



Department for
Business, Energy
& Industrial Strategy



Infrastructure
and Projects
Authority

To: Stefanie Murphy & Paro Konar (Jobshare), Senior Responsible Owners for the Industrial Decarbonisation & Hydrogen Revenue Support (IDHRS) Scheme

Project Identifier: **DPO-2051**

From: Sarah Munby, Permanent Secretary of Department for Business, Energy, and Industrial Strategy (BEIS); and
Nick Smallwood, Chief Executive Officer of the Infrastructure and Projects Authority

23 November 2022

Dear Stefanie Murphy & Paro Konar,

APPOINTMENT AS SENIOR RESPONSIBLE OWNER FOR THE INDUSTRIAL DECARBONISATION & HYDROGEN REVENUE SUPPORT (IDHRS) PROJECT

We are writing to confirm your appointment as Senior Responsible Owner (SRO) of the IDHRS project with effect from 1 January 2021. This letter sets out your responsibilities and the support you can expect from your department and the Infrastructure and Projects Authority.

As SRO, you are directly accountable to Ashley Ibbett, Director General (DG) of the Energy Infrastructure group, under the oversight of the Permanent Secretary as accounting officer for BEIS, and Graham Stuart, Minister for Climate.

Your project forms part of the BEIS Net Zero Portfolio, under the oversight of the Chair of the [Net Zero Delivery Board] and is included in the Government Major Projects Portfolio (GMPP).

You have personal responsibility for the delivery of IDHRS, including the Industrial Carbon Capture, Waste and Hydrogen Production Business Models; the commercial frameworks used to allocate IDHRS funding through CCUS Cluster Sequencing and Electrolytic Hydrogen Allocation rounds and will be held accountable for the delivery of its objectives, with policy intent and outcomes expected. This encompasses securing and protecting its vision, ensuring that it is governed responsibly, reported on honestly, escalated appropriately and for influencing the context, culture, and operating environment of the project. You are also responsible for ensuring the ongoing viability of the project and recommending its pause or termination if appropriate. Where issues arise which you are unable to resolve, you are responsible for escalating these to Net Zero Delivery Board.

You will carry out this role alongside your other responsibilities as SROs of the Net Zero Hydrogen Fund (NZHF) and joint SROs of the Carbon Capture Usage and Storage (CCUS) Programme with Alex Milward – Director of CCUS.

The scale of the interdependencies between the CCUS and the HICC Directorates requires close cooperation between two Directorates therefore a joint SRO model was agreed for the CCUS programme. This model provides insight and challenge and brings a wider set of skills, network and experience in managing a highly complex 'system' programme. It provides additional focus on the development of business cases to ensure alignment of objectives with other programmes/projects and expected outcomes, as well as a joined-up approach in engaging Ministers and stakeholders.

A combined letter will be agreed to cover your responsibilities for the CCUS Programme and the elements of IDHRS that are related to CCUS. A separate letter confirming your appointment as SRO for the NZHF will also be agreed.

You remain accountable to Ministers, as set out in the Civil Service Code, and should deliver the project in accordance with the objectives and policy intent as set by Ministers.

In addition to your internal accountabilities, SROs for GMPP projects and programmes are personally accountable to Parliamentary Select Committees. This means that, from the date of this letter, you will be held personally accountable to and could be called by Select Committees to account for and explain the decisions and actions you have taken to deliver the IDHRS project.

It is important to be clear that your accountability relates only to implementation, within the agreed terms in this letter; it will remain for the Minister to account for the relevant policy decisions and development.

More information on this is set out in [Giving Evidence to Select Committees - Guidance for Civil Servants](#), sometimes known as the Osmotherly Rules. Information on the roles and responsibilities of the SRO are detailed in the Infrastructure and Project Authority's guidance on [the role of the senior responsible owner](#). You should also make yourself familiar with the [Government Functional Standard for Project Delivery](#), the requirements of the Government Project Delivery Framework, and the guidance and requirements for project delivery as set by BEIS' Implementation & Delivery Directorate

Time commitment and tenure

This role will require at least 0.4 FTE to enable effective delivery of the role and execute your responsibilities in full.

