



Ministry  
of Justice



Infrastructure  
and Projects  
Authority

To: James Smith, Senior Responsible Owner for the HMPPS PFI Prisons Expiry and Transfer Tranche 1 Project.

From: Dr Jo Farrar, Second Permanent Secretary of the Ministry of Justice; and  
Nick Smallwood, Chief Executive Officer of the Infrastructure and Projects Authority

**May 2022**

Dear James Smith,

**APPOINTMENT AS SENIOR RESPONSIBLE OWNER FOR THE HMPPS PFI PRISONS EXPIRY AND TRANSFER TRANCHE 1 PROJECT**

We are writing to confirm your appointment as Senior Responsible Owner (SRO) of the HM Prison and Probation Service (HMPPS) PFI Prisons Expiry and Transfer Tranche 1 Project with effect from July 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 the Chief Executive Officer, HM Prison & Probation Service, under the oversight of the Permanent Secretary, as accounting officer for Ministry of Justice, and Victoria Atkins as appointed Parliamentary Under Secretary of State in the Ministry of Justice.

Your project forms part of the Ministry of Justice's Portfolio, under the oversight of the Chair of the Portfolio Committee within the tolerances set by the Investment Committee at each approvals point. The project is included in the Government Major Projects Portfolio (GMPP).

You have personal responsibility for the delivery of HMPPS PFI Prisons Expiry and Transfer Tranche 1 Project 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 the Ministry of Justice's Investment Committee.

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 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 the Ministry of Justice's Portfolio Management Office.

### **Time commitment and tenure**

This role will require 35% of your time to enable effective delivery of the role and execute your responsibilities in full.

You are required to undertake this role until achievement of transition to future operational services at all three prisons (HMPs Parc, Lowdham Grange and Altcourse) and handover to Business as Usual, planned for June 2024. 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 and Projects Authority consent.

### **Objectives and performance criteria**

The policy intent supported by this project is an ongoing increase in the number of long-sentenced offenders, the impact of 20,000 more frontline police officers, and recently announced changes to sentencing. In response to this increase in demand (the overwhelming majority of which will be for places in the adult male estate), the Prime Minister announced an extra 10,000 prison places. Even after the planned extra 10,000 places are taken into account, the demand for prison places is set to outstrip the supply in 2024. This means that the three tranche 1 PFI prisons which currently provide over 3,900 places of our operational capacity are vital to the future of the system and cannot be allowed to close or even lose capacity.

Any proposed changes to scope which impacts on this intent or the realisation of benefits must be authorised by the Ministry of Justice's Investment Committee and may be subject to further levels of approval.

The vision and objectives of the project is to exit the agreements and transfer the services of three PFI prisons, HMP Parc, HMP Lowdham Grange and HMP Altcourse, safely, effectively and efficiently, without disruption to the regimes of those in our care.

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

- Successfully manage the contract expiry of three PFI prisons, HMP Parc, HMP Lowdham Grange and HMP Altcourse, maintaining operational capacity and transfer these services, without disruption, to a private or inhouse provider;
- Ensure that the project fully engages with Cabinet Office, the Infrastructure and Projects Authority and the marketplace to ensure that we test our delivery strategy and are learning the lessons from other Government bodies (NHS, etc.) whose PFI arrangements are due to expire in the next 12 months;

- Share lessons learned with the Infrastructure and Projects Authority and Other Government Departments to develop capability in manage expiring PFI contracts; and
- Ensure that we take full account any external impacts to our plans, invoking contingency options where necessary and maintaining Value for Money across delivery.

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, ensuring that the project follows best project delivery practices and effective risk management processes.

## **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 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. It is expected that you deliver within the agreed cost, and deliverability tolerances and to 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 PFI Prisons Expiry and Transfer Project. Information on these controls can be found here: [Cabinet Office controls](#).

### Delegated authority

The maximum total cost agreed in the Outline Business Case (OBC) for running the prisons in the public sector was estimated to be £1,618m. As part of the departmental annual allocations process, you will be authorised to:

- Approve a set level of expenditure each financial year. This will be set out in your annual financial delegation letter from the Chief Executive Officer of HMPPS.
- Agree project rescheduling within agreed tolerance periods for agreed milestones, but rescheduling beyond that must be agreed with Investment Committee; and
- Recommend to the Chief Executive Officer, HM Prison & Probation Service and the Ministry of Justice's Investment Committee 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 within which you should then operate.

Where issues arise, which take you outside of these authority limits and which you are unable to resolve, you are responsible for escalating these issues to the CEO of HMPPS and the Ministry of Justice's Investment Committee.

## **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 project 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 Project Board, HMPPS Estate Sub Committee, HMPPS Leadership Team, Ministry of Justice's Investment Committee, Cabinet Office and HMT. You should also ensure that the project 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 Ministry of Justice's 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.

## **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 Ministry of Justice's Portfolio Management Office as required. Information on the project will be published annually by the Infrastructure and Projects Authority.

You should monitor, and report on, status, forecast timescales, costs and benefits, key risks established using the GMPP RAG rating (if appropriate) and dependencies, and ensure that any issues (including any likelihood of exceeding approved tolerances) are reported openly and transparently both within the Ministry of Justice and to 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 project has completed.

## **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 Ministry of Justice 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 Ministry of Justice 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 time on the GMPP.

Following approval of the business case and entry onto the Ministry of Justice Portfolio, Portfolio 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,



**Dr JO FARRAR**

Second Permanent Secretary of the Ministry of Justice and Accounting Officer for HMPPS



**NICK SMALLWOOD**

Chief Executive Officer, Infrastructure and Projects Authority

**Appointment endorsed by:**

**Antonia Romeo, Principal Accounting Officer of Ministry of Justice: May 2022**

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**CONFIRMATION OF ACCEPTANCE OF APPOINTMENT**

I confirm that I accept the appointment of Senior Responsible Owner for the HMPPS PFI Prisons Expiry and Transfer Tranche 1 project, including my personal accountability for implementation, as set out in the letter above.



**JAMES SMITH**

30 May 2022