



HM Prison & Probation Service

Sir Geoffrey Clifton-Brown MP
Chair of Public Accounts
Committee
Houses of Parliament
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30 June 2026

Dear Sir Geoffrey,

Ministry of Justice - Accounting Officer Assessments

Thank you for your letter regarding the Accounting Officer Assessment (AOA) for the Secure Children's Home (SCH) project and PFI Expiry and Transfer Programme. As Accounting Officer for His Majesty's Prison and Probation Service, I am responding on behalf of the Permanent Secretary, Jo Farrar. This letter provides further clarification on the project's objectives, governance arrangements, key targets, and principal risks.

Secure Children's Home

Overview and Main Features of the Project

The primary purpose of the Secure Children's Home project was to retain the availability of high-quality, secure accommodation for some of the most vulnerable children we have in custody, including girls and those requiring specialist placements.

The project successfully awarded replacement contracts for seven of the Local Authority operated SCHs in England and Wales. These seven-year contracts are designed to provide high quality accommodation services and specialist, tailored care for vulnerable boys and girls aged 10-17, in safe and therapeutic environments. These homes provide full residential care, educational facilities and healthcare for up to 94 children nationally who are remanded or sentenced to custody.

Intended outcomes

The project, which formally closed in April 2026, was established to achieve the following outcomes:

- Recommission justice beds within the SCH sector by December 2025, when the previous contracts were expiring, ensuring bed numbers are within an agreed range of

demand requirements, as established by the project and secure availability until 2032.
– OUTCOME MET

- Acquire SCH services by December 2025 that are consistent with the principles of ‘child first’; providing both structural supports to meet their diverse needs, and personal support that helps positive identity shift towards healthier lives. - OUTCOME MET
- Ensure SCH services by December 2025 that are committed to prioritisation of children’s safety and wellbeing, promoting equity of provision and preserving the safety and security of children and young people while in custody. - OUTCOME MET
- Establish where SCH places are required and secure agreements/arrangements with enough homes, by December 2025, to ensure a sufficient geographical spread across England and Wales to maintain current or better tailor our future SCH provision proportionate to demand. – OUTCOME PARTIALLY MET: while contracts have been signed, which secure the MoJ as many accommodation places as possible with the budget available, we have not been able to expand the geographical spread of homes in London or the South East of England where demand is often highest.

Governance arrangements

Robust governance structures were in place for the project to ensure effective oversight, accountability, and delivery discipline. There was cross-functional input and formal cross-government engagement with DfE, NHSE, local authorities, and care providers to ensure alignment with broader children’s services and sufficiency planning.

There was regular reporting against key milestones to Government’s Major Project Portfolio (published annually), independent gateway and assurance reviews such as National Infrastructure and Service Transformation Authority (NISTA) checkpoints, and compliance with HM Treasury’s Green Book and Managing Public Money principles.

These arrangements were designed to ensure clear escalation routes, effective risk management, and alignment with wider government policy and delivery objectives.

Key residual risks

As with any complex, multi-agency project, there were a number of recognised residual risks that were transferred to the Youth Custody Service upon closure of the project:

- Safeguarding and quality: Maintaining consistently high standards of care and safeguarding for a highly vulnerable cohort – these are managed via regular assurance visits and dip-sampling of cases with multi-disciplinary input, with any issues addressed via robust contract management and overseen through internal governance. This is in addition to as Ofsted inspections and regulatory powers. We also hold regular cross-sector meetings to share good practice.
- Cost pressures: The project has secured contracts for up to 94 beds, across seven Local Authority homes in England and Wales. There remains a residual affordability risk should inflation outturns exceed current forecasts; this will be monitored through established governance and forecasting processes.
- Longer-term market capacity, future capital funding and sector sustainability: Limited availability of Local Authority operated Secure Children’s Homes in some areas of demand, which will remain a challenge for future re-commissioning. This will be

considered as part of the youth custody transformation plan expected to be published later in 2026.

PFI Expiry and Transfer programme

Thank you for the Committee's further question regarding the Accounting Officer Assessment (AOA) for the PFI Expiry and Transfer programme. Following the delays at each prison site, MoJ wrote to the Justice Select Committee to explain the reasons for the relevant contract extensions. Copies of those letters are attached for completeness, with a summary of the position at each site provided below.

HMP Rye Hill:

The operator competition launched in May 2024 but was cancelled in April 2025 as bidders failed to submit compliant bids and achieve the required quality threshold for a critical aspect of the competition. The two bids received, did not meet the Ministry of Justice's standards for the appropriate levels of resourcing. As a result of the cancellation and to facilitate the option to re-run the competition, an extension to the existing PFI contract was negotiated and agreed for a period of up to three years. The re-run of the Rye Hill competition launched on 16th June 2026 and market engagement been positive.

HMP Forest Bank:

The competition reached award stage in March 2025, with a preferred bidder selected. During the standstill period an issue was identified relating to compliance checks against the stipulated page limits for bids. The award was withdrawn as a precautionary measure to enable the issue to be investigated. In parallel, MoJ enacted a contingency plan to maintain service continuity, stability and safety of the prison by extending for an initial 6 months. Following the investigation the award letters were re-issued (with no change to the outcome) 1 April 2025, however an unsuccessful bidder raised a challenge. Although this challenge was later withdrawn, it meant a second 6-month extension to the existing contract was required to provide enough time to resolve the challenge and enter into the contract with sufficient time to mobilise the contract with mobilisation beginning 21 July ahead of service commencement on 21 January 2026.

In both cases, extending the existing PFI contracts ensured continuity of critical prison services and avoided any gap in provision. The extensions were agreed on a no better/no worse basis, meaning the Department only incurred minimal enabling costs as a result of the extension arrangements. However, because services continued under the existing contractual terms, the Department was not able to access the potential benefits expected to be delivered by the future service contracts as early as originally planned. The financial impact was therefore primarily the delayed realisation of future benefits, rather than a material additional cost arising from the extensions themselves.

Although the delays are regrettable, they were driven by the need to safeguard operational quality (Rye Hill) and manage legal and mobilisation risks (Forest Bank). In both instances, extending the existing PFI contracts was the most prudent course of action to ensure continuity, safety, and stability across the prison estate.

The Ministry of Justice is applying lessons learned to strengthen future procurements, including enhancing market engagement, improving competition resilience, and providing greater transparency.

Previous letters sent to JSC:

[09.01.2025 Contractual Agreement and Future Management of HMP Forest Bank](#)

[21.02.2025 Contractual Agreement and Future Management of HMP Forest Bank](#)

[30.04.2025 Contractual Agreement and Future Management of HMP Forest Bank](#)

[05.06.2025 RE: Contractual Agreement and Future Management of HMP Forest Bank](#)

[07.01.2026 HMP Rye Hill and HMP Dovegate Operator Competitions](#)

[29.01.2026 RE: HMP Rye Hill AND HMP Dovegate Operator Competitions](#)

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JMcEwen', with a stylized circular flourish at the beginning.

James McEwen
Chief Executive Officer