



Accounting Officer Memorandum

Category D Expansion Phase 2

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 making a summary of the key points from assessments available to Parliament when an accounting officer has assessed a project 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 Programme Business Case (PBC) seeks approval to continue feasibility, procurement and delivery of a Phase 2 Category D expansion delivering a further 660 prison places over 5 existing sites. This work builds on the already agreed Phase 1 expansion across the same approved and assessed sites that will deliver an initial 660 Category D places to work towards meeting the current critical shortfall across the open estate.

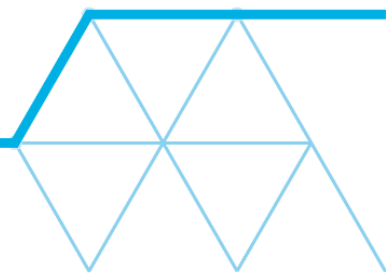
Assessment against the accounting officer standards

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 expansion will be delivered via the delivery of new accommodation and supporting ancillaries. 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. Additionally, as highlighted in the Prison's Strategy White Paper (published December 2021), the prison places delivered must be built to last, to support rehabilitation and to cut crime.

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

The PBC 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.

Propriety

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.

The programme will be targeting a BREEAM rating of 'Outstanding' for the new build Houseblocks where that is technically and commercially feasible, and where it's shown to be Value for Money (VfM). As a minimum it is committing to delivering a rating of 'Excellent'. This, along with delivery against a series of BREEAM mandatory credits, ensures a high level of quality and consistency, and will mean the project supports MoJ and wider Government sustainability objectives and commitments.

Value for Money

Value for money has been appropriately addressed throughout the Programme Business Case. It delivers 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 prison places to be provided.

Given that time is a critical factor in order to achieve first prisoner ambitions, the expansions at Hatfield and Springhill which require only single houseblock expansions (with no additional ancillary support works), are proposed to be delivered through a direct award. As well as the cash value this delivers through economies of scale, it also delivers a time saving with first prisoner date estimated to be 14 months earlier than under the Invitation To Tender (ITT) approach which needs to be followed for the other 3 sites.

As well as delivering c14 months earlier than if they are progressed through the alternate ITT approach, the two sites proposed to be 'direct awarded', have the lowest estimated capital investment cost per place. It is therefore clear that (i) they should be prioritised as recommended

in the PBC given they are very unlikely to be deprioritised if such action is necessary to manage the Portfolio's overall affordability, and (ii) that as a standalone set of projects are considered affordable from within the existing funding envelope.

Further to the above it is also considered 'affordable' to progress the ITT for the other sites to the point a final 'affordability' and Value for Money (VfM) decision can be taken when the relevant prices are returned and have been appropriately evaluated.

Feasibility

The project uses the MoJ risk management system which ensures the project is subject to an ongoing, embedded, formal risk management process to proactively identify risks, issues and opportunities to the achievability of its critical success factors, and take actions to mitigate and control them.

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

The same team transitioning from Phase 1 to Phase 2 delivery will allow knowledge transfer and developed capability to continue across the wider Category D Expansion Programme. The use of Tier 1 contractors for the Invitation To Tender element who have extensive knowledge and understanding of the market including current volatility.

Conclusion for the Accounting Officer

As the accounting officer for the Her Majesty's Prison and Probation Service I considered this assessment of the Category D Phase 2 Programme and endorsed it on 10th June 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 and Second Permanent Secretary