



Accounting Officer Memorandum

HMP Birmingham – 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

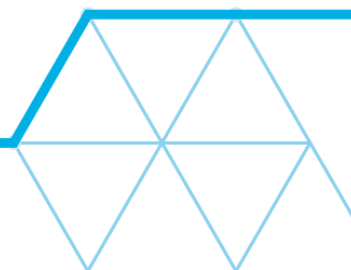
In 2019 the Prime Minister announced an investment of up to £2.5bn in creating 10,000 additional prison places. This resulted in formation of the Prison Capacity Sub-Portfolio (formerly the Additional Prison Places Programme). Relevant funding was subsequently increased at the Autumn 2020 Spending Review (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 SR21, HMPPS has been provided additional funding to deliver a further 2,000 places by FY 2023/24.

The purpose of this Full Business Case (FBC) is to obtain final approval to deliver 301 additional prison places through the refurbishment of A, B and C Wings at HMP Birmingham, and in parallel deliver required site-wide Fire Safety Improvement (FSI) works.

The areas proposed to be refurbished and then re-opened under this project were originally closed following an unannounced inspection of the prison in July 2018, which raised several critical concerns leading to the issue of an Urgent Notification in the following month. Other events and conditions at the prison subsequently resulted in the transfer of the prison from the management of G4S back into HMPPS, and the Secretary of State issuing an action plan which closed three of the older Victorian wings, i.e. A, B and C; which were found to be in an uninhabitable condition and deemed unfit for further use.

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 FBC 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. The project obtained legal input throughout the drafting stage and following the department's internal keyholder review the legal assessment was rated 'Green'.

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. This FBC 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 refurbishment project will be targeting a BREEAM rating of 'Excellent' where technically and commercially feasible, and where it's shown to be value for money. As a minimum it is committing to delivering a rating of 'Very Good'. 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.

In approving this FBC I have noted 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's level of delivering all of the planned 20,000 places, which had been impacted by some of the same cost pressures, e.g., the extraordinary levels of inflation being experienced within the construction sector.

At the date of the relevant AO Assessment, and subject (at that time) to a planned in-depth review, it was expected the Sub-Portfolio would remain affordable through the managing down of risk and the targeting of likely savings. However, in circumstances where that was not the case / was not possible, I was assured the project would be a priority given its (relative) certainty of delivery, and cost effectiveness, and the level of remaining funding the Sub-Portfolio still had available to commit. I was 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 is considered value for money in that its capital investment cost per place remains lower than most of the comparable projects delivering permanent places into the closed estate, there are limited if any alternate options, and none that could now be delivered within the same timeframe. The project is expected to deliver places in November 2023 at a point when they will help meet a projected national shortfall of Category B places, with the location and function of the proposed places being valuable from an operational and strategic perspective.

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

This case has been assessed as part of an Infrastructure Project Authority (IPA) Gateway review in February 2022, due to the Risk Profile Assessment (RPA) being raised from low to medium following receipt of cost estimates at tender stage. The IPA review team issued their formal report on 17 February 2022, and the rating remained Amber.

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 Keyholders deemed the project achievable and affordable, subject to the external dependency risks previously mentioned.

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 the Her Majesty's Prison and Probation Service I considered this assessment of the HMP Birmingham Refurbishment Project and endorsed it on 26th 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