

Review of DECC's Delivery Landscape

19 May 2011

1. Executive Summary

1.1 The Department of Energy and Climate Change's (DECC) vision is that the UK makes a safe and secure transition to low carbon electricity, low carbon homes and buildings, and low carbon transport and industry, at least cost to the UK's economy. This is a huge challenge; both for DECC and its delivery partners. And it must be delivered at a time of almost unprecedented fiscal constraints.

1.2 We have recognised the scale of this challenge and over the past 18 months have sought to improve our delivery capability in its widest sense, taking on board key drivers including the 2009 Capability Review¹ and recent Cabinet Office-led Review of Public Bodies². We have sought to make improvements in three ways:

- through the development of the DECC Future programme which aims to strengthen our delivery capability by: prioritising those programmes with the potential to have the greatest impact and scaling back or stopping lower order priorities; increasing specialist skills such as commercial expertise; improving project and programme management; and reorganising the Department to allow better internal horizontal working and a more coherent external face;
- by the creation of an Approvals Committee and a dedicated Delivery Unit, both of which are integral to the development of processes and a culture which encourages and values challenge, assurance and testing of policies for their 'deliverability' from conception through to implementation; and
- by examining the Department's relationship with its delivery partners through the Review of DECC's Delivery Landscape – the 'Delivery Review'.

1.3 The Delivery Review has examined DECC's relationship with its main delivery partners. This has been driven by a desire to ensure: improved accountability to DECC Ministers; the right split between policy and delivery; value for money; and improved performance management.

1.4 The key findings of the Review are as follows:

- i) Unless there is a clear case for placing delivery with a third party, delivery of new DECC programmes should be led by DECC itself to ensure accountability to Ministers, but with

¹ http://www.civilservice.gov.uk/Assets/DECC%20Capability%20Review%20web_tcm6-35128.pdf

² <http://www.cabinetoffice.gov.uk/news/public-body-review-published>

aspects of delivery contracted out, where possible and appropriate, to provide maximum value for money;

- ii) The delivery of the Green Deal³ will be driven primarily by the market. But for most of those Green Deal activities that require public funding, delivery should be overseen by DECC in order to provide direct accountability to Ministers through contracts and with most elements put out to competitive tender;
- iii) The Department's relationships with the Carbon Trust and Energy Saving Trust should change. Core grant funding will cease from 2012/13, but we expect both organisations to be interested in bidding for contracts to deliver activities to support the Green Deal. In addition, the Carbon Trust may be interested in bidding to deliver innovation projects, the prioritisation and delivery of which are being considered separately within DECC;
- iv) Ofgem E-Serve should continue to play an important role, by delivering the programmes it currently administers for DECC and also potentially in new programmes. However, both DECC and the Gas and Electricity Markets Authority (GEMA) should take forward agreed improvements to the governance of Ofgem E-Serve and in programme and performance management and reporting;
- v) There should be no change to the delivery undertaken by the Coal Authority or those activities delivered for DECC by the Environment Agency. However, in both cases improvements to governance and joint working arrangements should be made;
- vi) The Energy Development Unit within DECC should remain in its current form; and
- vii) A new Office for National Energy Efficiency should be established within DECC to provide a wider energy efficiency strategy based on evidence and analysis, strong programme management and a joined up view of the offer to the customer.

1.5 The measures outlined above will help ensure that DECC and its delivery partners can respond to the future delivery challenge and effectively meet their objectives.

³ http://www.decc.gov.uk/en/content/cms/what_we_do/consumers/green_deal/green_deal.aspx

2. Background

- 2.1 DECC's purpose is to head off the twin risks of catastrophic climate change and a shortfall in UK energy supplies. We are also charged with managing our coal and nuclear legacy safely. Our vision is long-term; that the UK makes a safe and secure transition to low carbon electricity, low carbon homes and buildings, and low carbon transport and industry, at least cost to the UK's economy. DECC's role in this transition is to mobilise investment from citizens, companies and countries in low carbon infrastructure by setting rules and regulations, providing incentives and information, and building a broad coalition for change.
- 2.2 To achieve this, DECC and its delivery partners face some huge challenges, including offering energy efficiency measures to 25 million households through the Green Deal, rolling out Smart Meters to businesses and homes throughout the UK, building the first generation of new nuclear power stations with no public subsidy, and delivering one of the world's first commercial-scale Carbon Capture and Storage (CCS) demonstration plants. DECC's Spending Review settlement recognised the importance of this agenda, providing the Department with resources for key priorities such as CCS, the Renewable Heat Incentive, low-carbon technologies, nuclear decommissioning, and international climate finance.

