



Accounting Officer Memorandum

New Prison at Full Sutton Operator Competition – Outline 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 New Prison at Full Sutton is a Category C Resettlement prison that is currently being constructed and is due to be operational, Spring 2025. It will deliver 1,468 new prisoner places and is being built alongside HMP Full Sutton, which is a long-term high security prison. This is the first of the four new prison planned in the current new prisons programme. The New Prison at Full Sutton will be one of three prisons planned to be run privately. As a result, a competition to operate it will be held and this OBC seeks approval to run that competition.

The Prison Operator Services Framework (POSF) will be used to run the competition and HMPPS is confident that, due to pre-qualification of operators on the framework, and the success of recent competitions under that framework, a suitable private operator will be awarded the contract. The competition will build on the recent operator competition successes for the new prison at Wellingborough (now named "HMP Five Wells"), the new prison being built at Glen Parva (HMP Fosse Way) and the PFI Expiry prisons HMP & YOI Parc and HMP Lowdham Grange. Over the period these competitions have been run the market has improved and innovated from each competition to the next. Lessons from those projects have been learned to ensure we deliver a value for money solution which exceeds the competition's quality threshold within the specific affordability envelopes.

Assessment against the accounting officer standards

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



Regularity

The Prison Act 1952 states under the payment of expenses out of money provided by Parliament 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 2022/23, also reflects that amounts required include, 'expenditure by His 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 manage and maintain contracts.

Propriety

The OBC has passed our internal project and departmental governance (including Project Board and Keyholder Review). We are satisfied that all relevant governance and assurance procedures have been completed ahead of submission to HM Treasury and Cabinet Office.

Value for money

The proposed award decision for this competition is based on the Price per Quality Point (PQP) methodology which is designed to assess the relatively value for money of competing bids. This works by dividing the total price submitted by each bidder by the number of quality points awarded. The bidder with the lowest PQP score will then be selected as the winner.

The PQP methodology is still in development but will include parameters relating to the Affordability Threshold (the maximum price that the department is willing to pay when compared to the cost of operating the relevant prison in the public sector) and the Quality Threshold (the minimum threshold that must be met during the evaluation of quality).

These parameters will work together to incentivise an appropriate competition outcome, which includes a bid that is value for money, and mitigate related risks.

Feasibility

MoJ has extensive experience of working with the market to procure private operator services for the new Category C resettlement prisons through equivalent competitions for HMP Five Wells and HMP Fosse Way, as well as recompeting existing Tranche 1 PFI prisons. Our approach to delivery has been informed by iterative lessons learned throughout these competitions

Conclusion for the Accounting Officer

I have considered this assessment of Full Sutton against the four Accounting Officer standards of regularity, propriety, value for money, and feasibility. I am satisfied that these responsibilities are met.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the remaining lifetime of this project, I will ensure a revised summary is prepared, setting out my assessment of the changes.

This summary will be published on 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.

I have placed a copy in the Commons and a copy has also been provided to the Principal Accounting Officer for the Ministry of Justice, who has seen my assessment and endorsed my conclusion.

Dr Amy Rees

HMPPS Chief Executive and Ministry of Justice and Second Permanent Secretary

Accounting Officer Assessment Memorandum endorsed by Antonia Romeo Principal Accounting Officer of Ministry of Justice

Date 19/10/2023

