



National Audit Office



REPORT

# Increasing the capacity of the prison estate to meet demand

Ministry of Justice,  
HM Prison and Probation Service

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## Key facts

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**20,000**

government commitment made in October 2021 for new prison places by mid-2020s

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**6,518**

prison places delivered by Ministry of Justice (MoJ) and HM Prison and Probation Service (HMPPS) against the government's commitment, as at September 2024

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**£9.4bn to £10.1bn**

expected cost of MoJ and HMPPS's prison expansion portfolio to build additional places (at least £4.2 billion more than planned)

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**85,900**

number of people in prison as at 28 October 2024, a 3% decrease since 6 September 2024, following the early release of at least 3,100 prisoners to manage severe capacity issues

**1,005**

net change in prison places between May 2010 and September 2024 (new prison places minus cells lost through dilapidation and prison closures)

**2031**

current estimate for delivery of 20,000 new prison places (original target date of mid-2020s)

**12,400**

estimated shortage of prison places by end of 2027 in MoJ's latest available central population and capacity projection scenarios – projections assume that HMPPS will deliver additional places to its revised timeline

**23,000**

approximate number of occupied prison places which are not compliant with fire safety requirements as at March 2024, a quarter of places

**£1.8 billion**

estimated backlog of maintenance works required as at September 2024, compared with £0.9 billion in 2020

# Summary

**1** HM Prison and Probation Service (HMPPS) is the executive agency of the Ministry of Justice (MoJ) responsible for managing the prison service in England and Wales. MoJ is responsible for prison policy and for securing and allocating an adequate financial settlement and balancing financial pressures across its portfolio. As at 28 October 2024 there are 85,900 people held in prisons in England and Wales. The prison estate comprises 124 prisons, of which 108 are publicly operated.

**2** We last reported on the prison estate in 2020. We concluded that HMPPS was failing to meet its aims of providing a safe, secure and decent prison estate. HMPPS was also facing a significant challenge to meet its commitment to deliver 13,400 additional prison places. We highlighted that MoJ and HMPPS needed to resist taking a reactive approach to capacity pressures and to instead work with HM Treasury produce a long-term strategy to deliver a prison estate fit for purpose.

**3** Since then, MoJ has increased the scale of its prison expansion plans from 13,400 to 20,000 additional places by the mid-2020s in response to projected increases in demand. HMPPS is delivering the additional places through a portfolio of prison capacity programmes (prison expansion portfolio), which includes a mix of building new prisons, expanding and refurbishing existing prisons, and installing temporary accommodation.

**4** HMPPS has delivered 6,518 additional places between 2020 and September 2024, 278 of which are from additional crowding at four private prisons. Despite this, the prison estate has been operating at close to full capacity since autumn 2022, with many prisons severely crowded. If prisons reach full capacity, there would be significant impacts on the wider criminal justice system. For example, courts would not be able to try cases where suspects may be given prison sentences. MoJ and HMPPS have had to implement various emergency measures, such as releasing prisoners early, to ensure that the criminal justice system continues to function. This report examines:

- MoJ's and HMPPS's progress in expanding and maintaining the prison estate (Part One);
- MoJ's and HMPPS's oversight and management of recent capacity pressures and the impact of measures it has used to alleviate pressures (Part Two); and
- future risks to the resilience of the prison estate (Part Three).

**5** This report largely focuses on the adult male estate which holds 96% of the prison population and is where there is the most acute pressure for places. We have not explored the impact of staffing levels, nor of capacity pressures on rehabilitative outcomes for prisoners in detail. We conducted our fieldwork between February and October 2024, so we include both the previous and the new government's commitments on the prison estate.

## **Key findings**

### Responding to increasing demand for prison places

**6 HMPPS has been unable to increase capacity in line with demand, resulting in a prison system at full capacity.** Between May 2010 and September 2024, HMPPS only added a net 1,005 prison places to the estate (new prison places minus cells lost). This is due to a combination of delays in expanding the estate's capacity, dilapidation of existing cells reducing places available, and the policy approach in the early 2010s to close and replace uneconomic prisons. In comparison, the prison population grew by approximately 3,000 (three times the net places added) over the same period. The number of people in prison had remained relatively stable at around 85,000 between 2010 and 2019. However, following a substantial decrease during the pandemic the prison population then increased rapidly (10% increase between July 2021 and July 2023), and it would have increased further if not for emergency measures MoJ and HMPPS implemented to avoid running out of places (see paragraph 13). The adult male estate has been most acutely affected, operating at 98.0% to 99.7% occupancy between October 2022 and August 2024. This has left the criminal justice system vulnerable to system shocks such as sudden spikes in demand or unexpected capacity losses (paragraphs 1.27 and 2.2, Figures 6 and 8).

