



Accounting Officer Memorandum

Electronic Monitoring Expansion and Future Service Programme

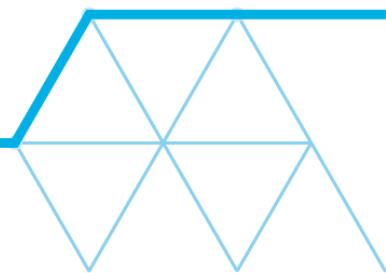
The recommendation from this assessment has been approved by the Second Permanent Secretary in May 2022.

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.

Background and context

The Electronic Monitoring Expansion and Future Service programme business case covers the totality of activity currently envisaged under the programme and is predicated on approval for two related areas. Each area is at a differing stage of maturity and will be refined in future formal stages of the business case and/or sub- or project business cases as required.

1. Endorsement to commence work to re-procure the next generation of contracts. The current service contracts are due to expire from 31 January 2024. By that point, we must have delivered the next generation of the service based on maintaining service continuity, meeting user-needs, and making better use of data; and have completed transition to new contracts to accommodate future caseload demand. This business case sets out the work required to define the future service and prepare for retendering and seeks approval to commence preparations in this FY.
2. Approval of the preferred option for wider expansion and future service of the existing EM service. This business case has been developed to reflect the role EM plays in supporting the wider criminal justice system in the effective management of offenders, building public confidence in community supervision and in turn contributing to reducing reoffending (as set out in the MoJ ODP) and public protection. It seeks to ensure the department is able to meet Government ambition for EM to play a leading role in beating



crime, and ministerial ambitions to see a significant rise in its use. It also seeks to enable the department to build the evidence base around the effectiveness of EM. Close engagement has taken place with Ministers, officials and stakeholders and the business case sets out an exemplification for how we propose to implement these aims through the SR.

The economic case appraises options for meeting this ambition through enhancements to existing services, extending the service to new cohorts based on legislative requirements and other policy initiatives, and exploring more innovative use of EM. New projects and initiatives being delivered under the expansion programme will be subject to an ongoing programme-level appraisal process and separate or sub- cases where appropriate (in line with best practice on project governance and assurance).

Assessment against the accounting officer standards

Regularity

The proposal within the business case would represent a continuation and expansion of existing services for which current legislation remains in place. As such any activities already undertaken by the Ministry are considered regular.

Where legislation is required to commence work, this has been appropriately captured for known proposals and the proposed appraisal process for new proposals would capture any legislative requirements. Several initiatives planned under the programme relate to provisions in the Police, Crime, Sentencing and Courts Bill and projects will be scoped to ensure these legislative requirements are given effect. In relation to the service provided to the Home Office Immigration Enforcement, legislative provisions are being given effect by the Home Office.

In conclusion, the business case appropriately captures the key dependencies arising from a requirement for new legislation. Predominantly the proposals are covered by existing legislation and as such should be considered regular.

Propriety

The business case seeks to significantly expand the provision of Electronic Monitoring in line with the programme's strategy, MoJ's ODP, Ministerial ambition and the Conservative manifesto commitment to expand the use of tagging. The business case includes details of how this will be achieved including the expected benefits of the programme, both in terms of improving the overall effectiveness of the criminal justice system, and in turn contributing to the department's wider focus on reducing reoffending and protecting the public. It will also enable the further development of the empirical evidence base around EM.

Funding has been secured through the development of the SR21 Bid, The MoJ has allocated £307m which includes an allocation for Expansion, Future Services and re-procurement of the new service contracts. This takes account of the increase in demand caseload arising from the ambition to respond to the recently published Offender Management strategy (IOM) (2020) by acting as a flexible tool within offender management to support swifter actions, effective interventions and ultimately providing safer communities through the deployment of expanded EM capabilities to support offenders moving away from criminality.

The Programme governance structure has been developed in accordance with the size and scale of the Programme. This structure covers several levels of governance both internal to the project and external, to enable independent assurance reviews. Effective reporting is in place to provide oversight of the programme and key decisions will be fed through the appropriate boards, ensuring these are approved against the board membership and the required delegated authority for spend. An escalation framework is in place to support the EM Programme. The programme will be using an Independent Advisory Group, which has been set-up for EM Legacy, to also offer external scrutiny to the programme.

In conclusion, with appropriate funding being secured, the proposed business case meets the responsibilities in relation to propriety.

Value for Money

Following work to review various underlying cost assumptions, in particular in relation to the unit cost of additional caseload delivered through Expansion projects, and the total cost of transition to new providers costs approximately £296m, the business case sets out that delivery in the SR period is affordable. The business case costs are made up of an estimated ten-year cost of £1,214m for the preferred option.

