



# Accounting Officer Memorandum

## Accelerated Houseblocks – Programme Business Case 2 (PBC2)

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 2021 Spending Review, HMPPS has been provided additional funding to deliver a further 2,000 places by FY 2023/24

This Memorandum is produced for Programme Business Case 2 (PBC2), which covers part of the Ministry of Justice 3,000 Additional Prison Places Programme. The project will deliver circa 2,600 prison places by expanding eight category B and C prison sites already operating in the male estate.

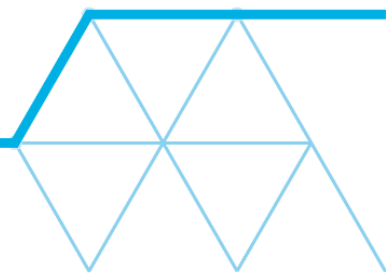
The latest Criminal Justice System demand modelling indicates that medium to long-term capacity pressures will be substantial, even after taking account of existing projects delivering additional prison places. Demand is expected to increase due to Courts clearing a backlog of cases, the impact of the recruitment of additional police officers and assumed, forthcoming sentencing legislation changes.

The additional places relating to this project, will be delivered under an accelerated timeline, in conjunction with Government's Project Speed, to reduce the risk of reliance on emergency prison capacity measures.

### Assessment against the Accounting Officer standards

I considered that this PBC 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.

This project is fully compliant with other legislation, including public procurement regulations. Going forward, other relevant legal requirements will be met when required, such as obtaining planning consent and meeting construction standards.

## **Propriety**

PBC2 has passed all Departmental governance requirements.

All projects will be sourced through the CCS Design and Construction Framework. Contracts will be aligned with the latest Government requirements including those on sustainability.

The project is subject to an ongoing, embedded, formal risk management process to proactively identify risks, issues and opportunities to the achievability of the Programme's critical success factors, and take actions to mitigate and control them.

## **Value for Money**

This is a 'no regrets' Programme in that if the projected increase in prison population does not materialise, consideration will be given to closing prison places which are less desirable for a place in the future estate.

This Programme aligns with one of the key principles of the HM Prison and Probation Service Business Strategy, which is to modernise the prison estate through providing a decent, safe and secure environment.

The critical success factors of the Programme (meeting the business need, achievability, affordability, value for money and strategic fit) were used to develop key assessment criteria, against which delivery options were evaluated. As part of the appraisal, competing options were evaluated over a 60-year modelling period (based on expected useful economic life).

Although potentially preferable, it is virtually certain that attempting to mitigate the capacity gap through further new-build prisons would take significantly longer than the houseblock expansions in this project. Therefore, in this PBC2, the need for speed of delivery in overall value for money terms was considered as part of the decision to opt for expansion of existing sites. The Department has a proven track record of being able to deliver additional prison places through houseblock expansions at pace.

The Programme will continue to consider what can be delivered through other means as other strategies and projects become more fully developed, such that relevant value for money decisions can be made at those points.

## **Feasibility**

There is a need for the project to progress as quickly as possible to deliver places as soon as possible. Scenario planning is being carried out to understand and mitigate any potential delays caused due to issues with planning permission, procurement activity or extension to construction timelines.

Mobilisation plans are being developed, to be delivered in parallel to the build in order to deliver the project as soon as possible. Recruitment of prison officers, across all expansion Programmes has been

identified as a risk, and mitigating actions are being focussed on as part of the overall risk management process.

The current, high-level plan will be further refined, and reviewed on a regular basis, as detailed plans for each site and the project overall are developed and baselined. The project plan will be revisited to establish how pace can be maintained or accelerated.

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

As the Accounting Officer for Her Majesty's Prison and Probation Service. I considered this assessment of the Accelerated Houseblocks Programme and endorsed it in June 2021. 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