



# Accounting Officer Memorandum

## Wellingborough 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 Wellingborough (subsequently named HMP Five Wells) to provide high quality, innovative, value for money and affordable custodial and maintenance services, which meet the requirements for a 21st century custodial service which is safe, decent, secure and rehabilitative.

The competition was successful in that all bidders submitted high quality, sustainable bids that were both under the affordability threshold and above the minimum quality level. The FBC therefore sought approval to award a contract to the bidder who achieved the best overall score as a result of the relevant evaluation.

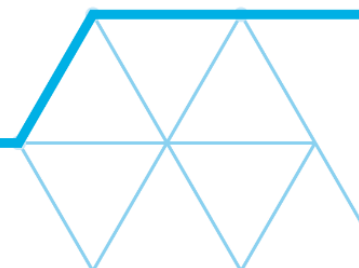
The competition was designed to test the potential operators' ability to set detailed prison specific proposals which were subjected to a detailed evaluation process based on clearly identified quality and financial evaluation criteria, and a Public-Sector Comparator (PSC). This was particularly important as the new Resettlement Prison at Wellingborough is designed to better facilitate meeting the specific needs of the Category C resettlement prisoners it holds. Beyond providing crucial additional capacity, which was essential given the prison population projections at that time, the prison is designed in a way which facilitates potential benefits as a result of a better environment for staff and prisoners.

### 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 FBC assessed as being fully compliant with the relevant legislation having obtained legal input throughout and having received clearance through the department's internal governance process including MoJ Commercial ensuring compliance with relevant commercial regulations.

## **Propriety**

The Mini-Competition to procure the operator for the new prison at Wellingborough was conducted by an experienced team with the relevant professional expertise. It passed internal programme and departmental governance and I was satisfied that all relevant assurance procedures were completed ahead of final approval, and that the proposals in the FBC are in line with the standards set out in Managing Public Money.

The project team received legal support from the Government Legal Department throughout as well as external legal advice as required.

The spend profile relating to managing and maintaining the new prison at Wellingborough fell outside the current Spending Review and the FBC and accompanying affordability statement acknowledged that relevant additional resources would need to be bid for as part of Spending Review 2020. The department was confident this bid would be successful given HM Treasury had agreed the business case to build and then operate the prison, and the OBC to proceed with this competition.

## **Value for Money**

In order to achieve a value for money outcome, bidders were required to submit proposals that were within acceptable thresholds for both price (maximum) and quality (minimum) based around the Public Sector Comparator (PSC).

The PSC was based on a model used to estimate the cost of the Authority running the prison with the quality and where relevant price of bids being improved through extensive dialogue and an interim bid process. This resulted in savings against the PSC and added value to be delivered by the winning bidder through innovation, including improvements to safety and decency.

## **Feasibility**

I was content that the proposal set out in the FBC was feasible. This project sets out to meet a clear operational need with sound programme management principles and foundations. The FBC was reviewed during an internal keyholder assessment, following which a comprehensive Mobilisation Strategy for the next stage of the project was put in place.

While the Operator was responsible for mobilising the Prison, and had set out detailed mobilisation plans which were robustly evaluated as part of the competition, the Authority through a dedicated mobilisation assurance team were to hold them to account, assuring their plans and activities to the point when the prison transitioned to Business as Usual.

## **Conclusion of the Accounting Officer**

As the accounting officer I considered this assessment of the Wellingborough Operator Competition Full 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 delivery of relevant proposal, 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