure that parliamentary scrutiny happens as soon as practical. This is in line with the views of Devolved Administration Ministers. I am pleased that since receiving your letter, my Department has now been able to share with the Committee all five summaries of BEIS operational frameworks. Services and the Regulation of Professional Qualifications (RPQ) frameworks have not yet been submitted for provisional sign-off and are not operational.

In respect of the Services and RPQ Frameworks, my officials developed draft framework agreements with officials in the Devolved Administrations in the run up to the end of the Transition Period. In December, it was agreed between all four Administrations not to finalise these Frameworks pending the outcome of EU negotiations. Development of these frameworks has continued following agreement of the EU-UK TCA, and work in these policy areas is ongoing, including policy development following the Call for Evidence on the Recognition of Professional Qualifications and the Regulation of Professions, on which BEIS has actively engaged the Devolved Administrations. I am committed to driving forward work on these Frameworks with incoming Ministers after the upcoming elections in Scotland and Wales.

Please provide individual reasons for each of the delayed common frameworks, and specific dates for when we should expect to receive each of the following remaining summaries and full frameworks:

- **Company Law;**
- **Late payment (commercial transactions);**
- **MRPQ (Mutual Recognition of Professional Qualifications);**
- **Services Directive; and**
- **Specified quantities and packaged goods legislation,**

The latest status is as follows:

Company Law; Late payment (commercial transactions) and Specified quantities and packaged goods legislation: We are currently awaiting NI JMC(EN) confirmation to proceed with frameworks publication. As above, due to the nature of the programme, we want to proceed on a four nations basis.

MRPQ (Mutual Recognition of Professional Qualifications) and Services Directive: As outlined above, provisional frameworks in the areas of Services and MRPQ are yet to be agreed with the DAs, pending the outcome of DA elections and ongoing related policy work, including, policy development following the Call for Evidence on the Recognition of Professional Qualifications and the Regulation of Professions. BEIS and DA officials remain committed to the development and agreement of these frameworks and will continue this work following the DA elections in May.

Please provide a list of dates and subjects discussed for all meetings between BEIS Ministers, and their devolved counterparts, relating to BEIS common frameworks.

There continues to be regular, collaborative engagement between BEIS officials and Devolved Administrations to discuss BEIS Frameworks, all of which have been shared with the relevant Devolved Administration Ministers for scrutiny and sign-off. Given these longstanding, positive working relationships between BEIS teams and the DAs, the need for bespoke ministerial engagement has been limited as officials have been in a position to recommend agreement to the Frameworks. The most detailed Ministerial engagement has focused on the UK Emissions Trading Scheme (UK ETS) due to the priority of this policy area and the operational changes needed following our departure from the EU, most recently at the Net Zero Inter-Ministerial Group in February 2021.

The Common Framework Concordat and governance arrangements have been acknowledged in letters to Lesley Griffiths, Edwin Poots and Roseanna Cunningham from Minister Kwarteng in December 2020. These letters acknowledge Ministerial approval of the Common Framework and noted the intention of UK Parliamentarians to scrutinise the framework. At the IMG in February 2020, an update on concordat progress was given (the concordat had received JMC(EN) approval from UK, Welsh and Scottish Ministers).

Energy and climate

What are the future ambitions of the Green Homes Grant Scheme? If this scheme is not being pursued what will it be replaced with?

The Prime Minister's 10 Point Plan, announced on 18th of November 2020, indicates a clear framework and route forward over the decade, which includes our ambition to install 600,000 heat pumps per year by 2028, with the Heat and Building Strategy to be published shortly.