Whilst the programme does not identify any immediate savings or quantifiable benefits the business case does articulate qualitative benefits relating to the impact the service can have on both driving greater effectiveness in the wider CJS, and in turn supporting wider outcomes relating to reducing reoffending and public protection. Each of the options scores positively. The preferred option provides the greatest qualitative benefit score against financial outlay and as such represents the option which provides the greatest value for money from those presented. We have stratified our consideration of value for money in line with how the business case presents the separate elements; business as usual, contract re-procurement and expansion.

The expansion projects considered within the business case are designed to be procured, piloted and rolled out in a controlled way so that assessments of their efficacy can be made and used to inform future spending.

The assessment of value for money from these elements depends upon the value we place on having the proposed interventions within our overall 'toolkit'. The economic case makes an assessment on the level of diversion from custody or the level of reduction in reoffending

which would demonstrate a comparative value to other forms of intervention. Whilst it is expected that there will be a reduction in reoffending and some initiatives may result in diversions from custody we do not have the evidence at this stage to demonstrate whether or not this alone would be sufficient to breakeven or whether it will depend on other non-monetised benefits

We do not believe this should be a barrier to reaching an assessment that the proposal provides value for money. It is not possible for us to make a financial assessment of the impact on society through greater public protection or the psychological deterrent of criminals that monitoring schemes such as those proposed will provide, but this investment might leave us more able to do this in future. We do know however that pressures on the criminal justice system will mean that we need a greater provision of non-custodial interventions and that the expansion of electronic monitoring could provide an accessible, if not yet fully evidenced, part of that provision.

The value for money case relating to the continuation of business as usual activity and re-procurement are relatively simple and non-contentious but whilst the programme continues to build the evidence base around EM the case for expansion is more judgemental. The scale of the proposed programme of work means that the amount of funding in this space is considerable and this risk needs to be balanced against wider government ambitions to see a significant scaling of the use of electronic monitoring and its potential benefit in contributing to the effectiveness of the criminal justice system.

In conclusion, the preferred option represents the best value for money from those presented. For continuing elements, the value for money case is clear and, depending on agreement of a re-procurement strategy, will provide value for money.

Feasibility

The business case provides detailed assessment of risks relating to the programme, lessons from the Legacy programme, and how these are to be managed. We have actively taken the need to support Expansion Programme into account when taking decisions on the legacy programme and we are confident that Integrity (the G4S case management system) provides a stable platform to build on.

The approach to re-procurement of core contracts has been shaped by the investment objectives and Critical Success Factors (CSFs) for the project; alignment with CCMD strategy and objectives; lessons learned from previous and current delivery; and supplier engagement. The approaches also align with relevant Government regulations and guidance including the Public Contracts Regulations (PCR) 2015; Government Legal Department (GLD) Model Services Contract (MSC); Government Digital Services (GDS) Technology Code of Practice; Government Commercial Function's (GCF) Sourcing Playbook and the delivery of the GCF Social Value model.

The commercial strategy and the subsequent commercial / sourcing exercises will be carried out in accordance with the Public Contract Regulations 2015, as well as

Government guidance and best practice that can be found in guidance documents such as the Outsourcing Playbook as well as relevant Procurement Policy Notices (PPNs).

Planned activities in the sourcing approach identifies key milestones focused on different stages of procurement from market engagement to reduce the risk of integration failure and peak resource constraints, resulting in a staggered approach for tendering of Package 1 and 2. The activities allow for adequate contingency arrangements and sequencing, as well as an ongoing evaluation process on the different stages of procurement as outlined in the Commercial Case .

In conclusion, the risks to delivery are outlined within the business case and appropriately document the main considerations when assessing feasibility. If the delivery plans and mitigations within the business case are implemented successfully the programme will be compliant with your responsibilities in relationship to feasibility.

Conclusion

I have prepared this summary to set out the key points which informed my decision to approve the AO advice for the Electronic Monitoring Expansion business case. 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 them.

This summary will be published on the government's website (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.

I have placed a copy in the Commons and a copy has also been provided to the Principal Accounting Officer for the Ministry of Justice, who has seen my assessment and endorsed my conclusion.



Dr Jo Farrar

Second Permanent Secretary Ministry of Justice and HMPPS Chief Executive

Accounting Officer Assessment Memorandum endorsed by Antonia Romeo Principal Accounting Officer of Ministry of Justice

Date 19/05/2022

