



HM Prison &
Probation Service

Annual report and accounts

2025-26

HC 701



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Accounts presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000.

Report presented to the House of Commons by Command of His Majesty.

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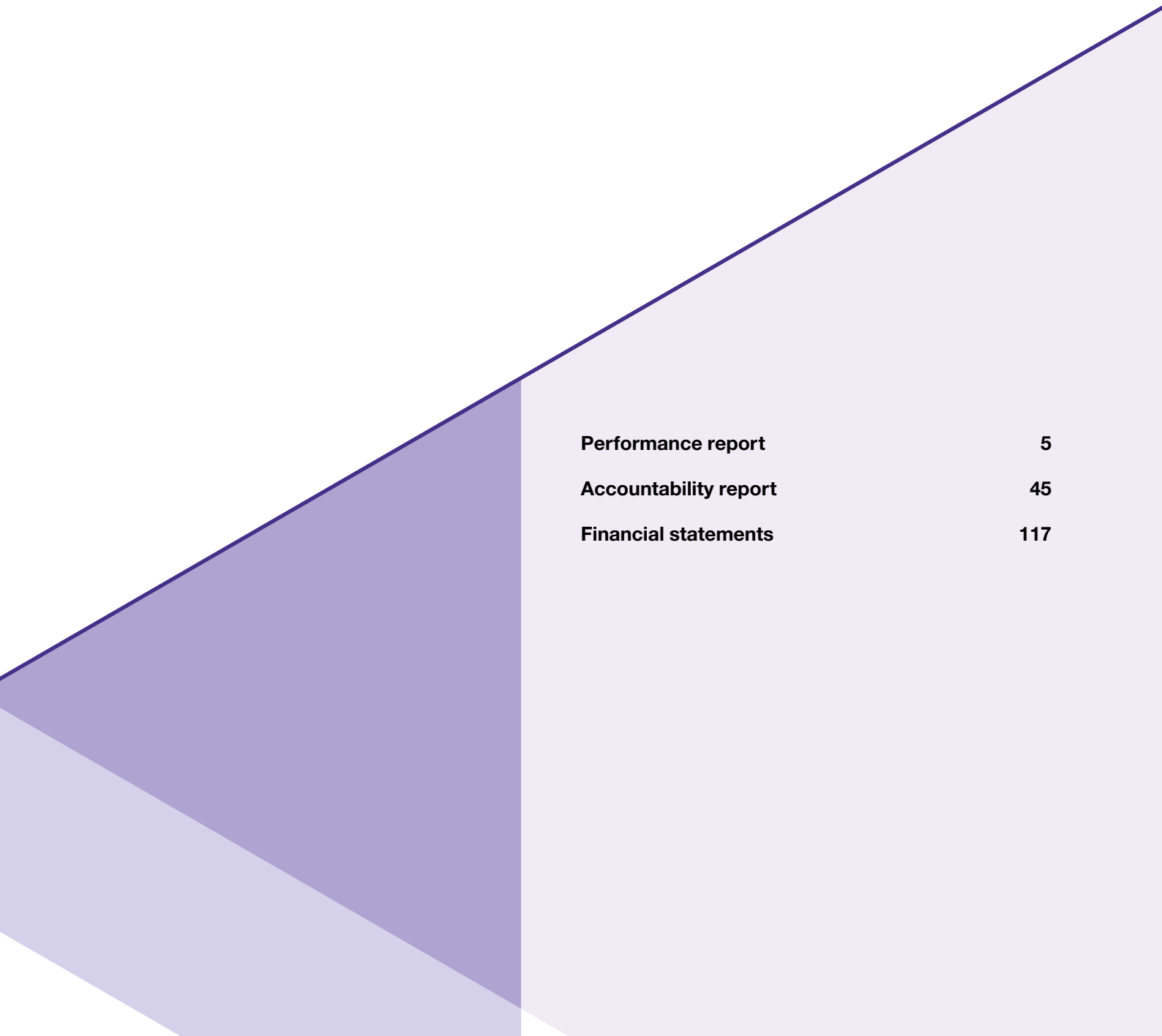
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Performance report

The performance report provides an understanding of our purpose and aims, with an overview of performance throughout the financial year.