3. Context

- 3.1 In any scenario this would be a stretching delivery task, and the Delivery Review work has had to take into account some particular current challenges for policy makers. For example, effective delivery must be undertaken in a time of almost unprecedented fiscal constraints. Like many other departments, DECC faces a reduction of one third in the admin budget for DECC and its arm's-length bodies. There is also a very challenging energy policy context; and a competitive international labour market.
- 3.2 The recent Cabinet Office-led Public Bodies Review also shaped the DECC Delivery Review. Annex A lists the DECC bodies in scope and the Public Bodies Review outcome in relation to each. The biggest drivers for the DECC Delivery Review were the strength of focus on: the need for delivery to be made more accountable to Ministers; and the need for there to be a clear distinction between those responsible for policy making and those tasked with delivery. At the same time there has been a cross-Whitehall emphasis on using the market to drive change.

3.3 As well as these external factors, there have also been internal challenges to take into account. The 2009 Capability Review concluded that DECC's existing delivery mechanisms were unclear, and unlikely to be robust enough to meet the significant challenges facing the Department over the coming years. It also noted that in some areas DECC lacked the skills to enable it to be an effective delivery department – in particular customer insight, programme and project management, and commercial expertise.

3.4 In response, DECC has undertaken significant work in the past 18 months to address these issues. There have been three key elements in the Department's consideration of how best to deliver against its priority policies:

- the Delivery Review, on which this report focuses;
- the 'DECC Future' programme – which has undertaken business planning for the whole Department. DECC Future considered how the Department should be resourced and structured in order to allow it to deliver priority policies effectively while living within the Spending Review settlement. This has included: prioritising resources by focussing on those programmes with the potential to have the greatest impact; recognising that DECC must improve its delivery skills, including by bringing in additional specialists; adopting a more flexible, project-based methodology; and reorganising the Department away from institutional silos to deliver a more coherent outlook; and
- the creation of an Approvals Committee to scrutinise projects and programmes before each major stage of their development and the setting up of a 'Delivery Unit' to drive the delivery of existing and emerging policies and establish processes and mechanisms within the department to increase the likelihood of effective delivery of future policies. The Delivery Unit forms part of a new Planning and Performance Directorate which will report to DECC's new Chief Operating Officer.

3.5 Over the past 12 months there has also been a concurrent review of the regulatory functions of Ofgem; DECC's continuing Technology Innovation Needs Assessment work; consideration of delivery needs by key policy teams including for the Green Deal and Smart Meters programmes; and some early work on institutional options to deliver Electricity Market Reform.

3.6 There is clearly some common ground between all these areas of work and they all have informed each other.

4. The Delivery Review

4.1 The Delivery Review was announced by the Secretary of State in the July 2010 Annual Energy Statement (AES). The AES identified a need to review the delivery landscape to consider in particular: accountability to Ministers; efficiencies in the relationships between bodies; and value for money. A Delivery Review team was established in September 2010 to look at these issues in detail, alongside policy teams.

4.2 The Delivery Review:

- a) provided: a framework within which some of the harder questions about delivery mechanisms could be asked; and a challenge function in relation to the delivery of current and future policies;
- b) acted as a catalyst for discussion of delivery across the wider DECC family and how the Department as a whole should respond to the challenges laid out in the Capability Review; and
- c) considered in some detail the delivery undertaken by a number of DECC arm's-length bodies and others. The scope of the review in relation to specific bodies was as follows:

In scope: A review of the delivery funded by DECC, or for which DECC has policy responsibility, by:

- The Energy Saving Trust (EST);
- The Carbon Trust (CT);
- Ofgem E-Serve;
- The Environment Agency (EA);
- The Coal Authority (CA); and
- The Energy Development Unit (EDU) within DECC;

There are a number of areas that were explicitly ruled out of scope of the Delivery Review, including: the Nuclear Decommissioning Authority; DECC Offices; technical committees; and advisory boards.

