



Department for
Energy Security
& Net Zero



Infrastructure
and Projects
Authority

To: Paul Methven, CEO of UK Industrial Fusion Solutions Ltd.

From: Jeremy Pocklington, Permanent Under-Secretary of State and Accounting Officer of The Department for Energy Security and Net Zero; and Nick Smallwood, Chief Executive Officer of the Infrastructure and Projects Authority

DPO-2087

22 March 2024

Dear Paul,

APPOINTMENT AS SENIOR RESPONSIBLE OWNER FOR THE SPHERICAL TOKAMAK FOR ENERGY PRODUCTION (STEP) PROGRAMME

We are writing to confirm your appointment as Senior Responsible Owner (SRO) of the STEP Programme with effect from 22nd February 2024. This letter sets out your responsibilities and the support you can expect from your department and the Infrastructure and Projects Authority (IPA).

As SRO, you are directly accountable to Ian Chapman, as the CEO and Accounting Officer of the United Kingdom Atomic Energy Authority (UKAEA), under the oversight of Jeremy Pocklington, as Permanent Under-Secretary of State and Accounting Officer of The Department for Energy Security and Net Zero (DESNZ), and Andrew Bowie, as Minister for Nuclear and Networks.

The STEP Programme forms part of the DESNZ Departmental Portfolio, under the oversight of the Chair of the Project Investments Committee and is included in the Government Major Projects Portfolio (GMPP).

You have personal responsibility for the delivery of the STEP Programme and will be held accountable for the delivery of its objectives (which can be found at Annex B). 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 STEP Programme. You are also responsible for ensuring the ongoing viability of the STEP Programme and recommending its pause or termination if appropriate. Where issues arise which you are unable to resolve, you are responsible for escalating these to the Senior Policy Owner, John Staples, and/or DESNZ Accounting Officer as appropriate.

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 STEP Programme.

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 the DESNZ Portfolio Management Office.

Time commitment and tenure

This role will require 100% of your time to enable effective delivery of the role and execute your responsibilities in full.

You are required to undertake this role as long as you are in post as the Chief Executive Officer of UK Industrial Fusion Solutions Ltd (the STEP Delivery Body). Your role as SRO will also be reviewed at the completion of Tranche 2a, if you are still in post at that time. 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.

Objectives and performance criteria

The policy intent supported by the STEP programme is to deliver, by 2040, a prototype fusion power plant capable of generating net energy, demonstrating a pathway to commercialisation.

Any proposed changes to scope which impacts on this intent or the realisation of benefits must be authorised using the programme's governance framework, in conjunction with the department's governance framework, and may be subject to further levels of approval.

The STEP Programme aims to demonstrate the technical and commercial viability of fusion energy and in turn stimulate a UK industrial capability to subsequently deliver to a commercial fusion market.

Your personal objectives and responsibilities which relate to the STEP Programme are to deliver the programme's objectives within agreed budgets and timescales.

You are expected to run your project in accordance with the [Government Functional Standard for Project Delivery](#), the other [Functional Standards](#) as applicable to the STEP Programme 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 STEP Programme 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 DESNZ finance and policy 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 programme expenditure exceeds the delegated authority set by HM Treasury. DESNZ finance and policy colleagues should be consulted as part of this process. If in doubt about whether approval is required you should, in the first instance, consult DESNZ finance and policy colleagues before raising with the relevant HM Treasury spending team.

The overall estimated budget, resourcing requirements and tolerances for your 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 STEP Programme. Information on these controls can be found here: [Cabinet Office controls](#).

Delegated authority

You are authorised to:

- approve expenditure of £10m for R&D capital spend.
- agree project rescheduling within 12 weeks of agreed milestones, but rescheduling beyond that must be agreed with the Senior Policy Owner, the programme and departmental governance structures and where appropriate, responsible Ministers.
- recommend to the Senior Policy Owner, the programme and departmental governance structures and where appropriate, responsible Ministers, the need to either pause or terminate the programme 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 Senior Policy Owner and/or the DESNZ Accounting Officer.

Governance and assurance

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

As primary owner, you must ensure that the STEP Programme secures business case approval from the DESNZ Project Investment Committee and, where necessary, Cabinet Office and HM Treasury. You should also ensure that the STEP Programme 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 STEP Programme 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 STEP Programme 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 the STEP Programme, 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 DESNZ Departmental Portfolio Management Office and Portfolio Director 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.

The STEP Programme status, reporting and transparency requirements

You are responsible for ensuring the honest and timely reporting on the position of the STEP programme to the Infrastructure and Projects Authority while it remains on the GMPP and for providing reports and information to the DESNZ Departmental Portfolio Management Office and DESNZ Fusion Policy team 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 STEP Programme will be published annually by the Infrastructure and Projects Authority.

As part of the government's commitment to transparency on major infrastructure projects, you are responsible for publishing on GOV.UK:

- A summary of the accounting officer assessment completed in line with the approval of the Outline Business Case for each Tranche of the Programme and summaries of any subsequent assessments should they be required;
- A summary of the HM Treasury approved Full Business Case for each Tranche of Programme Delivery; and
- A close out report after the STEP Programme has ended.

Development and support

As a graduate of the Major Projects Leadership Academy (cohort number 14), you are expected to maintain your continuing professional development as a project leader, including your status as an accredited assurance reviewer. 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 STEP Programme, 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 STEP Programme's time on the GMPP.

Following approval of the business case and entry onto the DESNZ Departmental Portfolio, the Project Investment Committee 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,



JEREMY POCKLINGTON

NICK SMALLWOOD

Permanent Under-Secretary of State and
Accounting Officer of The Department for Energy
Security and Net Zero

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 STEP Programme, including my personal accountability for implementation, as set out in the letter above.



PAUL METHVEN, CEO of UK Industrial Fusion Solutions Ltd.

27 Feb 2024