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Foreword by the Chief Executive Officer

I am pleased to present HM Prison and Probation Service's (HMPPS') annual report and accounts for 2025-26. This has been a year of significant challenge and important progress for HMPPS. Across prisons, probation, youth custody and headquarters, we have continued to deliver vital public services in a complex and demanding environment. Throughout the year, we operated under sustained pressure on prison capacity and probation workloads, while also responding to serious operational issues, including our response to the independent review into releases in error. At the same time, we have been starting to implement major reforms following the Sentencing Act, through the Prison Implementation Programme, the Our Future Probation Service Programme, and changes to electronic monitoring and community accommodation. These changes are intended not only to address immediate pressures, but also to support a more modern and sustainable system over the longer term.

We have made progress in a number of important areas. We continued to increase prison capacity, including through the opening of HMP Millsike and the delivery of additional places elsewhere in the estate. We invested in prison safety, security and maintenance, while continuing work to improve the condition of the estate. In probation, the Our Future Probation Service Programme began to set a clearer direction for long-term improvement. This has been supported by action to reduce unnecessary pressures on staff and by investment in the systems and tools colleagues need to work effectively.

We also continued to focus on the wider work that supports rehabilitation and reduces reoffending, including accommodation, employment, education, health and treatment services. We know how essential these are in helping people move away from crime and in supporting safer communities. We know that prison safety continues to be under strain, with violence, self-harm and the impact of drugs and organised crime presenting ongoing risks. We also know that probation performance is not consistent enough in all areas, and that further improvement is needed in public protection and service quality. In youth custody, the needs of children in our care are increasingly complex. It is important that we are open about these challenges and clear in our determination to address them.

What continues to stand out to me is the dedication of HMPPS staff. Throughout the year, colleagues have carried out their duties with professionalism, resilience and commitment, often in challenging circumstances. Their work protects the public, supports rehabilitation and helps people to build better futures. Their contributions can be seen across every part of our organisation: from those working on the frontline each day in probation settings, prisons and youth custody services, to colleagues in specialist and support roles whose expertise is essential to effective delivery. Whether managing risk, supporting rehabilitation, improving systems, maintaining the estate, or strengthening safeguarding and public protection, staff across HMPPS make an extraordinary contribution. We also value the vital contribution of our partners across government, the wider justice system, local services and the voluntary sector, whose collaboration helps us protect the public, support rehabilitation and improve outcomes for the people in our care.

The year ahead will bring further changes, and there is still much to do. We will continue to focus on delivery and remain transparent about where improvement is needed but I am confident in the commitment of our staff and in our ability to continue building a safer, more effective and sustainable service for the future.

James McEwen
Chief Executive Officer
22 October 2026

Performance summary

Overview

This section sets out the agency's purpose, vision, principles and outcomes and provides an understanding of our purpose and aims, with an overview of our structure and factors affecting performance throughout the financial year.

Statement of purpose

HM Prison and Probation Service (HMPPS) is an executive agency of the Ministry of Justice (MoJ). The role of HMPPS is to carry out sentences given by the courts, in custody and the community, and to rehabilitate people in our care by addressing education, employment, accommodation, and health and substance misuse needs.

Responsibilities

The agency is made up of HM Prison Service, the Probation Service, the Youth Custody Service (YCS) and headquarters. Within England and Wales, we manage probation delivery, public sector prisons and youth custody settings, and the contracts for private prisons.