You are required to undertake this role until 2027 which aligns with the completion of building the CCUS infrastructure for the first two industrial clusters within the 2020 Energy White Paper and aligns with the aim set out in the British Energy Security (BES) Strategy to deliver up to 1GW electrolytic 'green' hydrogen and up to 1GW of CCUS-enabled 'blue' operational or in construction by 2025. Progress towards this will be reflected in your personal objectives. Any changes to the agreed time commitment or tenure of the role, as set out above, will require both departmental and Infrastructure & Projects Authority consent.

I also note and appreciate your enthusiasm to stay in role to complete the decarbonisation of four industrial clusters by 2030 and deliver up to 10GW of low carbon hydrogen production capacity by 2030 as set out in the BES Strategy.

The SRO jobshare role is also jointly accountable for the CCUS programme within the BEIS CCUS Directorate and solely accountable for the Net Zero Hydrogen Fund.

Table 1 - SRO Time Commitment

SRO	IDHRS	NZHF	CCUS Programme	Total FTE
Stefanie Murphy & Paro Konar	0.4	0.4	0.4	1.2
Alex Milward	N/A	N/A	1	1

You must ensure that you allocate sufficient time to enable the effective delivery of the role and responsibilities. This will be periodically reviewed to ensure that an appropriate balance is maintained across your portfolio of activities.

Objectives and performance criteria

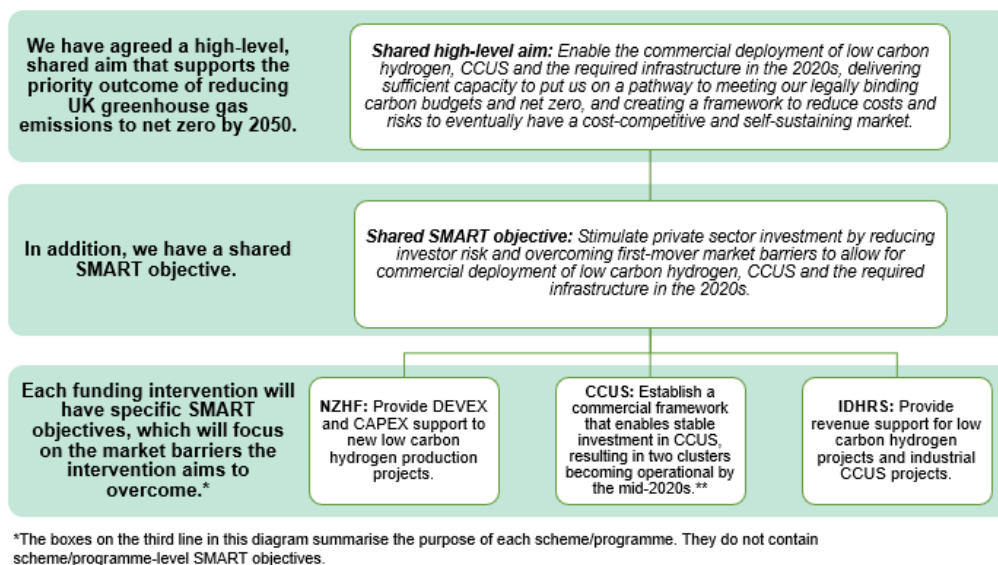
The policy intent supported by the IDHRS project is to support initial ICC and hydrogen projects to overcome current commercial barriers, IDHRS aims to provide long-term revenue support via business models to enable the private sector and Government to take Final Investment Decisions. This will incentivise both initial deployment and a pipeline of decarbonisation projects and underpinning infrastructure, whilst kickstarting the hydrogen economy and a market for CCUS, playing an important role in putting the UK on a pathway to:

- Meet the deployment ambitions set out in the Net Zero and British Energy Security Strategies by 2030.
- Ensure the required emission reductions for Carbon Budget 6 (CB6).
- Meet our Industrial Clusters mission to establish the world's first net-zero carbon industrial cluster by 2040 and at least one low-carbon cluster by 2030; and
- Supporting other government priorities such our levelling up ambition and long-term sustainable economic growth.

Low carbon hydrogen production and CCUS will play a vital role in decarbonising industry to achieve our carbon budgets and net zero targets. Government support is required as the market alone is unable to provide sufficient incentives for private sector investment to deploy ICC and low carbon hydrogen at the scale needed to achieve our net zero target. IDHRS, CCUS and NZHF form an important and coherent policy package to overcome associated market failures and support the commercial deployment of CCUS and hydrogen production.

