



Accounting Officer Memorandum

Glen Parva Operator Competition – 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

The aim of the operator competition to which this Full Business Case (FBC) relates was to secure a private sector operator for the new prison at Glen Parva (due to open in spring 2023) to provide high quality, innovative, value for money and affordable custodial and maintenance services; which meet HMPPS's requirements for a 21st century custodial service which is safe, decent, secure and rehabilitative.

The competition was successful in that all bidders met and exceeded the minimum quality requirements and submitted prices below the relevant Affordability Threshold. The FBC therefore sought approval to award a contract to the operator who achieved the best overall score as a result of the relevant evaluation.

The competition was designed to test the potential operators' ability to set out site-specific, detailed proposals to deliver the HMPPS vision for a safe, decent, secure, and rehabilitative prison with resettlement outcomes at the centre of its operations. This is important as the new prison has been specifically designed to better facilitate meeting the specific needs and risks of the Category C resettlement prisoners it will hold. Beyond providing crucial capacity, which is essential given current prison population projections, the prison is designed in a way which facilitates potential benefits as a result of a better environment for staff and prisoners, including improved safety, security and better outcomes for prisoners, their families and the staff working there. The prison design also delivers on the wider Government commitments to sustainability and the competition challenged bidders to build on this through efficient operating models and investment in social value outcomes.

Assessment against the accounting officer standards

I considered that this FBC met the four accounting officer tests.



Regularity

The Prison Act 1952 includes that all expenses incurred in the maintenance of prisons and in the maintenance of prisoners and all other expenses of the Secretary of State incurred under this Act shall be defrayed out of moneys provided by Parliament. The department's Ambit, as included in the department's Main Estimate for 2021/22, also reflects that amounts required include 'expenditure by Her Majesty's Prison and Probation Service'. It is therefore considered that the department has the required spending powers to enter into this contract, as has been the case with previous prison manage and maintain contracts.

The commercial approach the competition followed is fully compliant with procurement regulations and legal requirements. The Operator Contract is being procured under the Prison Operator Framework which was set up in June 2019 to run for the following 6 years. The resulting contract as proposed in FBC is like the one already in place for HMP Five Wells, with key lessons learnt from that having been addressed in close consultation with the Government Legal Department and assistance from external lawyers.

The related cost profile mostly falls outside the current Spending Review (SR) period for which no budget had been set. The Finance Case however reflected that although in overall terms the outsourcing arrangement was expected to be materially lower than the Public Sector Comparator, set at the OBC stage, it was greater in both the current financial year and in 23/24, mostly due to the operator's mobilisation costs falling in that period. I was however assured it would be affordable, given the high priority attached to providing prison places during the SR period.

Propriety

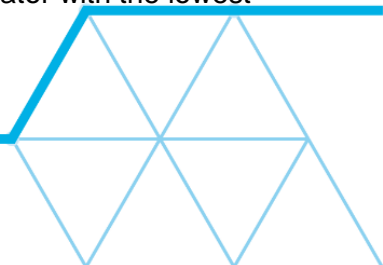
The FBC sets out that the preferred option to award a contract to manage and maintain the new prison is the most affordable option open to the Authority. It supports this statement through comparing the overall outcome against the related Public Sector Comparator (PSC) and sets out the level of funding required to both pay the contractor, manage the related contract, exit from that contract, and cover the elements of the prison's running costs which will remain with the Authority.

The competition to procure the operator for the new prison at Glen Parva was conducted by an experienced team with the relevant professional expertise. The FBC passed internal programme and departmental governance, including a green rating from all internal Keyholders, and the project team were satisfied that all relevant assurance procedures had been completed ahead of final approval.

As noted above, the FBC is fully compliant with relevant legislation.

Value for Money

The award decision for this competition was based on the Price per Quality Point (PQP) methodology which is designed to assess the relative value for money of competing bids. This works by dividing the total price submitted by each bidder by the number of quality points awarded by the Authority's evaluation teams - resulting in a price per quality point for each bidder. The operator with the lowest



PQP is then selected on the grounds their proposal is the best value for money in terms of overall balance of quality and price. Operators were restricted from submitting too high a price by having to remain within the Affordability Threshold (which is based on the PSC). They were also required to meet minimum standards regarding the quality of their bids.

The competition to operate the new prison at Glen Parva received high quality bids with all four scoring comfortably over the quality threshold. The winning bid delivers a custodial service which builds on the investments made in the design of the new prison and delivers on the relevant HMPPS objectives. Its sets out several interventions which add value (including social value) in relation to delivering a safe, secure regime with a focus on resettlement.

The bid was robustly evaluated by c50 subject matter experts acting as evaluators from across HMPPS and MoJ, and tested against 'what it would cost and look like if HMPPS delivered the service' (i.e. the PSC).

Feasibility

While the Operator will be responsible for mobilising the Prison and has set out detailed mobilisation plans which have been robustly evaluated as part of the competition, the Authority through a dedicated mobilisation assurance team will hold them to account throughout, assuring their plans and activities to the point when the prison transitions to Business as Usual (BAU). MoJ has recent experience of working with the Private Operators through the mobilisation of the new Category C resettlement prison project at HMP Five Wells.

A dedicated HMPPS Controller team and MoJ Commercial will work closely with the Mobilisation team and continue to manage the contract throughout its life. This will ensure that the operator will mobilise on time, be ready to accept the first prisoner and "ramp up" to full capacity, whilst also being accountable for the delivery of everything they committed to in their proposal.

In addition to the internal scrutiny and assurance on operator mobilisation, the project will also be the subject of a series of reviews focusing on preparations for Operator mobilisation and the Authority's approach to holding the operator to account.

Conclusion

As the accounting officer I considered this assessment of the Glen Parva Operator Competition FBC and endorsed it in November 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 Account.

Dr. Jo Farrar

HMPPS Chief Executive and Ministry of Justice Second Permanent Secretary