**7 Previous under-investment in the long-term resilience of the prison estate put MoJ and HMPPS in a poor position to respond to increasing demand for prison places.** In February 2020, we reported that HMPPS had lacked a long-term funded strategy for the prison estate. The report also noted that HMPPS had not maintained its estate to the required standard due to insufficient funding, impacting available capacity. At that point, HMPPS planned to deliver around 13,400 additional places in response to projected increased demand due to the recruitment of 20,000 more police officers. HMPPS expected it would need to boost capacity further as demand projections did not take changes to sentencing policy into account, many of which were likely to lead to people spending longer in prison. There was also significant uncertainty around the timing and impact of the increased police recruitment. Revised demand projections in July 2020 showed that, even with their expansion plans, MoJ and HMPPS faced a predicted gap between demand and capacity of around 6,000 places by 2023 (paragraphs 1.4 to 1.6 and 1.24).

**8 To meet this increasing demand, MoJ and HMPPS have therefore prioritised fast expansion of the estate over cost.** In October 2021, MoJ committed to delivering 20,000 places by the mid-2020s through a portfolio of programmes, although it expected it would still face a capacity gap in 2024. MoJ and HMPPS planned to deliver around 6,000 of these places quickly, reflecting the profile of projected demand. This included some accommodation with a shorter lifespan of around 15 years. MoJ and HMPPS acknowledged that building new prisons would generally be better value for money than quicker options, but assessed they could not deliver them in time to bridge the expected capacity gap (paragraphs 1.7 and 1.8).

Progress with the prison expansion portfolio

**9 HMPPS does not expect to meet its commitment to deliver 20,000 new prison places until 2031, approximately five years later than planned, exacerbating short-term capacity pressures.** Most of the prison expansion programmes are now delayed. As at September 2024, HMPPS had only delivered 6,518 additional places, 278 of which are through additional crowding at four private prisons. More than half of these places (3,430, or 53%) were at two new prisons, Five Wells and Fosse Way. Some programmes HMPPS planned to deliver quickly are considerably delayed. For example, HMPPS did not deliver 1,000 Rapid Deployment Cells (RDCs), modular units with a lifespan of 15 years, in 2022 as planned and it now expects to fully deliver these in 2026. In Summer 2024, HMPPS reset its expected programme timescales, setting a revised overall completion date of 2031. ISG's collapse at the end of September 2024 will also affect future plans as ISG was MoJ's main construction contractor for 17% of its prison expansion places. Prior to the insolvency, HMPPS modelled the estimated impact as a worst-case scenario when resetting timelines and estimated this will cause delays of three to 18 months for some individual projects. It does not currently expect this to affect its revised portfolio completion date although it plans to review these estimates (paragraphs 1.10 and 1.11, and Figure 4).

**10 MoJ and HMPPS now expect the prison expansion portfolio to cost at least £4.2 billion (80%) more than planned.** HMPPS estimates it will cost between £9.4 billion and £10.1 billion to deliver its portfolio against its approved estimated funding of £5.2 billion in 2021. This includes delivery of a slightly higher number of places (20,995) than originally planned following changes it has made to the portfolio. Changes in cost per place vary across projects, with increases of between 0% and 259% between initial business cases and expected cost as at September 2024. The highest cost increases are for its RDCs, where initial requirements were not well scoped. HMPPS's recent new build prisons have required smaller but still significant cost increases, mainly due to inflationary pressures (paragraphs 1.12, 1.13 and Figure 4).

## Reasons for delays and cost increases

### **11 Unrealistic timelines, insufficient risk management and a lack of prioritisation by wider government led to delays and cost increases:**

- **Weaknesses in governance and pressure to deliver places quickly allowed overambitious timelines and unachievable budgets to be set for many programmes.** MoJ and HMPPS aimed to build and open six new prisons by the mid-2020s, even though they had no planning permission in place for three of those prisons by 2021. The lack of an estates strategy also hindered HMPPS's ability to engage early with local authorities and pre-empt predictable objections to proposed sites. It took around 20 months longer than planned for two of the new prisons to receive planning permission, and one prison still did not have planning permission by October 2024. Early programme governance did not support the delivery of a large-scale infrastructure programme, and arrangements failed to prevent unrealistic timelines being approved and put programme teams under strain. An internal review in March 2022 found some initial budgets had excluded significant areas of scope to allow projects to progress (paragraphs 1.15 and 1.17).
- **MoJ and HMPPS did not manage some programme risks effectively.** For example, HMPPS did not sufficiently understand the full scope of many of its programmes early on leading to significant cost increases. Additionally, reporting did not always give an accurate view of progress. MoJ acknowledged its proposed delivery timelines were challenging, but reported as late as May 2022 that it was still on track to deliver its commitment, even without planning permission for three new prisons. An internal review also found evidence of inconsistent risk reporting, for example, programme risks being revised downwards to pass internal gateway stages (paragraph 1.17).
- **Government bodies did not work together sufficiently to prioritise delivery of the portfolio.** MoJ told us that it raised delivery risks early for its accelerated houseblocks programme. The programme was part of the government's 'Project Speed' initiative to fast-track infrastructure projects, and involved building additional houseblocks on existing prison sites to accelerated timelines. MoJ explained that it expected this would help fast-track the programme, but, when risks materialised, they proved difficult to unblock. Delivery dates were also pushed back by some instances of HM Treasury making slow decisions on spending, for example, while it was resolving the overall departmental budget with MoJ (paragraph 1.19).