Our priority outcomes

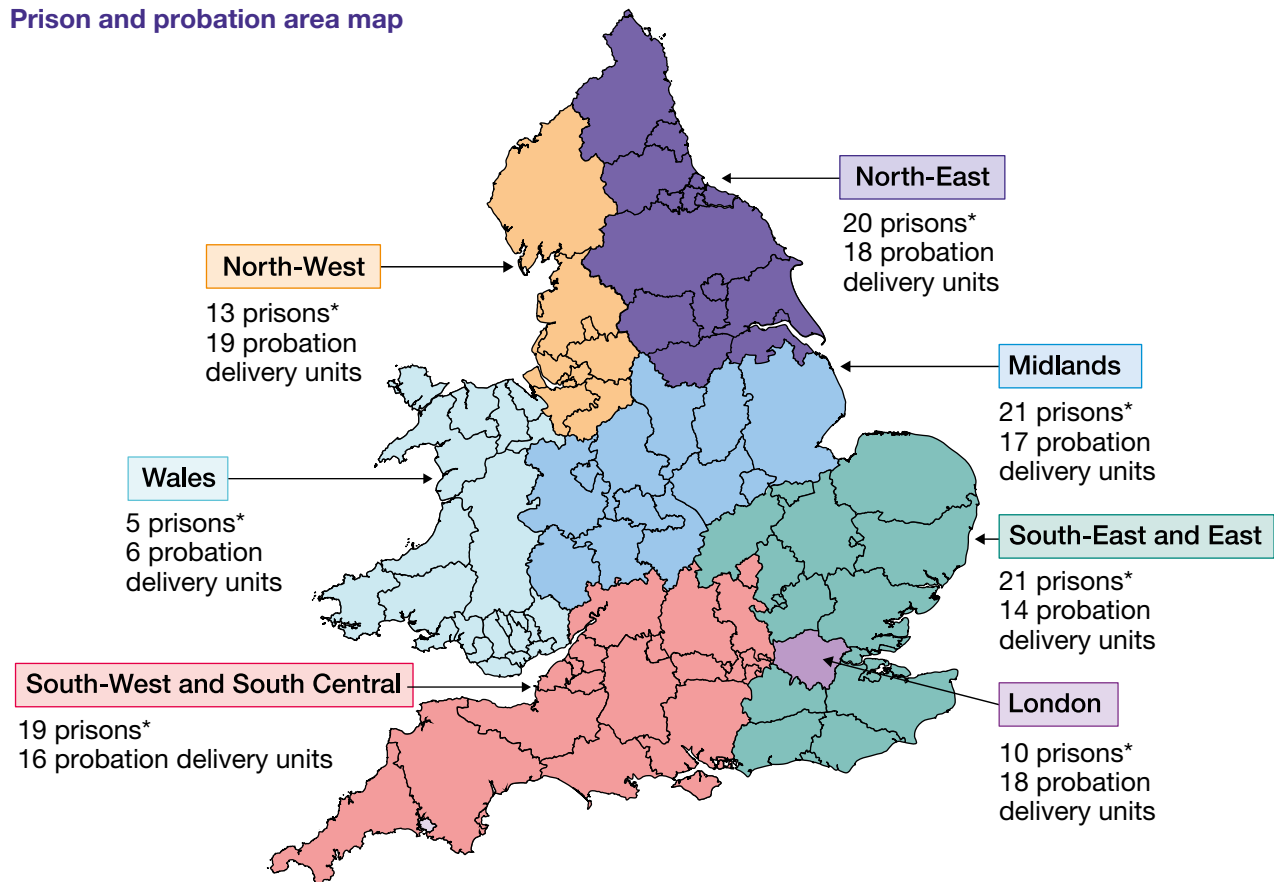
As part of the criminal justice system, HMPPS plays a crucial role in society. HMPPS protects the public, maintains safe and secure prisons, and reduces the risk that people will reoffend. We work together to help people to live law-abiding and positive lives. We continue to improve the quality of frontline delivery, investing in and enhancing the offer to our workforce.

In 2025-26 we delivered against 'Punishment that cuts crime', our strategic outcome that contributes to the key objectives through the government's mission outcomes and Plan for Change.¹ These aim to rebuild confidence in the criminal justice system by protecting the public and reducing reoffending with a sustainable and effective prison and probation service.

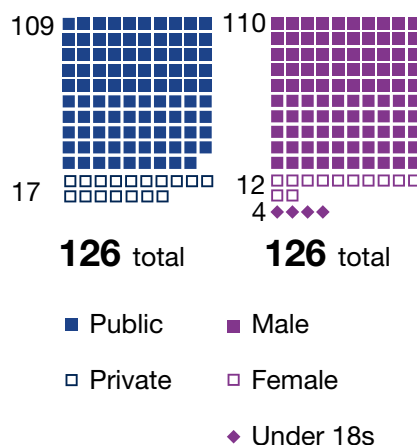
¹ References to 2025-26 refer to the reporting year 1 April 2025 to 31 March 2026 throughout this report.

