



Department for
Energy Security
& Net Zero



Infrastructure
and Projects
Authority

To: **Dan Osgood,**

Senior Responsible Owner for the Review of Electricity Market Arrangement Programme

Project Identifier: DPO-2273

From: Jeremy Pocklington, Permanent Secretary of Department for Energy Security and Net Zero; and

Nick Smallwood, Chief Executive Officer of the Infrastructure and Projects Authority

16 May 2024

Dear Dan,

APPOINTMENT AS SENIOR RESPONSIBLE OWNER FOR THE REVIEW of ELECTRICITY MARKET ARRANGEMENTS (REMA) PROGRAMME

We are writing to confirm your appointment as Senior Responsible Owner (SRO) of the REMA Programme with effect from 15th April 2024. 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 Jonathan Mills Director General for Energy Markets and Supply, under the oversight of the Permanent Secretary as accounting officer for the Department for Energy Security and Net Zero, and Rt Hon Justin Tomlinson Minister of State for Energy Security and Net Zero in the Department for Energy Security and Net Zero.

Your REMA Programme forms part of the Energy Markets & Analysis Directorate and is included in the Government Major Projects Portfolio (GMPP).

You have personal responsibility for the delivery of the REMA projects which comprise the Programme and will be held accountable for the delivery of its objectives, with the expected policy intent and outcomes. 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 programme. You are also responsible for ensuring the ongoing viability of the programme and recommending its pause or termination if appropriate. Where issues you are unable to resolve arise, you are responsible for escalating these to the Director General, Energy Security and Net Zero, the Permanent Secretary, and the Minister of State for the Department of Energy Security and Net Zero.

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 REMA 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 IPA.

Time commitment and tenure

This role will require at least 60% of your time, with more at peak decision and delivery points, to enable effective delivery of the role and execute your responsibilities in full.

You are required to undertake this role until achievement of a single set of policy decisions on future electricity market arrangements that sets out the proposal for future legislation, planned for July 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.

Objectives and performance criteria

The policy intent supported by REMA is to recommend a set of preferred future market design options and implementation roadmaps to deliver them, and a range of no-regret, near-term actions to address pressing market issues.

Gain agreement on these recommendations across Department for Energy Security and Net Zero, HM Treasury and, where possible, with key external bodies (i.e., Ofgem and ESO).

Explain the policy intent, including where this contributes to enabling a transition to Net Zero GHG emissions by 2050.

Any proposed changes to scope which impact on this intent or the realisation of benefits must be authorised by the Director General, Energy Security and Net Zero, the Permanent Secretary and the Minister of State for the Department of Energy Security and Net Zero.

The vision of the programme is to evolve the foundations of the electricity market to make it fit-for-purpose to deliver both a fully decarbonised electricity system by 2035 (subject to security of supply) and enduring value for consumers.

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

- Your personal objectives and performance criteria which relate to the programme are to deliver the 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 this 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 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 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 programme 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 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 REMA programme. Information on these controls can be found here: [Cabinet Office controls](#).

Delegated authority

You are authorised to:

- Approve expenditure per the conditions outlined in your 2023/24 Delegation Letter for your admin, programme and capital budgets.
- Recommend project rescheduling to the Accounting Officer or Ministers; and recommend to the Director General, Energy Security and Net Zero, the Permanent Secretary and the Minister of State for the Department of Energy Security and Net Zero the need to either pause or terminate the projects where necessary and in a timely manner.
- Financial delegations form an integral part of the Department's (and therefore its affiliated organisations) control environment. No member of staff should undertake or authorise a transaction for which they do not have the authority. Your authority (as recorded in this letter) to approve transactions will also be recorded on the Department's scheme of delegations.
- This Delegation of Financial Authority supersedes any other financial authorities previously issued to you and is applicable to your current post. It should be considered 'evergreen', in that it has immediate effect and will remain in force until further notice or such time that you personally cease to be the post holder or is superseded by another letter of delegation. It is your responsibility to inform your Finance Business Partner team if your circumstances change and this letter or the scheme of delegation needs to be changed or rescinded.

- You are responsible for ensuring you have sufficient and adequate skills and training to be able to discharge the inherent responsibilities of budget and fiduciary duty given to you as part of this delegation.

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 Director General, Energy Security and Net Zero, the Permanent Secretary and the Minister of State for the Department of Energy Security and Net Zero.

Appointments

You should appoint a full-time programme director to support you in the management of this programme 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 programme, including the establishment of a programme board with appropriate membership and clear terms of reference.

As primary owner, you must ensure that the programme secures business case approval from Project Investment Committee (PIC), including Treasury Approval Panel (TAP). You should also ensure that the 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 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 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 projects, 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 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.

Programme status, reporting and transparency requirements.

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

Although directly accountable for the REMA programme, you are also expected to support delivery of the department's overall strategic objectives. This means you are expected to work collaboratively with the DESNZ Portfolio Management Office and Portfolio Director to manage risk, dependencies, resource, schedules, and funding that contribute and support delivery of the overall change the department needs to achieve the Net Zero 2050 strategy.

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 and maintain in collaboration with the Departmental Assurance Coordinator and the Infrastructure and Projects Authority.

You are responsible for ensuring the honest and timely reporting on the position of the programme to the Infrastructure and Projects Authority while it remains on the GMPP and for providing reports and information to the Energy portfolio management office as required. Information on the 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 and summaries of any subsequent assessments should they be required;
- A summary of the HM Treasury approved Full Business Case; and
- A close out report after the programme has completed.

Development and support

As a graduate of the Major Projects Leadership Academy (Cohort 16), 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 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 programme's time on the GMPP.

Following approval of the business case and entry onto the Energy portfolio, the Energy portfolio governance team 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

Permanent Secretary, Department for Energy
Security and Net Zero



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



DAN OSGOOD

Director, Energy Markets & Analysis

16 May 2024