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PERMANENT SECRETARY

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15 July 2019

Meg Hillier MP
Chair of the Public Accounts Committee
Sent electronically

Dear Chair,

CLYDE INFRASTRUCTURE PROGRAMME ACCOUNTING OFFICER ASSESSMENT

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in *Managing Public Money*. From April 2017, the government has committed to make a summary of the key points from these assessments available to Parliament when an Accounting Officer has agreed an assessment of projects within the Government's Major Projects Portfolio (GMPP).

This Accounting Officer Assessment considers the Clyde Infrastructure Programme on being selected to be part of the GMPP.

Background

The Clyde Infrastructure Programme (CIP) was established in 2015 to coordinate the delivery of multiple infrastructure projects to build new or upgrade/update existing facilities within the geographically constrained sites in HMNB Clyde (Faslane and Coulport), whilst ensuring the Naval Base could concurrently support Continuous at Sea Deterrence (CASD). A formal Programme mandate was published in Feb 2016 which articulated the end state of the programme as "*An integrated submarine operating base at Clyde, supporting a Submarine Force that is safe, secure, sustainable and resilient*".

There are currently 14 active Projects within the Programme. Each is covered by its own dedicated approval. The total programme value is estimated at £1.6Bn over 15 years and includes: new/upgraded accommodation; enhanced security measures; new/upgraded training facilities, and invasive maintenance measures on several existing nuclear support facilities to enable the continued safe and secure operation of submarines and support the arrival of the DREADNOUGHT Class of SSBNs. The programme has accrued £227.727m to date.

The programme is led by Navy Command with the Defence Infrastructure Organisation as the primary Delivery Agent supported by a number of commercial Professional Support Partners.

Assessment against AO Standards

Regularity

The CIP continues to comply with Parliamentary requirements for the control of expenditure, with programme funds being applied only to the extent and for the purposes authorised by Parliament. Industry is being contracted for the delivery of work across the site or support to the programme through commercially appropriate vehicles, endorsed by CASDD, the Cabinet Office and compliant with EU Law.

Propriety

The delivery of all Clyde Infrastructure Projects continues within the allocated Programme funding line and the scope of the approvals given for each project. It is governed effectively in accordance with GMPP requirements. It is assessed therefore that Parliament's intention for the CIP authorised expenditure continues to be met properly. The Programme's funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste, and extravagance.

Value for Money

Value for money assessments are carried out at each Project level to satisfy approval requirements in line with MOD governance arrangements with a significant volume of activity being contracted through competition.

Feasibility

Although challenging, the programme is assessed as deliverable with the incremental delivery of benefits occurring as new or upgraded facilities are completed. The programme is currently transitioning from the delivery of new build infrastructure facilities, to a greater emphasis on the more challenging refurbishment and midlife refit of existing operational facilities.

Conclusion

Successful delivery of the programme will update/upgrade or build new infrastructure to support Continuous at Sea Deterrence as it transitions from the current VANGUARD Class SSBNs to the DREADNOUGHT SSBNs and further creates a single integrated operating base that supports activity across the Naval Base in support of Defence's highest priority. Benefits will be delivered incrementally throughout the programme.

As MOD Accounting Officer I considered this assessment of the Clyde Infrastructure Programme following its selection to be part of the GMPP and approved it on 15 July.

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 programme, 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,



STEPHEN LOVEGROVE