How our services were structured in 2025-26 (as at 31 March 2026)

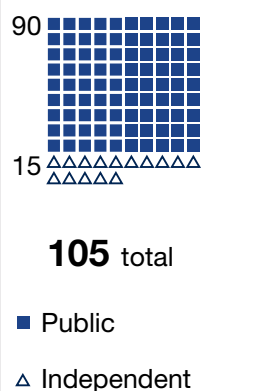
Prison and probation area map



Number of prisons and young offender institutions (YOIs)[†]



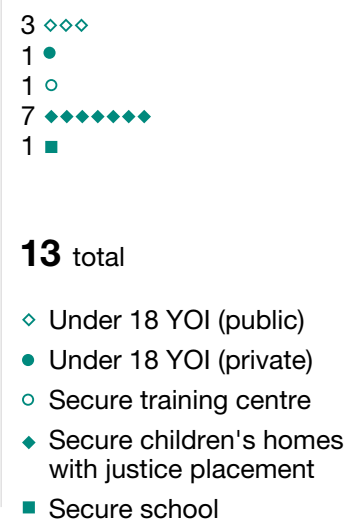
Number of Community Accommodation Service (CAS1) approved premises in operation



Number of probation delivery units



Number of Children and Young People Secure Estate sites



* Including YOIs.

† Peterborough and Parc each contain two sites that are counted separately for reporting purposes, but each is covered by one private prison contract. The Peterborough contract covers an adult male and female prison, and the Parc contract covers an adult male prison and an under 18 site. Therefore, the number of private prison contracts in operation is two fewer than the number of private prison sites listed. HMP Dartmoor is currently empty. However, it continues to be included as part of the prison count.

System challenges and reforms

Through 2025-26, HMPPS delivered its strategic outcomes against a backdrop of significant operational pressures. We have taken decisive steps towards longer-term reforms and a sustainable system which will modernise our services, strengthen safety, and improve outcomes for those in our care and the communities we serve.

The adult male prison estate has been under acute pressure since September 2022 and managing prison and probation capacity has been a top priority for the department. From January 2023 to July 2025, the adult male prison estate regularly operated at over 98% of capacity, meaning a number of contingency and demand reduction measures were required to manage these pressures. The Probation Service was also experiencing high workloads following unification in 2021, which were exacerbated by changes to release arrangements for some prisoners. This pressure meant that some temporary mitigations had to be put in place from 2024-25 to reduce the increased probation workload pressures.

The publication of the Independent Sentencing Review, alongside the government's response in May 2025, marked a significant moment for the criminal justice system. The review made a series of recommendations that will have a major impact on how prisons and probation operate, most of which the government has accepted either in full or in principle. For HMPPS, this represents both a challenge and an opportunity: to relieve pressure on the system in the short term while laying the foundations for a more modern and sustainable system in the longer term.

