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Dame Meg Hillier MP
Chair of the PAC
Sent electronically

Dear Chair,

Project AURORA Accounting Officer Assessment

This Accounting Officers Assessment (AOA) has been prepared in support of the AURORA first Outline Business Case, which has now been approved by Investment Approvals Committee and HM Treasury. Project AURORA has recently been disaggregated from Nuclear Warhead Capability Sustainment Programme and is currently listed as a separate Government Major Projects Portfolio project.

Background

Project AURORA will provide an enduring plutonium manufacturing capability for warhead components, directly supporting the requirements of the UKs warhead programme. AURORA's early concept phase work has assessed whether a refurbishment of the existing facility or a New Build option could deliver the enduring capability required to support the warhead programme. These options were considered by the Ministry of Defence's Investment Approvals Committee, and it was determined the new build option was the best approach. Approval has now been granted by HM Treasury to proceed into AURORA's initial Assessment Phase up to a value of £108M. This phase will deliver the necessary data, design, and outputs to mature the full cost and time request for AURORA, providing the necessary supporting evidence for the remaining part of the Assessment Phase and a future Business Case for the remainder of the project in due course. Initial whole project estimates, at this stage, are between £2Bn and £2.5Bn and will be refined as the design activity continues.

Assessment against AO Standards

Regularity

Project AURORA is a replacement plutonium component manufacture facility, designed to modern regulatory and safety requirements. The project has a sound and adequate legal underpinning, alongside similar projects contained within the Atomic Weapons Establishment estate, and is consistent with UK Law, and complies with all relevant UK

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and international legislation. The Project has appropriate departmental and HM Treasury approvals in place. HMT Regularity standards continue to be satisfied.

Propriety

The AURORA project is managed and reported in accordance with Government Major Projects Portfolio requirements and conforms to HM Treasury's *Managing Public Money* principles and rules. The Project is subject to quarterly reporting and internal oversight via the Defence Major Programmes Portfolio Sponsor Group and is independently assured by the Infrastructure and Projects Authority. The Project is operating within the available budget, and financial estimates continue to be assessed ahead of future financial approvals. The Project and its finances are reviewed regularly by the Department and the Infrastructure and Projects Authority through quarterly reporting and Gate Review process.

Value for Money

The project remains a key part of the programme to maintain an enduring UK Nuclear Deterrent capability. Options for delivering this essential capability have been re-evaluated and, as part of the work underpinning the Outline Business Case submission to HMT, a value for money assessment has been completed. The costs incurred on the programme are subject to ongoing commercial review and challenge by the MOD's Cost Assurance and Analysis Service, to ensure they are appropriate and represent value for money. The total project cost is estimated at between £2Bn and £2.5Bn at this stage. Noting the complexity of the project, and its early stage, there currently remains a low level of data maturity. For this reason, a limited provision of £108M at this stage has been approved to develop the design, and ensure the resources are secured for the remaining Assessment Phase before a further business case will be submitted.

Feasibility

My assessment is that Project AURORA is deliverable. The project's next phase is the continued design work relating to the next stage of the Assessment Phase. A constraint in delivering this project alongside several other Infrastructure projects at the Atomic Weapons Establishment site over the coming years, is the ability of Atomic Weapons Establishment and the wider industry to resource the concurrent projects. A recent internal study has identified the potential for a number of benefits to further mitigate against risk by taking a portfolio approach to these projects. If such an approach is taken I am clear on the need to maintain appropriate controls and increase transparency of each project to monitor performance effectively against time and cost.. In addition to any new controls the progress of AURORA design activity will be subject to regular Infrastructure Projects Authority assurance reviews as the project progresses.

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Conclusion

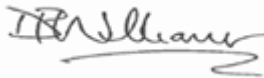
The Project has been properly governed and assured in accordance with HM Treasury rules and Project AURORA remains an appropriate use of public resources and should proceed. There are no regularity or propriety issues of concern. Noting the complexity of the project, value for money and feasibility of the project will be reviewed continually, to ensure the project remains a good use of public resources as cost and schedule data matures.

As the MOD Accounting Officer, I considered this assessment of Aurora and approved it on 13 December 2022.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the lifetime of this project, I undertake to prepare a revised summary, setting out my assessment of those factors.

This summary will be published on the government's website (www.gov.uk). Copies will be deposited in the library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Williams', with a horizontal line underneath.

DAVID WILLIAMS