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Dame Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons
Palace of Westminster
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By Email: pubaccom@parliament.uk

06 October 2022

Dear Meg,

ACCOUNTING OFFICER ASSESSMENTS

Thank you for your letter to the Permanent Secretary of 22 September on the recently published Accounting Officer Assessment Memorandums (summaries) of the Electronic Monitoring Expansion and Future Service Programme, and the Oasis Restore (Medway) Secure School. I am responding on behalf of the department.

I can assure you that Accounting Officer Assessments (AOAs) form a critical part of our internal governance and assurance processes, supporting SROs and Accounting Officers to ensure that public money is being spent wisely and that we are compliant with our wider obligations under Managing Public Money. I can also confirm that all the Department's projects that are on the Government Major Projects Portfolio (GMPP) are subject to an Accounting Officer Assessment (AOA) throughout the programmes business case lifecycle and, specifically, this is the case for the Secure School programme and of the EM expansion programme.

I do acknowledge that the department has not published related Accounting Officer Memoranda in a timely fashion. As highlighted in the NAO's recent report, this is a common problem across Government departments. Following the NAO's report we have conducted a separate internal review of our processes.

As a result of the review, a refined tracking system has been implemented that provides better scrutiny over the publication process for our major programmes that are on the GMPP, including a detailed forward look.

On the details you raised in your letter, the Oasis Restore (Medway) Secure School programme has been supported by an updated AOA at all appropriate points of the programme, from outline business case through to full business case approval, which has been subjected to review and approval at MoJ Investment Committee. I can confirm that the AOA for the full business case received my approval as then HMPPS Accounting Officer and was endorsed by Antonia Romeo as MoJ Permanent Secretary in April 2022. This was prior to the construction agreement being signed with the supplier in June 2022 and work commencing on site in July 2022.

Answers to detailed questions raised in the Appendix to your letter, is appended below.

I am copying this letter to the Chair of the Justice Select Committee, the Comptroller and Auditor General and the Treasury Officer of Accounts.

A handwritten signature in black ink, appearing to read 'Jo Farrar', followed by a period.

Dr Jo Farrar

Second Permanent Secretary, Ministry of Justice

APPENDIX

1. Electronic Monitoring Expansion and Future Service Programme

a) Lack of clarity on qualitative benefits.

Each of the short-listed options on how to reprocur the Electronic Monitoring (EM) service was assessed against the programme's identified qualitative benefits, relative to current service delivery. Where each option was assessed to have a positive (or negative) impact on delivery of benefits compared to current provision, a positive (or negative) score of 1, 2 or 3 was given, depending on the assessment of the scale of the impact. The total score of each option was then calculated, and the options were ranked.

All three short-listed options were assessed to have an overall positive impact on delivery of benefits compared to current service provision. The preferred option (a single contract for each of the two core capabilities we are seeking to procure) had a net positive score of 24 compared to current service provision. The other two options (multiple contracts for provision of the individual components of service delivery; and a single contract for the entire service) scored 23 and 22 respectively.

I have set out how we will measure future progress in response to question 1b), below.

b) Absence of quantifiable benefits.

Limitations in access to and quality of data, and the need for time to develop the evidence base to enable full assessment of the quantitative benefits of Electronic Monitoring are the primary factors limiting our ability to develop such benefits. HMPPS is taking the following actions to address these limitations:

- 1) New supplier contracts will give us greater direct access to data, and we are developing an EM Data Improvement plan, to improve the use of data. These contracts will become operational in early 2024;
- 2) We are building the evidence base through robust evaluation of the use of EM, which will measure a range of intermediate outcomes as well as longer term reoffending rates. Interim findings from evaluation of various initiatives will be available from summer 2023 onwards; full impact evaluation on reoffending rates will be available in 2024;
- 3) We are reviewing our approach to benefits identification, both cashable and non-cashable. We are developing an updated Benefits Management strategy and roadmap, to ensure we can track progress against both qualitative and future

quantitative benefits. We will set this out in more detail in the Programme's Full Business Case, in mid-2023.

c) Clarity on contingency options.

Mobilisation and transition milestones have been tested with potential bidders through market engagement; and to incentivise new suppliers to achieve milestones, we will link mobilisation payments to achievement of those milestones.

Our overriding priority will always be to maintain the stability of the service throughout the transition. The primary service delivery contracts are due to expire on 31 January 2024 to align with the start of the new service. However, we have options to extend contracts to provide contingency time, if required.

2. Oasis Restore (Medway) Secure School

a) Wider benefits and evaluation plans

The secure school model is based on the best available evidence of what works for supporting children in custody. However, as the approach has not been tested before, the scale of the impact the Oasis Restore Secure School will have on key outcomes is yet to be determined.

In the project's full business case, illustrative examples were presented to demonstrate the potential benefit to society of £94m over a 30-year period should the model lead to an improvement in safety in custody, a reduction in reoffending post release from custody, and improvements in educational attainment. These were not financial savings and are not considered a prediction of the impact.

These benefits should be treated with caution and are not comprehensive of all benefits associated with the model. Both the reduction in reoffending and the reductions in violence and self-harm are shown for a one-year reduction based on the cohort in that particular year. These effects would have longer term cumulative benefits. In addition, there are further non-quantified benefits which could be delivered. These include improved health outcomes and a local social economic boost.

We anticipate an evaluation strategy will be in place at least six months prior to the secure school opening. We also will commission an independent feasibility study which will allow for consideration of the best approaches to monitoring and evaluation of

projects involving small samples. The feasibility study target completion date is projected for mid-2023.

Alongside this, plans for a process evaluation will be developed to consider what has been delivered, whether this has been delivered as intended, and any challenges faced. We will be working closely with HMT and the Cabinet Office Evaluation Taskforce to develop the evaluation strategy.