



Accounting Officer Memorandum

PFI Expiry and Transfer Tranche 2 – 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

Department for which the Accounting Officer who made the assessment is responsible:
Her Majesty's Prison and Probation Service

PFI Expiry and Transfer Tranche 2

Strategic Outline Business case (SOBC) – approved by Accounting Officer March 2022

Outline Business Case (OBC) – approved by Accounting Officer January 2023

Project outline

The contracts for the second Tranche of PFI prisons built in the 1990s are coming to an end – HMP Ashfield, HMP Forest Bank, HMP Rye Hill. Their continued operation is crucial because HMPPS needs to ensure the places they provide are not lost. Therefore, HMPPS either need to run an operator competition to ensure that an operator can be awarded the contract or bring them into Public Sector operation. This OBC sets out the case for the preferred option of an operator competition for all three prisons.

There are no extension provisions for the contracts of the prisons, so the competitions must be executed in good time to ensure a seamless transfer. The expiry dates of the contracts are:

- HMP Ashfield project agreement expires on 31/10/2024;
- HMP Forest Bank project agreement expires on 19/01/2025;
- HMP Rye Hill project agreement expires on 20/01/2026



Assessment against the accounting officer standards

Regularity

The Outline Business Case for the PFI Prisons Expiry and Transfer Project - Tranche 2 is assessed as regular. The OBC is fully compliant with UK law and has no legislative requirements.

Propriety

PFI Expiry and Transfer Project is assessed as proper. Both Strategic and Outline Business Cases have passed through Project and Departmental Governance, including an internal Keyholder Review and IPA Gateway Review process. I am satisfied that both SOBC and OBC have completed the relevant internal governance satisfactorily ahead of submission to HMT, and that the proposals in the OBC are in line with the standards set out in *Managing Public Money*.

Value for Money

The Outline Business Case for the PFI Prison Expiry and Transfer Project – Tranche 2 is assessed as delivering value for money. For the OBC, the economic analysis shows that the project can deliver value for money over the 10-year time horizon of each of the three prisons expected operating contract. The decision to compete is based upon the premise that though the public sector would be able to deliver a Value for Money (VfM) service, which is affordable; competition can lead to added value and improvements in service delivery, with private sector innovation and operational efficiencies often replicated across the public sector estate.

These potential benefits underscore the result of economic analysis that the project proposal is value for money, and a sound use of public funds.

Feasibility

The PFI Prisons Expiry and Transfer Project – Tranche 2 is assessed as feasible. There are no significant concerns of the achievability of this project (including competition and mobilisation). The Infrastructure and Projects Authority (IPA) Gate 2 deemed the project viable with sufficient resources in place to deliver the programme.

Conclusion

On balance all four of the Accounting Officer responsibilities are satisfied and there are no material Accounting Officer issues or risks identified.

As the Accounting Officer I have considered my assessment of the PFI Prisons Expiry and Transfer Project Tranche 2 OBC and on balance, the proposal is value for money and deliverable, I have approved it as of 20th January 2023. 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 programme, I undertake to prepare a revised summary, setting out my assessment of them.

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.

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.

Amy Rees
HMPPS Chief Executive

**Accounting Officer Assessment Memorandum endorsed by: Antonia Romeo, Principal
Accounting Officer of Ministry of Justice: 6 March 2023**