5. Delivery Review approach

5.1 In reviewing each of the bodies in scope, the Delivery Review focussed on the high level considerations outlined directly below. While these considerations consistently framed the Review, the relative weight given to each sometimes differed, given: the varied status of individual bodies; the bilateral governance arrangements; and the nature of the delivery being undertaken.

1. How can we ensure that delivery of DECC programmes is accountable to DECC Ministers? The central tenet of the Cabinet Office Public Bodies Review as outlined above.
2. What is the appropriate split between policy and delivery?
3. How can we improve value for money and deliver effectively within a far tighter fiscal environment?
4. How can we improve contract and performance management of delivery?

6. Delivery Review process

6.1 The Delivery Review was undertaken internally by a team within DECC, with the support of policy teams responsible for the functions under review, lawyers, finance and HR. Work to consider the delivery landscape was announced in the Annual Energy Statement on 27 July 2010. The Delivery Review team was brought together in September although early discussions took place with the delivery bodies within scope of the Review in August. A project board, comprising senior officials from relevant policy teams across DECC and chaired by the Delivery Review Senior Responsible Officer, oversaw the project.

6.2 In addition to some input from the organisations, and discussions at meetings with the organisations throughout the review, the Delivery Review team also engaged with policy teams within DECC, other government departments with an interest (including the Cabinet Office, HM Treasury, the Department for Environment Food and Rural Affairs and the Department for Business, Innovation and Skills) and the Devolved Administrations.

7. Key findings

7.1 This section sets out: key findings in relation to each of the bodies in scope and relevant policy areas; and some common themes across the Review.

The Carbon Trust, the Energy Saving Trust and the Green Deal.

7.2 Over a number of years, DECC funding has supported the energy efficiency focused activities of the Carbon Trust (CT) and the Energy Saving Trust (EST) as well as, in the case of the Carbon Trust, technology innovation activities. Both organisations have helped to deliver substantial carbon savings, and achieved outcomes that have contributed significantly to DECC and predecessor departments' objectives. The CT and the EST have been strong and flexible delivery partners, responding well to an evolving policy landscape both in their ongoing energy efficiency work and in delivering at short notice on evolving priorities for the Department, such as the Boiler Scrappage Scheme in EST's case and the 2009 expansion of the Small and Medium-sized Enterprise loan scheme in CT's case.

7.3 However, the Delivery Review, working alongside the Departmental sponsor and policy teams, has concluded that in future the basis of DECC's relationship with the CT and the EST should change. This has been crystallised and accelerated through the move to deliver DECC's energy efficiency objectives through the Green Deal from 2012/13.

7.4 In terms of accountability, while the DECC Secretary of State has been represented on the CT Board and has observer status on the EST Board; and both the CT and the EST agree outcomes with their DECC sponsors and provide regular and comprehensive reporting and liaison; ultimately neither the CT nor the EST as private companies are accountable to DECC Ministers.

7.5 The current funding relationship (the provision of grants to support the activities of CT and EST) necessarily limits how specific DECC can be in its requirements of the CT and the EST. While the agreement of an annual business plan setting out objectives and outcomes for the use of DECC grants provides some level of control, the pressure on resources and the desire for enhanced accountability is such that DECC should have direct control of future spending to ensure it is most closely aligned with Departmental priorities while continuing to deliver maximum value for money. A move away from the core grant model, and to DECC obtaining specific services from contractors under its closer control, is therefore considered necessary.

7.6 At the same time DECC has set out a new approach for delivering its energy efficiency objectives from 2012/13: the Green Deal. The Green Deal is an ambitious market driven energy efficiency retrofit scheme. While led by the market, there is a need for some public funding for some activities that form part of the Green Deal. The delivery of these activities will be directly overseen by the

Department and most elements will be put out to competitive tender, so as to ensure both the certainty that those delivering them are directly accountable to DECC Ministers for their work and to continue to seek maximum value for money.