**12 The need to deliver places urgently and a challenging economic**

**environment have exacerbated cost increases.** The start of the 2022 war in Ukraine put pressure on supply chains for construction, and some suppliers have subsequently collapsed. Inflation in the construction sector has been particularly high, with MoJ estimating around 40% price rises between January 2020 and February 2024. HMPPS estimates that each three-month delay for each of its new build prisons adds £8 million of additional cost. The need to deliver projects quickly also means that contractors may charge more to take on increased risk. MoJ judged that it was prepared to proceed with higher cost delivery options due to its urgent need for additional prison places. We saw evidence that MoJ and HMPPS understand the main drivers of cost increases across projects, and that they scrutinise capital spending decisions through MoJ's investment committee, including making decisions to delay approving business cases if costs are too high (paragraphs 1.20 to 1.22).

## Short-term management of capacity pressures

**13 MoJ and HMPPS have responded well to an emerging crisis, developing**

**strong governance arrangements for alleviating capacity pressures.** As pressures increased in autumn 2022, HMPPS set operational red lines it would not cross in managing pressures to ensure the safety of staff and prisoners, such as constraining any additional crowding to limits it assessed as safe. MoJ and HMPPS adopted governance structures with clear escalation routes to ministers to support decision making. MoJ and HMPPS have put significant effort into developing both supply and demand options for ministers to consider. The government has largely chosen to implement supply-side options, such as moving more prisoners to open prisons, only activating demand-side measures, such as releasing prisoners early, when it has exhausted other options (paragraphs 2.4 to 2.7 and 2.9, Figures 7 and 8).

**14 The emergency measures that MoJ and HMPPS have taken to manage capacity pressures can risk worsening prisoner outcomes and are expensive.**

HMPPS and MoJ acknowledge that actions they have taken in response to the crisis expose them to greater risk that could impact public and prisoner safety or the effective rehabilitation of prisoners. For example, greater crowding is linked to higher rates of violence and can reduce opportunities for rehabilitative activities. HMPPS has also raised concerns about the impact of managing multiple emergency schemes and the associated disruption experienced by prison staff, with fears that staff may be at risk of burnout. HMPPS's contingency measure to rent police cells overnight (Operation Safeguard) costs nearly five times the average daily cost for a prison place (£688 vs £142) (paragraphs 2.8 and 2.12 to 2.17).

## Future risks to the prison estate

**15 MoJ is relying on new demand reduction measures to address a projected shortage of 12,400 prison places by the end of 2027, should its central population projection be realised.** HMPPS's current prison expansion plans are insufficient to meet projected future demand. MoJ is relying on new demand measures such as the Sentencing Review, announced in October 2024, to reduce demand for prison places and close the gap between demand and capacity. It does not have any contingency plans to increase prison capacity as it views it has limited options left to do this. Public knowledge of the capacity gap and wider debate around how to resolve it has to date been restricted as MoJ does not publish its capacity projections (paragraphs 3.5 to 3.7, 3.13 and Figure 9).

**16 The poor condition of parts of the prison estate and staffing shortfalls may undermine HMPPS's ability to manage future population pressures.**

For example, prison cells can be unexpectedly taken out of use when deemed unsafe. While HMPPS's maintenance spending has increased since 2020, it did not secure the funding it requested at the 2020 Spending Review to tackle its maintenance backlog, and recent capacity pressures have forced it to reduce the number of cells out of use for routine maintenance. The maintenance backlog has doubled to £1.8 billion from £0.9 billion in the last four years. As at March 2024, approximately 23,000 occupied prison places (a quarter of places) did not meet fire safety standards (standalone smoke detectors are being used as mitigation in the meantime). HMPPS estimates it would cost £2.8 billion over the next five years to bring the whole estate into a 'fair' condition, more than double its current maintenance expenditure. HMPPS's ability to accommodate additional prisoners is also constrained by staffing factors. HMPPS has successfully recruited more prison staff, but some prisons have experienced difficulties in retaining staff (paragraphs 1.23, 1.24, 2.8 and 3.8).

