



Accounting Officer Memorandum

Oasis Restore (Medway) Secure School: Full Business Case

Accounting Officers have a standing responsibility to scrutinise policy proposals, projects or programmes and ensure the actions of the public organisation they lead meet the four Accounting Officer standards of *regularity, propriety, value for money, and feasibility* – as set out in Managing Public Money.

From April 2017, the government committed to making a summary of the key points from assessments available to Parliament when an Accounting Officer has conducted an assessment of a project or programme within the Government's Major Projects Portfolio (GMPP).

Background and Context

The UK government's vision for the Youth Secure Estate (YSE) for children and young people (CYPs) given custody in England is that it be comprised of a network of Secure Schools and Secure Children's Homes. Such provision is intended to replace current Young Offender Institute (YOI) and Secure Training Centre (STC) provision.

The vision for secure schools, of which the Oasis Restore Secure School (ORSS) will be the first, sets out that they should be run by child-focussed providers, strong leaders with freedom and autonomy, with a specialised workforce offering bespoke provision for individual children that has education, healthcare and physical activity at its heart – delivered in a therapeutic environment in a secure setting. An effective service that incorporates all these principles will distinguish secure schools from existing youth custodial provision.

The ORSS project will also aim to provide a blueprint for future secure schools.

Overall, the main objectives of the project will be that the Ministry of Justice will:

- enter into a commencement agreement by Summer 2022 with Galliford Try to refurbish the Medway site into a secure school providing 49 places for children in a transformational setting by late 2023/early 2024 and,
- progress work towards development of a funding agreement arrangement with Oasis Restore Trust (as a subsidiary of Oasis Charitable Trust – "OCT") to operate the Secure School (subject to further approval in Summer/Autumn 2022).



This assessment has been made at Full Business Case (FBC) Stage.

I considered that the Oasis Restore Secure School Project met the four Accounting Officer responsibilities.

Regularity

There is a legal duty on the Ministry of Justice to accommodate children in custody safely and securely. The latest Central Government Main Estimate covers spending in the ambit of the vote for the MoJ, including Her Majesty's Prisons and Probation Service (HMPPS). The Youth Custody Service (YCS), as part of HMPPS, can legally spend money on custodial services to accommodate children.

The proposal as outlined within the FBC is dependent upon legislative change; particularly, the matter of establishing the charitable status of Oasis as the provider has not yet been fully resolved. However, secure school measures have been included in the current Police, Crime, Sentencing and Courts (PCSC) bill to resolve the issue of the charitable status of secure school operators. The bill clarifies that establishing and operating a secure school can be a charitable purpose.

There is a legal risk that the award of the funding agreement to Oasis could be challenged under the Public Contract Regulations 2015 (PCR). As outlined in the FBC, the project has followed an adapted version of the DfE free school application process to appoint Oasis. The DfE free school application process is outside the scope of the PCR. The project has taken steps to mitigate the risk presented by such potential challenge by ensuring the process has been run as an open and transparent application process in line with academies legislation. The Secretary of State for Justice also ratified the decision not to follow PCR in February 2018.

Post FBC, the special purpose vehicle (SPV) that Oasis Charitable Trust set up – Oasis Restore Trust - will enter into a funding agreement with the Secretary of State for Justice and be accountable to them for the delivery of the secure school. The detail of the funding agreement and associated documents are yet to be finalised. Further advice will be provided alongside the request to approve this funding agreement; this is expected in the summer of 2022.

Subject to the dependencies on the passing of the PCSC bill and acquiring the necessary approvals from HMT, it is our assessment that the regularity standard can be passed.

Propriety

The project has been subject to the appropriate level of department and wider governance in order to secure agreement to projected capital and operating costs, appointment of construction and operating supplier and agreement to alternative site designs to meet the requirement of a secure school for children.

Subject to HMT approval for investment through FBC to progress construction and operation being granted, and consideration of a full risk assessment attaching to the Funding Agreement and related documents it is our assessment that the propriety standard can be passed.

Value for Money

The net present cost (NPC) is £260m over the thirty-year appraisal period falling to £166m when potential wider benefits are included. These benefits are illustrative as this project is new and innovative, and an evaluation would look to find out if this innovation works.

The cost per place for both capital and resource when compared to other parts of the education and custody sector are deemed to fall within an acceptable range especially when the projected outcomes for children are significantly improved as a result of the enhanced provision.

Our assessment is that the VfM standard can be passed, and the cost of the project is within the HMPPS affordability envelope.

Feasibility

This is a new and innovative project; transforming an existing STC into the Ministry of Justice's first secure school, which is being delivered against a complex and time restricted timeline.

There are inherent risks attached to this project, as outlined in the FBC namely; dependency in legislative changes and subject to necessary HMT approvals.

The project is considered feasible at this stage, however, the management of the risks associated with the FBC will be routinely monitored and updated advice provided as and when necessary.

Conclusion

Delivering an improved provision is essential if the Youth Custody Service is to continue to achieve its corporate duty of care for children in the youth secure estate. The current estate is not an acceptable long-term approach for youth secure provision or to reducing re-offending by children. The introduction of a secure school will ensure that children receive the safe and secure environment they need to help them in addressing their offending behaviour and to lead law-abiding lives upon release into the community.

As the accounting officer for HMPPS I considered this assessment of the Oasis Restore Secure Schools Project and approved it on 10th August 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 remaining lifetime of this project, I will ensure a revised summary is prepared, setting out my assessment of the changes.

This summary will be published on 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

HMPPS Chief Executive and Ministry of Justice and Second Permanent Secretary

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