7.7 Core grant funding of the CT and the EST for their energy efficiency work will cease from 2012/13 but we would expect both bodies to be interested in bidding for such contracts, as well as seeking other commercial opportunities. Both the CT and the EST have already begun to ramp up their commercial operations to ensure they continue to thrive in the absence of guaranteed DECC funding. In addition, the CT will be able to bid to deliver innovation projects beyond 2011/12, the prioritisation and delivery of which are being considered separately within DECC.

7.8 During 2011/12, as DECC makes the transition to the Green Deal, it will continue to core grant fund the CT and the EST to deliver energy efficiency activities and, in the CT's case, which fit with the Government's technology innovation priorities. This funding will be significantly less than in previous years to reflect a move away from some programmes that are no longer priorities for DECC. DECC has worked closely with the CT and the EST to agree what should be delivered in 2011/12.

Ofgem E-Serve

7.9 Ofgem E-Serve plays a significant role in delivering programmes on behalf of DECC. Currently these are: Carbon Emissions Reduction Target, Community Energy Saving Programme, Renewables Obligation, Renewable Energy Guarantees of Origin, Non Fossil Fuel Obligation, Fossil Fuel Levy, Feed in Tariffs, Renewable Heat Incentive, and the Warm Home Discount. E-Serve also delivers Offshore Transmission Tendering under the Gas and Electricity Markets Authority (GEMA)'s network regulation responsibilities.

7.10 Ofgem E-Serve's role as DECC's delivery partner in most of these schemes has arisen partly from the Government's decision to achieve its environmental and social objectives through placing legal obligations on the energy companies under the licence regime overseen by Ofgem. One example of this is the Feed-in-Tariff, where obligations are imposed on electricity suppliers through licence conditions.

7.11 There are considerable benefits from having DECC programmes led by Ofgem E-Serve. The Delivery Review has found that Ofgem E-Serve provides valuable market knowledge and growing delivery experience and, through the link to the licence regime and Ofgem's established relationship with the energy companies, effective enforcement and compliance procedures, knowledge of regulatory design and institutional memory. Ofgem E-Serve has also outsourced a large part of the work it is responsible for. The Review has, however, raised questions over whether the working relationship between Ofgem E-Serve and DECC has been as effective as it

might have been.

- 7.12 Ofgem E-Serve is part of the executive arm of the Gas and Electricity Markets Authority (GEMA): a non-Ministerial Department established as an independent regulator and directly accountable to Parliament. Accountability to DECC Ministers is therefore limited and, while Ofgem E-Serve programmes report to GEMA, this will continue to be the case. The relationship between Ofgem E-Serve and DECC is not a strictly commercial one, rather, programmes are managed as a collaboration between two government departments based on exchanges of letters and other documents including feasibility studies and financial reporting.
- 7.13 Given the accountability arrangements, the Review considered the case for moving programmes from Ofgem E-Serve to DECC. It concluded that changes would not be justified against the background of what Ofgem E-Serve has achieved and given the likely cost involved and the potential for disruption to the effective delivery of the schemes. This is particularly the case at a time when further changes to the delivery landscape are being considered as part of the electricity market reform project examining how best to achieve the Government's objectives on decarbonisation, renewable energy, security of supply and affordability.
- 7.14 As it is not possible for Ofgem E-Serve to be directly accountable to DECC Ministers for delivery of its programmes, it is very important to ensure close and effective working relations and that the reporting, monitoring and management of key performance indicators are highly effective.
- 7.15 In this context, the Delivery Review has identified a number of areas where improvements can be made to existing programmes, specifically the need to enhance governance, programme and performance management and reporting. As a result DECC and E-Serve are implementing an agreed 10 point joint action plan (Annex B) which will include the introduction of a comprehensive MoU covering the entire relationship, Service Level Agreements for each programme and other improved arrangements for working together. These actions will ensure that there is better programme and performance management, greater transparency through the requirement to report regularly against pre-agreed criteria and better responsiveness through the establishment of more effective processes to manage the relationship.
- 7.16 The Delivery Review has concluded that in future, unless there is a clear case for placing delivery with a particular body (which could include E-Serve), delivery of new programmes will be led by DECC. This may include compliance and enforcement, but with aspects of delivery competitively contracted out where possible and appropriate. This should help to maximise value for money by ensuring that, for those functions that need to be exercised by government, DECC has greater direct control of costs and, for those functions that can be provided by others, the best deal can be secured through a competitive process.

