



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

29 September 2022

Dear Secretary of State

**Energy Price Guarantee (Domestic)**

This letter is to formally set out my position as Accounting Officer on the implementation of the Energy Price Guarantee (EPG) scheme. This letter relates to the domestic scheme across Great Britain and Northern Ireland and associated support schemes that fall under the EPG, including the Alternative Fuel Payments scheme (but excluding the separate Energy Bill Support Scheme). In reaching my view, I have considered whether the implementation of the EPG 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 financial burdens faced by UK households are intolerable, and rightly demand significant and urgent Government intervention to help. I am enormously proud of the detailed, high-quality work going on across our Department and elsewhere in Government at considerable pace to deliver this package of essential support.

However, while recognising the need for this work, we should also be clear eyed about the inevitable challenges in assessing and implementing an intervention of this scale at pace. In this context, it is of little surprise that this scheme – essential and urgent as it is – poses risks.

First, on feasibility, we have done a great deal of work to ensure the scheme is deliverable in full and as rapidly as possible. To enable this timeline and get benefit to consumers quickly, we are working in parallel rather than in sequence, and so we will need to proceed with this scheme without full enforcement powers at the outset, operating on the assumption that the consent of Parliament will be given to the legislation the Government will seek to introduce.

Second, on propriety, we have worked alongside the Public Sector Fraud Authority to manage the potential risks of fraud and gaming from the scheme, and believe we have a robust approach to managing fraud risks in the core scheme. However, because of the scale of expenditure, I note that even small rates of fraud would have significant impacts to the public purse. In addition, I am not yet able to give full reassurance on the fraud risks relating to the associated support schemes, particularly in Northern Ireland where the market is regulated in a different way and so we will need to develop bespoke solutions. On propriety I also note that there will be temporary over-compensation to suppliers in the early months of the EPG

in order to ensure fixed tariff customers receive support without undue delay, something we would have sought to “design out” were we operating on slower timelines.

Third, on value for money, I note the benefits of the EPG are considerable, limiting what would otherwise be an intolerable rise in fuel poverty and a welfare crisis across the UK. However, much of the intended benefit cannot be straightforwardly quantified, compared to the very significant and obvious taxpayer costs. I am also conscious that many of the benefits go far beyond my remit and the ultimate evaluation of this scheme will depend on its role as a macroeconomic intervention – driving down inflation and pushing up economic growth. Given the pace we are working at and the need to focus on supporting people as the winter begins, we have not been able to carry out a full evaluation of how this intervention compares with potential alternatives, and thus I do not feel able to give you full reassurance on the value for money of this scheme at this stage.

Overall, there can be no doubt that implementation of this scheme is both necessary and urgent. However, this is a very large exposure of public money. While I am confident that the scheme is deliverable and will carry very significant benefit for people across the UK, I am not yet able to provide the level of certainty against my Accounting Officer tests that I would usually seek to provide you with for an intervention of this scale. As such, I am asking for a Ministerial Direction to ensure we can implement the scheme without delay.

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. Although I would normally publish such a letter immediately, on this occasion I would not wish to draw public attention to these matters whilst we finalise contractual arrangements to deliver the scheme, and commence implementation. It will be essential to maintain the full confidence of the public and our private sector delivery partners during this launch period. I propose to keep the content of this letter and your reply confidential until such point that we are satisfied that the scheme is fully established, and publication would not undermine its success in any significant way. I currently anticipate such a time to be towards the end of 2022.

Yours ever,

A handwritten signature in black ink, appearing to read 'Sarah Munby', written in a cursive style.

**Sarah Munby**