



Accounting Officer Memorandum

HMP Liverpool – Full 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

Despite COVID-19 providing a temporary reduction in demand, the MoJ is expecting demand to increase as the courts begin to clear the backlog of cases, and the recruitment of 23,400 police officers begins to impact. Changes in the wider criminal justice system are also increasing the challenge. Longer sentences will be introduced for serious offenders through legislation following the 'A Smarter Approach to Sentencing' White Paper in autumn 2020.

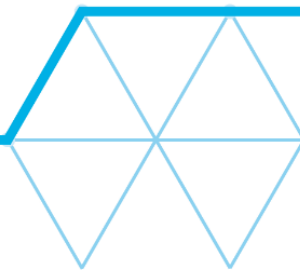
In 2019 the Prime Minister announced an investment of up to £2.5bn in creating 10,000 additional prison places. This resulted in formation of the Prison Capacity Sub-Portfolio (formerly the Additional Prison Places Programme). Relevant funding was subsequently increased at the autumn 2020 Spending Review (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 Full Business Case (FBC) was to obtain final approval to deliver 350 additional places through refurbishment of all wings at HMP Liverpool and a new build workshop to support the places being brought back online.

As well as delivering the additional places the project will also safeguard 800 existing prison places of which c.400 are in a critical state of repair. The 350 offline places to be refurbished under this project were originally closed following the unannounced inspection of the prison in September 2017, which raised significant concerns regarding the living conditions being endured by prisoners.

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 has obtained legal input throughout the drafting stage and following the department's internal keyholder review the legal assessment was rated 'Amber'. This rating reflected a number of internal considerations, which I am assured would not impact delivery.

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 new build workshop construction at HMP Liverpool will be targeting a BREEAM rating of 'Outstanding' where technically and commercially feasible, and where that is shown to be Value for Money (VfM). As a minimum it is committing to delivering a rating of 'Excellent'. The wider refurbishment will not be subject to a BREEAM evaluation due to the nature of the works but will bring accommodation elements back in line with MoJ standards. This means that where possible the project supports MoJ and wider Government sustainability objectives and commitments.

In approving this FBC I note the cost increase since OBC resulting from factors both within and outside the department's control, and the emerging risk regarding the affordability at Sub-Portfolio level to deliver all of the planned 20,000 places, which has been impacted by some of the same cost pressures, e.g., the extraordinary levels of inflation being experienced within the construction sector. Advice at the time was that the potential affordability issue at sub-portfolio level needed to be reviewed to understand the quantum of any issue and what could be done about it if needed.

I am however assured that even if there is an issue regarding overall affordability, and therefore potential to have to descope something, this project would not be at risk given its (relative) certainty of delivery and cost effectiveness, and the level of remaining funding the sub-portfolio still had available to commit. I am therefore content it was still affordable.

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. These steps would also allow the project to align with one of the key principles from HMPPS Business Strategy, which is to modernise our estate and technology through providing a decent safe and secure environment.

The project has one of the lowest whole life Net Present Costs across the whole prison capacity Sub-Portfolio. It was also assessed as value for money given it also has one of the lowest capital investment costs per place, it was expected to fully deliver (after a phased rollout) all its places by end of 2025 to mitigate a projected shortfall of places and will deliver places into a specific location which is of value from an operational perspective.

Further to the above, if additional capacity is not provided to meet demand projections, there is an increased risk of further overcrowding in the estate, which could in turn result in significant additional costs associated with for example managing violence, vandalism, and self-harm.

Feasibility

Despite several significant changes to plan since the original baselining of the project in December 2020, its critical path to 'first prisoner date' has been protected. The department's internal keyholder review rated the project Green following their review in February 2022, which recognised that the delivery risks, which did exist, were being appropriately managed.

The FBC was reviewed by Keyholders and received an overall Amber rating. The achievability of the project was rated as Green with the key risks all significantly covered within the projects plans with all contingency plans being recorded as feasible.

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 Liverpool Maintenance & Refurbishment 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