Coal Authority

- 7.17 The Coal Authority was retained under the Cabinet Office Public Bodies Review as it met one of the three tests, the need to 'act independently to establish facts' (although it was noted that it was in scope of the DECC Delivery Review). It was also found to be well managed by an internal review by the Shareholder Executive in April 2010, which particularly applauded its efforts to seek further efficiencies and further income generation.
- 7.18 The Authority has strong performance management and other processes in place and consistently meets its Key Performance Indicators and has improved performance in recent years. It has little synergy with other DECC work areas with which services might be merged. The Authority is facing significant new challenges over the SR period, including an increasing profile of work setting up and running minewater treatment schemes within constrained budgets and meeting safety obligations for which it needs its established expertise and structures.
- 7.19 In terms of accountability, the Authority is an Non-Departmental Public Body with an appointed Board, and therefore decisions are not subject to direct Ministerial oversight. However, it has good structures in place to ensure that DECC Ministerial interests are properly considered in all the Authority's work, including that the Board is appointed by the Secretary of State for Energy and Climate Change, the Secretary of State has wide powers of direction over their activities and the Authority is required to make an annual report to the Secretary of State.
- 7.20 In terms of value for money the Authority has implemented significant cost savings in its structure and processes to allow it to respond to a reduced settlement from DECC in light of the Spending Review, including reducing the size of its Executive Board. It is also seeking ways to maximise income, for example through releasing some of its office space for rental and looking to commercially exploit its minewater and subsidence expertise for which it will secure new powers under the 2011 Energy Bill.
- 7.21 The Delivery Review, has concluded that in general the relationship with the Authority is working well and there is no compelling case for far-reaching change. The Public Bodies Review conclusion that the Authority should remain independent adds weight to this argument. The Coal Liabilities Unit in DECC (which performs the sponsorship role in relation to the Authority) is working with the Authority to produce a new framework document which will set out the broad framework within which the Authority will operate, and to improve further the joint working relationship, for example by establishing more regular structured interface at senior management level through six-monthly meetings between the relevant DECC Director General and the Authority Chief Executive and Chair.

Environment Agency

- 7.22 The Environment Agency (EA) oversees the operation of the EU Emissions Trading Scheme (EU ETS) and the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) on behalf of DECC. The Agency is an Executive Non-Departmental Public Body of the Department for Environment, Food and Rural Affairs (Defra) and therefore accountability to DECC Ministers is limited. However, there is a degree of accountability to Government through the fact that the Secretary of State for Environment, Food and Rural Affairs appoints the Agency's Board and has wide powers of direction over its activities. In addition, the Agency is required to make an annual report to the Defra Secretary of State. The policy team within DECC works closely with Defra and Agency officials to ensure delivery is in line with DECC Ministers' views.
- 7.23 The Environment Agency itself is undergoing substantial reform to become a more efficient, customer-focused organisation with clearer accountabilities. The Agency is confident that this will make it more efficient in delivering regulatory schemes. The EU ETS and CRC programmes operate effectively and consistently meet Key Performance Indicators. The Agency is able to draw on its wider experience of and expertise in permitting, compliance and enforcement to improve effectiveness and provide value for money. The bulk of the work to deliver the EU ETS and the CRC is funded through charges within the schemes, although DECC funds certain aspects of the scheme that cannot be charged.
- 7.24 A formal 'interface' project between DECC and the Environment Agency has already been established to consider improvements to joint working. It is anticipated that the project will result in greater clarity over respective roles in relation to policy development, and the appropriate level of senior management time invested into programmes.
- 7.25 The Delivery Review has concluded that there is no compelling reason to move the activities currently undertaken for DECC by the Environment Agency given both schemes are delivered effectively and provide value for money, and given the potential costs and disruption to delivery that could be associated with moving the activities. This conclusion also reflects the judgement that it is unlikely that the economies of scale found within the Agency would be replicated within DECC. Were this to change, the placement of the EU-ETS and CRC might be revisited.

