



Accounting Officer Memorandum

PFI Prisons Expiry and Transfer Tranche 1 – HMP Altcourse – Full Business Case

Accounting Officers have a standing responsibility to scrutinise policy proposals, projects or programmes and ensure the actions of the public organisation they lead meet the four Accounting Officer standards of *regularity, propriety, value for money, and feasibility* – as set out in Managing Public Money.

From April 2017, the government committed to making a summary of the key points from assessments available to Parliament when an Accounting Officer has conducted an assessment of a project or programme within the Government's Major Projects Portfolio (GMPP).

Background and Context

The Outline Business Case (OBC) for the PFI Prisons Expiry and Transfer Tranche 1 project successfully made the case to run an operator competition for each of the three PFI prisons which have contracts expiring before June 2023.

The aim of the operator competition (to which this FBC relates) was to secure an operator to provide high quality, sustainable, innovative, and value for money (VfM) custodial and maintenance services which meet our requirements for a 21st Century custodial services that is safe, decent, secure, and rehabilitative.

The FBCs for HMP & YOI Parc and HMP Lowdham Grange were approved, and contracts awarded on 27 May and 1 August respectively. The HMP Altcourse contract expires 31 May 2023. The FBC has set out the rationale to award the contract to operate HMP Altcourse to the winning Framework Operator, Sodexo. Sodexo are an experienced operator and will be replacing the incumbent on a 10-year contract.

Current and projected population pressures for the prison estate mean that HMPPS cannot afford to lose any capacity or have any break in service provision at HMP Altcourse which provides 1164 places. This creates an immovable deadline to secure transition arrangements. The project objective (set out in the SOBC) is to carry out the transfer of the prisons to new providers in a safe, effective, and efficient manner so that there is no impact upon staff and prisoners.



Regularity

The approach in the FBC is fully compliant with public procurement regulations and relies on the powers allocated to the Lord Chancellor through the provisions of section 84 of the Criminal Justice Act 1991(16) (“the 1991 Act”) which relates to contracting out prisons. We have obtained legal input throughout the project and during keyholder review.

The competition has been run through a mini competition, utilising the Prison Operator Services Framework (POSF) contract. The POSF was established in 2018 to create a framework of approved custodial service operators, achieve VfM through the right blend of quality, innovation in service delivery, and price in the operation of new-build and PFI prisons. All five suppliers in the framework submitted bids to operate Altcourse post-contract expiry. This has been adjudged a sufficient pool of competing, interested parties to provide the competitive tension required to deliver VfM to the public purse. Additionally, the POSF has been developed to include ‘ethical boundaries’ between bid and existing operator teams to help guard against any perceptions of unfair advantage to incumbent operators.

Propriety

The propriety responsibility has been met. This FBC was developed as a continuation of the governance process, following HM Treasury approval of a Strategic Outline Business Case (SOBC) and Outline Business Case (OBC). It has passed our internal programme and departmental governance, including Project Board and Keyholder Review and was agreed at Investment Committee on 5 October 2022, seeking approval to award the Altcourse contract to Sodexo. All relevant governance and assurance procedures were completed ahead of submission to HM Treasury and Cabinet Office for final assent.

Value for Money

It is my judgement that the value for money responsibility has been met. The preferred option was for Altcourse to be run by a private operator as opposed to bringing the prison in-house. Comparisons between the two sectors have shown that over the life of the contract Sodexo is expected to achieve higher savings than the updated public sector comparator. In addition, the quality evaluation highlighted several areas in which Sodexo was able to demonstrate added value. This included several additional investments to improve the prison building, for example the remodelling and refurbishment of reception and the creation of Remand Support Centres, as well as investment in the digital infrastructure (e.g. in cell tech). Sodexo’s bid also added social value, enhancing wellbeing and education and employment outcomes, compared to what had been assumed in the Public Sector Comparator.

Feasibility

It is my judgement that the feasibility test has been met. This project sets out to meet a clear operational need with sound programme management principles and foundations. The FBC has developed a comprehensive Mobilisation Strategy for the next stage of the project, learning lessons from the successful recent mobilisation of new prisons.

Conclusion for the Accounting Officer

I have considered this assessment of the PFI Prisons Expiry and Transfer Tranche 1 HMP Altcourse FBC 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 31/10/2022