



# Accounting Officer Memorandum

## Houseblocks Expansion – Outline Business Case

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

In 2019, the Prime Minister announced an investment of up to £2.5bn to create 10,000 additional prison places. This resulted in the 10,000 Additional Prison Places Programme, which aims to use the funding to meet the rise in demand as closely as possible. The Programme Strategic Outline Business Case (SOBC) was approved by the MoJ Investment Committee in December 2019 and by the Major Projects Review Group in March 2020, with the Chief Secretary of the Treasury approval received on 6th April 2020.

We are currently projected to exceed operational capacity in October 2020, according to December 2019 projections. COVID-19 has exacerbated this pressure - the new forecasts show that, while we have benefited from lower inflows and lower crime during the pandemic, the impact of this will be temporary as demand for prison places will pick up again as soon as the system starts to recover, and the need for greater capacity going forward remains.

The purpose of this Outline Business Case (OBC) is to obtain approval to progress the proposed expansion projects through to Final Business Case (FBC) delivering 474 additional prison places.

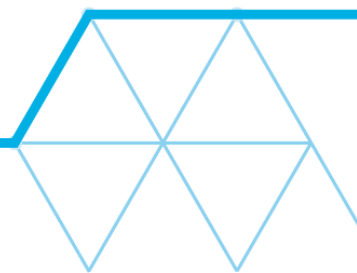
The expansions include delivering 90 places at HMP High Down, and 384 places across HMPs Stocken, Guys Marsh and Channings Wood. Due to the smaller scale of the expansion at HMP High Down with a relatively small estimated capital investment cost, we propose taking this project forward separately.

### Assessment against the accounting officer standards

I considered that this OBC met the four accounting officer tests.

### Regularity

The Prison Act 1952 includes that the Secretary of State may, with the approval of the Treasury, can alter, enlarge or rebuild any prison and build new prisons.



The OBC is fully compliant with relevant legislation, including public procurement regulations. The project has obtained legal input throughout the drafting stage and following the department's internal keyholder review the legal assessment was rated 'Green'.

The overall 10,000 places programme, of which this project is part, is currently estimating that it will be over the previously announced funding limit. It should be noted that this includes an uplift to deliver HM Government's new sustainability targets and its Climate Change Act commitments.

It is intended that agreement to the additional funding proposed in the OBC would be regularised through HM Treasury's approval of this and other '10,000 places' business cases, and through the next Spending Review in which the department's financial baselines will need to be reset accordingly.

## **Propriety**

This OBC has been developed as part of the response to HM Treasury approval of the SOBC for the delivery of the original 10,000 Additional Prison Places Programme.

The OBC has passed our internal programme and departmental governance (including Programme Board, Keyholder Review, Assurance Review and Investment Committee). We are satisfied that all relevant governance and assurance procedures have been completed ahead of submission to HM Treasury and Cabinet Office.

The programme governance provides support to resolve issues, ensures clear and robust decision making, ensuring key stakeholders are actively engaged and ensuring continued senior buy-in. Through the Senior Responsible Officer (SRO) and Financial Responsible Officer (FRO), the governance also ensures accountability, decision making and assurance. In line with best practice guidelines the programme has processes to assure itself that compliance with Civil Service Code and ensure identified issues (such as potential conflict of interest) are addressed.

## **Value for money**

This project is considered a 'no regrets' project i.e., if the population were lower than projected, this would mean we could close out existing prison accommodation not suitable for our future estate, which would deliver cashable and economic benefits.

We have considered the options open to us to ensure we deliver the required capacity in a way that best balances value for money against what is affordable, and the speed at which it can be delivered - the latter being an important benefit in terms of mitigating the projected short and medium-term capacity shortfall. This has included the consideration of relevant delivery risks and constraints, and the subsequent whole life running cost and benefits of the capacity to be provided. All capacity will be delivered to a decent standard, and where possible capacity will provide accommodation specifically designed to improve safety, reduce violence, rehabilitate offenders, and therefore contribute to reducing reoffending.

In establishing the Value for Money (VfM) of a preferred option a longlist of potential sites for expansion has been reduced to one which just includes those that are both operationally and strategically viable, and from that shortlist the mix of sites that delivers the right level of places and is estimated to provide best value for money within the relevant affordability constraint, has been selected.

## Feasibility

It is believed this project is feasible with the programme team and controls that have been assembled. The Commercial & Contract Management Directorate along with MoJ Estates will lead the commercial process, to successfully deliver the project.

The impact of the COVID-19 outbreak on project delivery is not yet fully known, nor can it be accurately estimated, as it is still uncertain as to how long the virus will continue to affect the UK and the global economy. However, prolonged periods of lockdown across the UK and globally could result in increased costs and longer timescales to deliver the expansions as well as the 10,000 Additional Prison Places Programme.

## Conclusion

As the accounting officer for the Her Majesty's Prison and Probation Service I considered this assessment and endorse it in June 2020. 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 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.

**Dr. Jo Farrar**

HMPPS Chief Executive and Ministry of Justice Second Permanent Secretary