



Accounting Officer Memorandum

Category D – Outline Business Case (OBC)

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 (GMPP).

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 Outline Business Case (OBC) is for an additional 716 places to be created and added to existing Category D (open) prisons, across a number of sites:

- Ford (120 new places)
- Hatfield (60 new places)
- Leyhill (120 new places)
- North Sea Camp (76 refurbishment places)
- Springhill (120 new places)
- Sudbury (60 new places)
- Stanford Hill (120 new places and 40 refurbishment places)

These places are mixture of **new modular units** (600 additional places) and **refurbishments** (116 additional places). For the former, the OBC seeks approval to progress through to Full Business Case stage. The latter are smaller scale projects, and due to the low cost can be managed within internal MoJ Assurance and Approvals.



Assessment against the accounting officer standards

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 expansion will be delivered via the delivery of new accommodation, refurbishment and supporting ancillaries were applicable. The places are needed to respond to a long-term forecast demand for prison places, which includes the Category D estate. By delivering permanent, modern and sustainable accommodation, the new places will provide more system resilience against the ongoing risk of further loss of capacity in the Category D estate.

The programme will provide more places in strategically important locations increasing opportunities for work and resettlement activities.

The OBC is fully compliant with relevant legislation. We have obtained legal input throughout the drafting stage and during keyholder review. The legal Keyholder's assessment was rated Amber, with the suggestion that the project apportion budget to obtain appropriate legal resources and that suitable clauses and provisions were placed in contracts to apportion risk effectively.

Propriety

This OBC was developed as part of the response to the Prime Minister's commitment in August 2019 to build 10,000 additional prison places.

The Business Case has passed our internal programme and departmental governance. All relevant governance and assurance procedures have also been completed ahead of submission to HM Treasury and Cabinet Office.

The Business Case is fully compliant with the relevant legislation, and in its drafting and in their management of the project the delivery team have followed the 'Seven Principles of Public Life', as set out by the Committee on Standards in Public.

As a minimum the project it is committing to delivering a rating of 'Excellent' for the new Houseblock builds as a minimum and 'Very Good' for the refurbishment aspect, in line with BREEAM 2014 for fit-out and refurbishments projects. 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.

Value for Money

This policy is considered a 'no regrets' policy i.e. if the population were lower than projected, this would mean we could close out existing open prison accommodation not suitable for a place in our future estate, which would still potentially deliver cashable and economic benefits. These steps would also allow the Category D Programme 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 individual projects within this programme were identified by HMPPS as potential locations for expansion based on an assessment of regional demand, consultation with the Population Management team and the assessment of viable expansion options across the Category D estate. This demonstrated that there is higher demand in several regions with the greatest demand in the London region. This assessment provided a shortlist of the six preferred Category D sites expansion.

Category D prisons support the transition for men from a closed estate environment back into the community. Insufficient Category D places would result in being unable to move men to the Category D estate and holding them in a higher security category, this results in a higher running cost than necessary. Due to the low staffing profile, the Category D estate has the lowest average running costs of any prison type.

Feasibility

This case went through an Infrastructure Projects Authority (IPA) Gateway review in May 2020. Key delivery challenges remain around the ambitious mobilisation timeline, market capacity and confidence to deliver modular units on time across all sites, affordability of the programme as a whole and whether the proposed sites can deliver the 716 places required.

A key factor in mitigating these risks is the pre-planning that Estates is undertaking to work with the market to explain the design requirements and understand constraints around deliverability. Market engagement has been positive to date with high interest in this type of build. Work to develop tender packages for constructors is being accelerated to allow a procurement to be launched as early as possible following OBC approval. Planning consultants are being engaged to enable early engagement with local authorities to mitigate planning risks.

The project has received positive feedback and support from members of previous governance boards. We are engaging further with HMT, Cabinet Office Commercial, IPA and others to remain on course.

Conclusion for the Accounting Officer

As the accounting officer I considered this assessment of the Category D 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.

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