The three projects/programmes are intended to work together to build confidence in the market by providing both CAPEX support (NZHF and CIF via the CCUS Programme) and revenue support (IDHRS). As these funds work together, it is important that they share common aims and objectives, whilst retaining fund-specific objectives. This is illustrated in a 3-tiered approach used for the three business cases set out below (Figure 1).

Figure 1: Three-tiered approach to aims and objectives for CCUS, NZHF and IDHRS



Any proposed changes to scope which impacts on this intent or the realisation of benefits must be authorised by the Net Zero Delivery Board and may be subject to further levels of approval.

Your personal objectives and performance criteria which relate to the project are:

1. Provide revenue support for low-carbon hydrogen production and ICC projects to bring through investments and enable successful deployment of projects from 2024/5 onwards;
2. Provide funding certainty on a return on capital investment and operational costs for ICC and hydrogen projects over their business model contract lifetime, helping to de-risk private sector investment and create a pipeline for future projects; and
3. Drive down deployment costs throughout the 2020s and 2030s by supporting initial projects (subject to value for money considerations) seeking to take FIDs in the 2020s, and subsequently through competitive funding allocation and business model design.
4. Obtain approval from Ministers for the shortlist of projects to be supported through CCUS programme Track 1 cluster sequencing by end February 2023, and the electrolytic hydrogen allocation round by March 2023 ahead of commencement of negotiations.
5. Obtain agreement from BEIS' Project and Investment Committee and the HMT for:
 - a) The Final Business Case (in conjunction with the NZHF) for the Electrolytic Hydrogen Allocation Round 1 (HAR1) by Q4 2023
 - b) The Final Business Case for Cluster 1 by end Q1 2024.

These objectives feed into the CCUS programme to enable CCUS to deliver four carbon capture usage and storage (CCUS) clusters, capturing 20-30 MtCO₂ across the economy, including 6 MtCO₂ of industrial emissions, per year by 2030, supporting the UK's transition to net zero by 2050.

You are expected to run your project in accordance with the [Government Functional Standard for Project Delivery](#), the other [Functional Standards](#) as applicable to this project and the requirements of the Government Project Delivery Framework.

Extent and limit of accountability

Finance and Controls

HM Treasury spending controls will apply on the basis set out within the department's delegated authority letter. Where the **project** exceeds the delegated authority set by HM Treasury, the Treasury Approval Point process will apply, and the details of each approval process must be agreed with your HM Treasury spending team. You should consult departmental finance colleagues on how to go about this.

You should note that where expenditure is considered novel, contentious, repercussive, or likely to result in costs to other parts of the public sector, HM Treasury approval will be required, regardless of whether the project expenditure exceeds the delegated authority set by HM Treasury. If in doubt about whether approval is required you should, in the first instance, consult departmental finance colleagues before raising with the relevant HM Treasury spending team.

The overall estimated budget, resourcing requirements and tolerances for your project/programme will be agreed as part of the approval process. You will be expected to deliver within these tolerances and report quarterly on these as part of GMPP reporting.

You should operate at all times within the rules set out in [Managing Public Money](#). In addition, you must be mindful of, and act in accordance with, the specific HM Treasury delegated limits and Cabinet Office controls relevant to the IDHRS project. Information on these controls can be found here: [Cabinet Office controls](#).

Delegated authority

You are authorised to:

- approve expenditure of £10m RDEL (programme);
- recommend to the Net Zero Delivery Board the need to either pause or terminate the project where necessary and in a timely manner.

These authority limits are subject to change and other conditions, or tolerances may be set as part of the business case approval and ongoing monitoring processes which you should then operate within.

Where issues arise which take you outside of these authority limits which you are unable to resolve, you are responsible for escalating these issues to the Net Zero Delivery Board.

Appointments

You should appoint a full-time project director to support you in the management of this **project** and make other appointments as required for the control and delivery of your programme within your delegated authority.

Governance and assurance

You should pay attention to ensuring effective governance for your project, including the establishment of a project board with appropriate membership and clear terms of reference.

As primary owner, you must ensure that the project secures business case approval from the BEIS Project and Investment Committee including the appropriate HMT approvals. You should also ensure that IDHRS remains aligned to the strategic outcomes, costs, timescales, and benefits in line with the approved business case as well as monitoring the context within which the project is being delivered to ensure it remains valid.