The Green Home Grant Voucher Scheme has made significant strides since its launch in September 2020. We have received over 90,000 applications and issued over 33,000 vouchers worth £142 million. An additional £500m has been given to local authorities to improve the energy efficiency of low-income households, helping reduce fuel poverty for around 50,000 households by the end of this year. We recognise that there have been a number of delivery challenges to the Green Homes Grant Voucher scheme which has meant that it has not delivered at the rate or scale we had originally aimed for it to do. This has been further exacerbated by the impacts of Covid-19 and understandably the willingness of householders to welcome tradespeople into their homes. We have a huge task ahead of us, but our commitment to invest more in energy efficiency does not end here. We are committed to levelling up across the country and building back greener once we have overcome the Covid-19 pandemic.

Does the UK have the domestic policy in place to deal with the effects of Brexit on energy prices?

Since the end of the transition period, energy has continued to flow over UK gas and electricity interconnectors with no tariffs or quotas applied to this trade. The EU-UK Trade and Cooperation Agreement (TCA) will enable efficient electricity and gas trade between the UK and the EU. This will provide benefits to both sets of consumers, enhancing our security of supply and helping to limit energy prices. The development of a new implicit regional coupling trading model (interconnector capacity and electricity together) is expected to commence in April 2022. Pending the new trading arrangements, market participants should continue to use the previously developed alternative electricity trading arrangements put in place for 1 January 2021.

The TCA provides for the continuation of existing cross-border trading mechanisms for gas through the gas interconnectors between the UK and the EU. The UK also benefits from highly diverse and flexible sources of gas supply, such as domestic production, LNG imports and European imports. We have stress tested our resilience over the next twenty years, even as North Sea output declines and reliance on imported gas increases, and we are confident that we will retain our current levels of security into the future.

The TCA demonstrates our continued commitment to carbon pricing as an effective tool to help fulfil our climate change objectives. We have confirmed that each Party shall have in place an effective system of carbon pricing which covers greenhouse gas emissions from electricity and heat generation, industry and aviation. We recognise the importance of international co-operation on carbon pricing and the important role international carbon markets can play. The UK is open to linking the UK ETS internationally in principle and we are considering a range of options but no decision on our preferred linking partners has yet been made.

Interconnection contributes to security of supply, reduces prices and provides an important source of flexibility to help integrate renewables. As set out in the Energy white paper, a higher level of interconnector capacity could decrease cumulative emissions in Great Britain by up to 199MtCO2e by 2050, as well as reducing total system costs. We will work with Ofgem, developers and our European partners to realise at least 18GW of interconnector capacity by 2030. This represents a three-fold increase from current levels and will position us as a potential net exporter of excess green energy, helping to keep wind turbines generating even when GB electricity demand has been met.

What is the current status of all of the strategies, plans and consultations that the Government set out in the Energy White Paper?

The Energy White Paper sets out our long-term strategic vision to deliver an affordable, secure and reliable energy system, consistent with net zero emissions by 2050, backed up by practical actions in the 2020s to set us on this pathway.

Delivering the white paper's commitments at pace is a top priority for BEIS. This year we have already published both a new Fuel Poverty Strategy in February and the Industrial Decarbonisation Strategy in March. We have also launched a consultation to drive progress towards our target to reach EPC Band B in all non-domestic buildings by 2030, and made significant progress in our plans for deploying CCUS. I expect to publish more detailed sectoral strategies for heat and buildings, hydrogen and industrial energy later in the Spring to build on the vision of the white paper and the PM's Ten Point Plan

How will the Infrastructure Bank set out in the March 2021 budget be delivered? Will the Bank be aligned with the infrastructure requirements set out in the Energy White Paper?

We in BEIS are working closely with colleagues in HMT to help deliver the United Kingdom Infrastructure Bank, which will be headquartered in Leeds. I am very pleased that the new institution will have a Net Zero and regional agenda and I look forward to working with the Bank's management team once established.

We expect the Bank to be a long-lasting government-owned institution, will have a high degree of operational independence and will eventually be placed on a statutory footing. The detail of how the bank will consider supporting projects that align to our Net Zero agenda is still to be worked through, and we have shared our thinking with the HMT team setting up the bank. The Energy White Paper forms the basis of our shared consideration of the infrastructure needs.