



Department for
Business, Energy
& Industrial Strategy

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The Rt Hon. Jacob Rees-Mogg MP
Secretary of State for Business,
Energy and Industrial Strategy

24 October 2022

Dear Secretary of State

Energy Bill Relief Scheme

This letter is to formally set out my position as Accounting Officer on the implementation of the Energy Bill Relief Scheme (EBRS). The EBRS is set to provide significant support on energy bills to businesses and public sector bodies (such as schools and hospitals) across Great Britain and Northern Ireland. This includes the main scheme, and associated schemes for harder to reach customers. In reaching my view, I have considered whether the implementation of the EBRS is compatible with the Accounting Officer tests outlined in Managing Public Money.

It is evident that the country is facing a dramatic rise in energy costs as a result of Russia's illegal invasion of Ukraine. The effects of this are keenly felt by UK businesses and public bodies, as they are not subject to a price cap like domestic consumers. Some businesses have seen significant increases in their energy costs, threatening their survival. Much like for domestic customers, the situation demands Government intervention. I am proud of the high-quality work going on across our Department and elsewhere in Government to deliver this package of support.

Nevertheless, whilst the case for Government support is clear, it is also right to recognise the inevitable challenges in assessing and implementing an intervention of this scale at speed. This scheme, like the Energy Price Guarantee (EPG) on which I have also written to you, poses risks.

First, on feasibility, I am pleased to say that we have a clear critical path to launch, however given the pace of scheme development there are inevitable risks.

Second, on propriety, we have worked alongside the Public Sector Fraud Authority to manage the potential risks of fraud and gaming from the scheme. We are developing a very complete set of fraud detection and prevention levers, and I will keep you updated as to progress on these. It is a matter of priority for both you and the wider department.

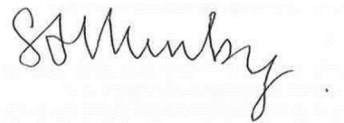
Third, on value for money, the benefits of the EBRS are considerable, limiting energy costs which might otherwise imperil thousands of businesses. However, much of the intended benefit cannot be quantified, compared to the obvious taxpayer costs. I am also conscious

that many of the benefits will ultimately depend on its role as a macroeconomic intervention – driving down inflation and pushing up economic growth. Given the pace at which we are working and the need to focus on supporting businesses as the winter begins, this scheme is universal and untargeted but will, as a result, contain significant deadweight. This is one of the reasons why we have committed to a review to explore a more targeted scheme.

There can be no doubt that implementation of a scheme of this type is both necessary and urgent. However, this is a very large exposure of public money. While I am confident that the scheme could provide vital support to thousands of businesses, I am not yet able to provide the level of certainty against the Accounting Officer tests that I require for an intervention of this scale. As such, I am asking for a Ministerial Direction to continue to prepare the EBRS scheme to be ready to deliver it in line with Parliament's forthcoming intentions.

In line with the usual process for Ministerial Directions, I am copying this letter to the Chair of the Public Accounts Committee, the Chair of the BEIS Select Committee, the Comptroller and Auditor General and the Treasury Officer of Accounts. This letter will be made public in line with usual practice.

Yours ever,

A handwritten signature in cursive script, appearing to read 'S. Munby', is centered on the page. The signature is written in black ink on a light-colored background.

Sarah Munby