

# Accounting Officer Memorandum

## HMP Stocken – Full Business Case (FBC)

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 in creating 10,000 additional prison places. This resulted in formation of the Prison Capacity Sub-Portfolio (formerly the Additional Prison Places Programme). Relevant funding was subsequently increased at the autumn 2020 Spending Review (SR). Further new funding was also provided at that SR to deliver an additional c.4,000 places, which along with the two new prisons already being constructed, amounted to a total of 18,000 additional places. As a result of the recent 2021 Spending Review, HMPPS has been provided additional funding to deliver a further 2,000 places by FY 2023/24. This means the Prison Capacity Sub-Portfolio now covers delivery of 20,000 additional prison places.

The purpose of this FBC is to secure funding for 214 new Category C prison places, and supporting ancillaries, under the construction of a new houseblock at HMP Stocken. This is eight more places than proposed at Outline Business Case which reflects development of plans to maximise the utilisation of space within the new houseblock.

The FBC set out that the long-term requirement for additional prison places including a need for Category C places, for which there was projected to still be a shortfall of c.500 at the end of 2025, even if all planned additional places were delivered by this and other projects across the Sub-Portfolio.

### Assessment against the accounting officer standards

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

### Regularity

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

The procurement route complies with the Public Procurement Regulations 2015. Approval of the FBC was subject to relevant legal requirements being met when required, such as meeting construction standards. The project obtained legal input throughout the drafting stage and following the department's internal keyholder review the legal assessment was rated 'Amber', which was intended to draw attention to a few areas that needed to be monitored going forward rather than anything of actual concern.

## **Propriety**

This FBC has been developed as part of the response to HM Treasury approval of a Strategic Outline Business Case (SOBC) for the delivery of the original 10,000 Additional Prison Places Programme. It has been produced by an experienced team with the relevant professional expertise and passed the department's internal governance ahead of submission to HM Treasury and Cabinet Office.

The project is targeting a BREEAM rating of "Outstanding" for all new buildings where it is both technically and commercially feasible, and where it's shown to be value for money. As a minimum it is committing to delivering a minimum of 'Excellent'. This, along with delivery against a series of BREEAM mandatory credits ensuring a high level of quality and consistency, will mean the project supports MoJ and wider Government sustainability objectives and commitments.

The FBC cost estimate was marginally less than the estimate at OBC which informed the department's SR21 submission and subsequent settlement, as a result the project is therefore affordable in that context. Wider costs pressures across the portfolio are however emerging, due largely to the extraordinary levels of inflation impacting the construction sector. It is therefore noted the importance at this point of ensuring proposals are prioritised accordingly. I am assured that the proposal is cost effective when benchmarked against other projects within the Sub-Portfolio and was not one which HMPPS would regret committing to if something did need to be descope at a later date to remain with the overall funding envelope.

## **Value for Money**

This is a 'no regrets' project in that if the increase in prison population does not materialise the additional places delivered will provide an opportunity to consider the closure of inefficient prison places unsuitable for a place in the future estate. This could potentially realise cashable savings and could also enable land to be released to be redeveloped for housing as part of MoJ's contribution to HMG's housing targets. Alternatively, HMPPS could use the additional capacity to undertake more maintenance of existing prisons, or to reduce crowding in existing prisons.

The whole life net present cost for the project is about average in terms of the wider Sub-Portfolio portfolio, whilst having a capital investment cost which on a cost-per-place basis, was lower than other comparable projects. It was therefore considered value for money.

## **Feasibility**

The delivery plan for this project was baselined on an ambitious best-case scenario and while the project has been able to work with key partners (including the contractor) to recover some delays, delivery at FBC was expected to be c.10 weeks after the date originally set. The project has however explored and delivered options to accelerate first prisoner date where possible (e.g., through use of the early works).

The department's internal keyholder review awarded an overall Amber rating for the FBC, primarily in recognition of the challenging timetable and level of external dependencies, such as key risks around timely contract execution, construction performance issues, and programme team resourcing. Overall, all the Keyholders have deemed the project as achievable and affordable, subject to the highlighted external dependency risks.

The Project received positive feedback and support from members of previous governance boards and is engaging with HMT, Cabinet Office, IPA, and others to ensure it remains on course.

## **Conclusion**

As the Accounting Officer for Her Majesty's Prison and Probation Service, I considered this assessment of the HMP Stocken Expansion Project and endorsed it in May 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 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