Energy Development Unit

- 7.26 The DECC Energy Development Unit (EDU) was created in light of a 2002 oil and gas licencing review. While the recommendation at the time was for a separate Agency to be created, the EDU was established as an alternative approach when it proved impossible to agree on the source of funding for an Agency. The EDU is considered to have addressed many of the issues raised by the 2002 review, for example securing the right skill set for oil and gas licencing. As a Unit within DECC, the EDU acts for the DECC Secretary of State and there is therefore a high

degree of Ministerial control and accountability.

7.27 The Delivery Review, along with the EDU itself considered quite carefully the distinction between policy making and delivery within the Unit. Delivery and policy are quite tightly bound together within the Unit - with individuals and teams responsible for elements of each. There is also a higher than usual amount of Ministerial involvement in the Unit's delivery. The need for direct control by, and accountability to, Ministers strengthens the case for keeping the Unit together rather than trying to identify delivery functions that could be separated out from policy and given to a third party.

7.28 The EDU has provided good value for money in recent years, using IT to deal with a four-fold increase in workload without increasing staff numbers. As is the case for the rest of DECC, the EDU will have to operate with reduced budgets over the Spending Review period while seeing its workload continue to increase, particularly in relation to offshore decommissioning.

7.29 The Delivery Review has concluded that the EDU should remain in its current form although, like all areas of DECC, it will need to continue to improve its efficiency and prioritise effectively.

Policy/delivery split within DECC programmes

7.30 The Cabinet Office-led Public Bodies Review made it clear that policy should be close to Ministers and undertaken by departments in-house; it also made clear that there are often delivery functions – particularly delivery functions closer to the front line - that could be undertaken by the private sector rather than by 'unaccountable quangos'.

7.31 However, the distinction between policy and delivery is not always clear cut and DECC has a complex mix of functions across the delivery spectrum ranging from policy-making through policy implementation to front-line delivery. Given that many of DECC's priority policies are in development rather than established rolling programmes; this is currently a particular issue for the Department. It is therefore not always possible to draw a distinct line between policy and delivery and in some cases it does not make sense to try to separate them.

Improving relationships with delivery bodies

7.32 DECC will continue to rely on its partners to help deliver many of its objectives. In doing so, the Department requires clear roles; a better understanding of the needs of each bilateral relationship and how it should be managed; and a shared vision of what success looks like.

7.33 While the Review has identified some issues around the degree of accountability in our bilateral relationships, these are in most cases rooted in the status of the bodies and the legislative

limitations of the relationship. However, in taking decisions on whether to seek to change fundamentally the status of bodies or relationships to fully address accountability issues, we have also taken in to account other factors such as the potential for disruption to delivery, the cost of making changes and the availability of alternative delivery arrangements. In most cases these latter factors have outweighed the benefits of a fundamental change in status. Nevertheless in order to improve accountability as far as is possible within current structures; we are already taking action to improve the bilateral relationships between DECC and: Ofgem E-Serve; the Coal Authority; and the Environment Agency. The sponsorship teams for the EST and the CT are also working with those organisations to ensure that working arrangements for 2011/12, as the grant relationship continues, are robust.

Delivery body

7.34 The Delivery Review considered the case for moving the delivery of ongoing DECC programmes into a single delivery body. In light of the Cabinet Office-led Public Bodies Review, the Delivery Review did not give lengthy consideration to the creation of additional arm's-length bodies but it did consider moving all activity into a new DECC Delivery Agency.

7.35 As the conclusions in relation to the bodies in scope show, while there are a number of improvements needed to existing delivery arrangements, there was not a compelling case to create a new DECC Delivery Agency at this stage. The cost of moving programmes, the possible disruption to delivery during any transitional period and the lack of a critical mass of functions were among the reasons against the creation of an Agency.

7.36 The Review did look at the costs and benefits of setting up a new DECC Delivery Office - which may later have transitioned to an Agency - to house key aspects of the delivery of Green Deal, Smart Meters (Phase II and III), and the Energy Companies Obligation. Again, while there were benefits in bringing delivery of these programmes together they did not represent a sufficient critical mass and the costs of setting up a separately located body were not justified. Instead, given the importance of effectively meeting the energy efficiency challenge and as part of the outcome of DECC's business planning exercise, we will be setting up a small Office for National Energy Efficiency within DECC which will provide a wider, energy efficiency strategy based on evidence and analysis, strong programme management and a joined up view of the offer to the customer.

