



Accounting Officer Memorandum

Category D Expansion Phase One – 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

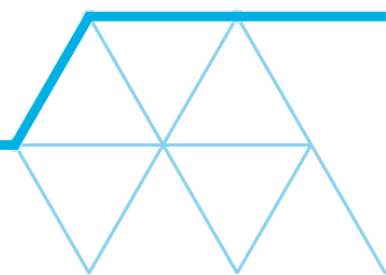
In 2019 the Prime Minister announced an investment of up to £2.5bn in creating 10,000 additional prison places. In the 2020 Spending Review (SR20) this was uplifted to c£2.9bn to reflect the updated cost estimate (including relevant levels of optimism bias) at that time. The 2020 Spending Review also included an overall uplift to prison capacity programmes increasing overall investment to more than £4bn in the relevant SR period to deliver a total of 18,000 modern prison places, including the two new prisons already being constructed at Five Wells and Glen Parva. The 10,000 additional places are being delivered through different types of capacity such as new prisons, prison expansions, and the refurbishment of prison places currently out of use.

The purpose of this Full Business Case (FBC) which has/is being progressed in parallel with SR negotiations and related settlement, is to obtain final approval to deliver the 660 additional places in accordance with the proposed plan. This will deliver additional places across 6 sites, to meet some of the projected capacity shortfall within the open estate.

As described in the FBC, the current approach differs from what was set out in the Outline Business Case (OBC) in that it delivers 660 rather than the originally proposed 716 places. This change to plan reflects the loss of 116 refurbished places at North Sea Camp and Stanford Hill and the addition of a second 60 bed unit at Sudbury. An Outline Business Case for a further 660 places as part of a second phase of Category D expansion is currently being drafted.

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. Other relevant legal requirements will be met when required, such as meeting construction standards. We have obtained legal input throughout the drafting stage, and during the keyholder review the legal assessment was rated 'Green'.

Propriety

This FBC was developed as part of the response to HM Treasury approval of a Strategic Outline Business Case (SOBC) for the delivery of the 10,000 Additional Prison Places Programme. It was produced by an experienced team with the relevant professional expertise. It has passed our internal programme and departmental governance, including Programme Board, Keyholder Review and will be presented at Investment Committee on 25th October 2021. We are satisfied that all relevant governance and assurance procedures have been completed ahead of submission to HM Treasury and Cabinet Office.

As noted above, the FBC is fully compliant with the relevant legislation, and in its drafting and in their management of the project the delivery team have adhered to the 'Seven Principles of Public Life', as set out by the Committee on Standards in Public.

The Category D expansion will be targeting BREEAM outstanding where technically and commercially feasible, constructing Net Zero ready accommodation Houseblocks, and committing to delivering a BREEAM excellent rating as a minimum across the new build supporting ancillaries. This will help to deliver the commitment of a Net Zero Estate by 2050 and meet Greening Government targets.

Value for Money

This is a 'no regrets' programme 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 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 selected at OBC stage with HMPPS identifying 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.

Feasibility

The Category D Expansion FBC has been approved by the Category D Programme Board on 21st September 2021. The FBC was reviewed by Keyholders on 30th September 2021. Keyholders awarded an overall 'Amber' rating for the programme, primarily in recognition of the challenging timetable and external dependencies such as key risks around timely contract execution, construction performance issues and programme team resourcing which make the timetable for delivery tight. Overall, all the Keyholders have deemed the project as achievable and affordable, subject to the highlighted external dependency risks.

The Category D expansion programme was the subject of an IPA Gateway Three Project Assessment Review on 04th October 2021. The programme received a provisional 'Amber' rating pending formal release of the review.

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

Conclusion

As the accounting officer I considered this assessment of the Category D Expansion Phase One Full Business Case and endorsed it in October 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