



Ministry  
of Justice

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Dame Meg Hillier MP  
Chair of the Committee of Public Accounts  
House of Commons  
London  
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*[By email]*

Dear Chair,

## **MINISTRY OF JUSTICE - ACCOUNTING OFFICER ASSESSMENTS**

Thank you for your letter of 10 April in which you asked for an update on the timeliness and approach to publishing Accounting Officer Assessment Memoranda, and an update on inflation and staffing risks relating to the prison expansion programme. I have taken each of your questions in turn.

*Could you please advise as to why there seems to be an issue around the timeliness of the publication of these assessments, despite the revised process?*

The dates highlighted in the published memoranda reflect the dates that the Accounting Officer reviews the Accounting Officer Assessment relating to a project or programme business case. We do not then publish the memorandum until all clearances for the business case in question have been received, including from Cabinet Office and HMT. These factors, coupled with final assurance checks, mean that there can be a significant time lapse between the Accounting Officer advice review and publishing the associated memorandum. We continue to review our internal processes to ensure that memoranda are published in a timely way.

*Your recent assessments relating to elements of the prison expansion programme do not contain any detailed information about costs or assessment of value for money, which hinders transparency and hampers accountability. Could you please set out why you have taken this approach?*

Our approach to these published memoranda is to provide the reader with enough information to show why the Accounting Officer tests have been met and to do this in as concise a way as possible. The intention is to make clear the basis on which the assessments were made.

On value for money, we do not publish cost information in these summaries where there are commercial sensitivities, which was the case relating to these memoranda. More generally, our prison expansion programme works closely with costings experts and uses external benchmarks to provide assurance that our projects are competitively priced.

*Could you please provide an update on inflation and staffing risks to the prison expansion programme as a whole?*

Please see attached an update on HMPPS' management of staffing risks and the impact of inflation on the prison expansion programme.

*Yours ever  
Antonia*

**ANTONIA ROMEO**

## **Annex A – HMPPS Prison Expansion Programme**

Sufficient frontline staffing in prisons is crucial to delivering the high-quality prison places that are needed over the coming years. It is also crucial for bringing places back into use following maintenance, and in maintaining existing prison capacity. All prison expansion projects, whether new prisons or smaller builds, will continue to be factored into our staffing forecasts to ensure we recruit on time and build up the experience needed to continue to deliver safe and secure regime.

Following a period of critical recruitment and retention challenges following the COVID-19 pandemic, we have seen improvements in the staffing position among Band 3-5 Prison officers nationally. The number of Full Time Equivalent (FTE) Band 3-5 officers increased by 1,634 (7.6%), from 21,632 to 23,266 in the year to 31 December 2023. This is the result of significant efforts to improve recruitment and retention, including incentivised recruitment schemes where we offered applicants additional remuneration to locate to ‘hard-to-staff’ sites, and the Prison Officer Alumni Network, where we have fast-tracked former staff back into the service. We also launched a Career Pathways Framework in early 2023 to illustrate the opportunities available for staff within the organisation. We have also made a substantial investment in staff pay in the last two pay awards.

The 2023/24 pay award announced in July 2023 delivered an increase of at least 5% for all Prison Service staff, with prison officers receiving a 7% increase. Since 2019, the starting salary has increased for an entry-level prison officer from £23,529 to £32,851.

We continue to work with private providers to assess staffing demands across the estate. Where new places are privately operated, we provide effective scrutiny over whether operators have an approach and staffing model that provides a safe, secure, and rehabilitative environment that manages security risks and provides rehabilitative regimes to prisoners.

Inflationary cost rises have been driven by a number of macro and micro influences including Grenfell, Brexit, COVID-19, conflict in Ukraine, changes to Building Regulations, labour and material shortages, supply chain insolvency and energy costs. While costs have been climbing since 2019, 2022 demonstrated the greatest year-on-year increase the construction industry has experienced. Factors such as material availability, supply and demand pressures, labour and productivity levels and general inflation contributed heavily to a period of generally high inflation and severe peaks of unprecedented exceptional inflation. While general inflation is stabilising, actual component-level inflation varies significantly and, in some cases, is considerably higher than generic indices assessment.

We continue to work with Cabinet Office, who have re-established the CrossGovernment Inflation working group to share data and coordinate actions from a Government-wide perspective. Projects within the prison capacity portfolio are

capturing the impacts through the OBC and FBC process, reflecting new estimated cost plans based on most recent benchmarking and forecasts. Cost pressures to existing FBCs are under regular review.

To mitigate the impact of these cost pressures, action is being taken across the portfolio to manage the overall affordability position, including prioritisation of projects, scope reviews, and value engineering. Analysis of costs via tendered information, market intelligence and cross-project benchmarking is being used to evaluate and assure value for money in the context of the market factors, identifying outliers so that action can be taken to bear down on cost in those areas.

**HM Prison and Probation Service 09 May 2024**