



# Accounting Officer Memorandum

## HMP Birmingham – 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 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.

This project is expected to deliver 301 additional prison places by October 2022. This project delivers some of the quickest places in the 10,000 Additional Prison Places Programme, delivering places quickly via the HMP Birmingham Wing Refurbishments project is essential to help meet demand.

We are projected to exceed operational capacity in October 2020, according to December 2019 projections. COVID-19 has exacerbated this pressure - while we have benefited from lower inflows and lower crime during the pandemic, the impact of this is likely to 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.

### 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 OBC is also fully compliant with relevant legislation, including public procurement regulations, with its approval being subject to other legal requirements being met as required, such as meeting construction standards.



We have obtained legal input throughout the drafting stage and during keyholder review; the legal assessment has been provisionally rated Amber. The legal keyholder identified the main legal risk to the project is ensuring that we are supported by the Commercial Law Group.

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 a Strategic Outline Business Case (SOBC) for the delivery of the original 10,000 Additional Prison Places Programme.

The OBC has passed our internal programme and departmental governance (including the Houseblock and Refurbishment Project Board, the 10,000 Additional Prison Places Programme Board, Keyholder Review, Assurance Review, and will be discussed at Investment Committee on 24 June 2020). 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 is considered a 'no regrets' policy because if the prison population does not increase as forecast, the additional Category B places will still be beneficial to the estate in providing possible opportunities for closing prisons that are in poor condition or costly to manage. Furthermore, improved conditions will provide an environment more conducive to contributing to better rehabilitation outcomes.

We have considered the options open to us to ensure we deliver the required capacity in the best value for money way possible, having due regard for relevant delivery risks and constraints, and the subsequent whole life running costs of the capacity to be provided.

It has been established that the refurbishment offers better value for money than demolishing the existing accommodation and rebuilding it, both in terms of cost and the time to deliver the much-needed prison places. If additional capacity is not provided to meet demand projections, there is an increased risk of further overcrowding within the estate, which could lead to significant additional costs associated with for example, managing violence, vandalism, and self-harm.

## **Feasibility**

The achievability of the OBC has provisionally been rated Amber by Keyholders. Key points raised included clarity around contingency/scenario planning, especially in view of COVID-19, to update the

dependencies and include asbestos removal and risk relating to planning permission for the workshop on our control documents.

It is believed this project is feasible with the programme team and controls we have assembled. The Commercial & Contract Management Directorate along with MoJ Estates will lead the commercial process, to successfully deliver the refurbishment project. We have refurbished several sites before and are confident in delivery.

### **Conclusion for the Accounting Officer**

As the accounting officer I considered this assessment of the HMP Birmingham Outline Business Case and endorsed 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