7.37 Through the DECC Future work, the Department is also setting up the structures and bringing in the skills that will enable it to be more effective in its delivery of functions in future – for example through moving to a more project-based way of working, and by having staff with procurement and contract management skills. There will be regular reviews of resourcing requirements, and

there will be additional flexibility to move resources to reflect peaks and troughs and changing priorities.

8. The future

8.1 The measures outlined above will help ensure that DECC and its delivery partners can respond to the future delivery challenge and address the twin risks of catastrophic climate change and a shortfall in UK energy supplies. The outcomes of the Delivery Review, alongside the other measures the Department is taking will create a DECC family where:

- All parties are clear on their roles and responsibilities, and working relationships are strong and based on robust structures and processes;
- Delivery arrangements help provide more accountability to DECC Ministers;
- Economies of scale are sought where there are clear synergies and benefits in bringing programmes together, but delivery is undertaken by those with the best expertise for the specific delivery function, rather than work automatically going to a limited number of delivery agents;
- The Department has the commercial, procurement and contract management skills it needs to be an intelligent customer in choosing the right delivery mechanisms to ensure value for money;
- There is enough consideration given at an early stage to where activities sit on the policy-delivery spectrum and delivery of programmes is placed or contracted appropriately;
- Policy areas will be supported by strong teams who can interpret policy and drive arm's-length delivery; and
- There are strong horizontal relationships between key policy areas to ensure that economies of scale and lessons learned can be shared effectively.

Annex A: Decisions taken in respect of DECC bodies under the public bodies review

Advisory Committee on Carbon Abatement Technologies	Abolish
Civil Nuclear Police Authority	Retain - Retain on grounds of impartiality
Coal Authority	Retain – Retain on the grounds of the need to act independently
Committee on Climate Change	Retain - Retain on the grounds of the need to act independently
Committee on Radioactive Waste Management	Retain - Retain on the grounds of the need to act independently
Fuel Poverty Advisory Group	Retain - Retain on the grounds of the need to act independently
Nuclear Decommissioning Authority	Retain - Retain on the grounds of performing a technical function
Nuclear Liabilities Fund	Retain - Retain on the grounds of performing a technical function
Nuclear Liability Financing Assurance Board	Retain - Retain on the grounds of performing a technical function
Ofgem	Retain - Retain on the grounds of impartiality.
Renewables Advisory Board	Abolish
UK Chemical Weapons Convention National Authority Advisory Committee	Abolish

Annex B: Action plan

Proposals for forging a more effective DECC/E-Serve relationship

Jointly DECC and E-Serve will:

1. Agree a comprehensive Memorandum of Understanding which will set out a set of core values and behaviours, committing both parties to working more closely together at all stages of programme development and delivery and the processes that will be adhered to including more rigorous project planning and monitoring.
2. Agree Service Level Agreements for each Programme that set out performance monitoring arrangements and Key Performance Indicators.
3. Establish new financial processes to increase accountability and transparency
4. Establish quarterly high level meetings between the Ofgem CEO and E-Serve MD and relevant DECC DGs.
5. Subject to GEMA setting up an E-Serve Committee (see 8 below), work together to agree how to maximise the benefits of the committee to the DECC-E-Serve relationship.

DECC will:

6. Establish a formal E-Serve sponsorship relationship.
7. Set up a high level internal DECC programme board to oversee progress across all programmes delivered by E-Serve; identify and address any generic issues; invite Ofgem to attend as appropriate.

GEMA will:

8. Consider setting up an E-Serve Committee to the GEMA Board that could oversee E-Serve activity and take delegated decisions.
9. Retain an E-Serve senior Management Committee to monitor E-Serve performance, oversee preparations for meetings of the E-Serve Committee and ensure a joined up approach to service delivery and relations with DECC.
10. Establish an E-Serve central contact point to liaise with DECC's E-Serve sponsorship team.

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