Where a change impacts the scope, costs, benefits, or planned delivery milestones agreed as part of an agreed business case, you are responsible for following the agreed change request approval process and setting a new, approved, business case baseline.

You should ensure that an accounting officer assessment is completed alongside the approval of the Outline Business Case and that this is published on GOV.UK as part of the government's transparency requirements on major projects. You are responsible for bringing to the attention of the accounting officer any material changes in the project which could require a new accounting officer assessment to be completed and published. [Guidance on completing accounting officer assessments](#) for major projects is available from HM Treasury.

Although you are directly accountable for this project, you are also expected to support delivery of the department's overall strategic objectives. This means that you are expected to work collaboratively with other SROs and project directors in adjacent projects and programmes and with the BEIS Net Zero portfolio to manage dependencies, resources, schedules, and funding to support delivery of the overall change the department needs to achieve its strategic objectives.

You should ensure that appropriate and proportionate assurance is in place and agree on the level and frequency of assurance reviews through the maintenance of an integrated assurance and approvals plan. You should develop this plan and its maintenance in collaboration with the Departmental Assurance Coordinator and the Infrastructure and Projects Authority.

Project status, reporting and transparency requirements

The project status at the date of your appointment is reflected in the most recent quarterly return on the project to the Infrastructure and Projects Authority and is the agreed position as you assume formal ownership of the programme.

You are responsible for ensuring the honest and timely reporting on the position of the project to the Infrastructure and Projects Authority while it remains on the GMPP and for providing reports and information to the BEIS Net Zero Portfolio as required. Reporting should include carbon measurement, and other sustainable development goals demonstrating evidence that the project contributes to an overarching environmental strategy and is aligned with defined Net Zero pathways. Information on the project will be published annually by the Infrastructure and Projects Authority.

As the SRO of a project that is within scope of the cross-government Net Zero Portfolio you are additionally required to report into the Net Zero and Climate Change governance structure, specifically reporting into the Net Zero National Security Implementation Group Sub-Group and the Climate Action Implementation Committee.

You are responsible for publishing on GOV.UK a summary of the accounting office assessment completed in line with the approval of the Outline Business Case and summaries of any subsequent assessments should they be required.

Development and support

As SRO of a GMPP project you are required to complete the Major Projects Leadership Academy, and you have agreed to enrol on a cohort in the near future. The Head of Profession in BEIS can provide further information on the application process.

To widen experience and understanding of the role, SROs are also expected to become accredited assurance reviewers and to lead or participate in such reviews for other government departments, the wider public sector, and other areas of the [department name] as appropriate. Becoming an assurance reviewer and completing a review will form part of your time at the Major Projects Leadership Academy. To maintain your accreditation, you will be required to participate in a review at least once every 12 months.

The department will assist you in securing the necessary resources to support the project, and will set clear guidance, requirements and standards, which align to the [Government Functional Standard on Project Delivery](#), to enable good governance and effective delivery. You will be part of the department's cohort of

major project leaders who will be expected to support each other, share good practice and lessons learned and to collectively develop solutions. You should liaise with the department's Head of Profession for project delivery to discuss the maintenance and development of your delivery and leadership skills.

The Infrastructure and Projects Authority will be available to you for support, advice, and assurance throughout the project's time on the GMPP.

Following approval of the business case and entry onto the BEIS portfolio, the Net Zero Delivery Board will provide ongoing oversight and support and will take steps to help resolve and escalate risks, issues or constraints that are acting as a blocker to successful delivery.

We would like to take this opportunity to wish you every success in your role as SRO.

Yours sincerely,



SARAH MUNBY

Permanent Secretary, Department for Business,
Energy and Industrial Strategy



NICK SMALLWOOD

Chief Executive Officer, Infrastructure and
Projects Authority

CONFIRMATION OF ACCEPTANCE OF APPOINTMENT

I confirm that I accept the appointment of Senior Responsible Owner for the **IDHRS project** alongside my appointment as SRO for the NZHF and Joint SROs for the CCUS Programme, including my personal accountability for implementation, as set out in the letter above.



STEFANIE MURPHY

13.01.2023

Paro Konar

PARO KONAR

13.01.2023