**17 MoJ acknowledges that it requires a long-term, funded strategy to avoid taking repeated, reactive actions to manage capacity pressures.** MoJ set out its high-level ambitions to develop a more resilient estate in its December 2021 white paper, but it did not develop detailed plans or secure funding for this. MoJ told us that, as well as launching the sentencing review to help end the prisons crisis, it is developing a 10-year capacity strategy and engaging with HM Treasury to develop a multi-year funding plan. However, even with a strategy, a lack of alignment between MoJ and wider government objectives may leave the estate vulnerable to future capacity crises and reduce overall value for money. Cross-government agreement is needed on how large the prison population should be, the associated funding required to ensure sufficient capacity, and the level of risk the government is willing to accept. An increasing estate means additional ongoing costs to the taxpayer. HMPPS's expanded estate will be approximately £670 million per year more expensive to run (2024-25 prices), and MoJ estimates it will need around an additional £5.0 billion to £5.6 billion of capital funding to complete its prison expansion portfolio commitments (paragraphs 3.10 to 3.13).



## Conclusion on value for money

**18** The current crisis in the prison estate is a consequence of previous governments' failure to align criminal justice policies with funding for the prison estate, leading to reactive solutions which represent poor value for money. Policies such as introducing tougher sentences and increasing the number of police officers led to steep increases in expected demand for prison places. However, years of under-investment in maintaining the prison estate put MoJ and HMPPS in a weak position to respond to these increases. HMPPS has therefore taken a reactive and expensive approach focused on building new places urgently at increased cost. Until there is greater coherence between the government's wider policy agenda and funding for its prison estate, the current crisis position will not represent value for money.

**19** HMPPS's expansion plan was unrealistic and was not prioritised by the government, with resulting delays that have exacerbated the current crisis. MoJ's central projection scenario shows demand for spaces exceeding capacity by 12,400 places by the end of 2027, even if current expansion projects are delivered to revised timelines. We welcome MoJ's commitment to a more sustainable approach to ensuring a resilient prison estate, although MoJ and HMPPS have yet to set out plans for closing the gap and considering the cost trade-offs involved. Emergency measures such as Operation Safeguard are expensive, while other measures may worsen prisoner rehabilitation or resettlement, which may lead to higher reoffending rates. MoJ, HMPPS and wider government must ensure they learn lessons from the current capacity crisis and improve their handling of key risks and their focus on long-term resilience.

## Recommendations

- a** **As part of the government's mission-driven approach to tackling crime, MoJ, the Cabinet Office, HM Treasury, the Home Office and other government bodies should work together to review the coherence of the government's policy objectives and the size of, and funding for, its prison estate so they can be clear on spending priorities.** This should include policies internal to the justice system such as on remand, parole and sentencing; and wider government objectives in areas such as policing, health and immigration. Specifically:
- MoJ should use existing cross-government mechanisms to seek agreement on how to improve alignment between government objectives which impact the prison population, and on the capacity required to support these aims. This should include the level of risk the government is willing to tolerate around capacity pressures in the estate;
  - MoJ should set out its case for longer-term funding to ensure it can develop and maintain the supporting capacity; and
  - HM Treasury should assess whether MoJ's suggested funding approach would provide better value for money than current arrangements, such as in other areas of government where multi-year funding arrangements are in place.

- b MoJ should improve its case for bolstering the resilience of the estate by evaluating:**
- the cost-effectiveness of different options to alleviate capacity pressures, given the benefit of experience, and which ones are most suitable when;
  - lessons learned from delivering the prison expansion portfolio; and
  - the costs involved with dealing with a capacity crisis, both in terms of resources and prisoner outcomes.
- c MoJ should combine thinking on policy objectives for the prison estate and improved evidence of different approaches to develop a long-term strategy to improve the resilience of the estate.** It should:
- include the rationale for its approach based on value for money, for example, how it will balance the role of maintenance against expansion and how it will consider the impacts on other bodies such as the probation service;
  - clarify which current expansion projects will be completed and the total cost required;
  - set out how it will ensure it has the capability to implement its approach; and
  - set out contingency plans for any unexpected increases in demand.
- d To provide greater transparency to the public and parliament, MoJ should commit to routinely publishing capacity projections alongside its demand projections.** This should include outlining mechanisms for triggering contingencies to close capacity gaps, if higher-demand scenarios are realised.