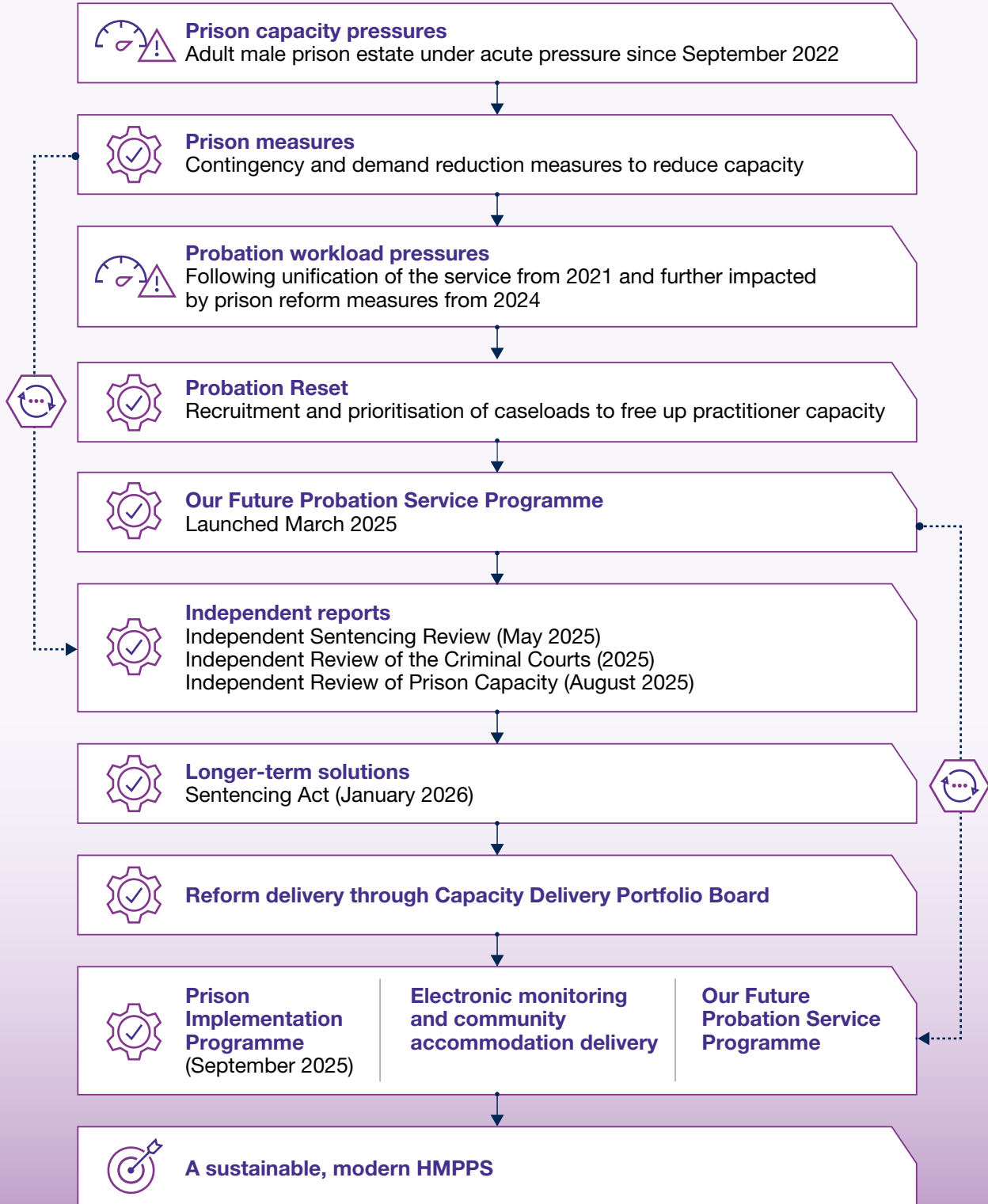
The Sentencing Bill, developed following the Independent Sentencing Review, received Royal Assent in January 2026. Reforms introduced a new structure for the Standard Determinate Sentence (SDS), known as the Progression Model, changes to recall arrangements, and increased use of suspended sentence orders alongside a presumption against short sentences of under 12 months. The first elements implemented in spring 2026 were the presumption against short sentences, which will be applied through judicial sentencing decisions, and changes to recall arrangements, which standardised the prison recall period in most cases to 56 days.

Delivery of these reforms is being co-ordinated through the Capacity Delivery Portfolio Board, bringing together the **Our Future Probation Service** Programme, the **Prison Implementation Programme**, and changes to **electronic monitoring** and **community accommodation**. The measures will be phased in over the next two years, with HMPPS playing a central delivery role as part of a wider programme of criminal justice reform, particularly in probation where significant additional investment is being made. Further reform across HMPPS, in partnership with HM Courts and Tribunals Service, MoJ policy and others, follows the publication of Dame Lynne Owens' independent review into releases in error (see page 26).

Delivering these reforms and managing ongoing operational pressures is underpinned by a skilled, supported and sustainable workforce. Our people are fundamental to delivering services across prisons, probation, youth custody and headquarters, and we continue to value the professionalism, commitment and expertise they bring across HMPPS. During 2025-26, we invested in recruitment, retention, wellbeing, leadership and professional development, while taking action to address workforce pressures and build resilience across the organisation. We recognise that recruitment, retention and workload challenges remain in some areas and are implementing measures to strengthen workforce capacity and support colleagues to deliver high-quality services. Further information on our workforce, including staffing levels, pay, diversity, wellbeing and development initiatives, is provided in the remuneration and staff report (from page 86).

The following graphic provides an overview of the major reform programmes that will form part of HMPPS' longer-term transformation, illustrating how responses to current operational pressures support wider strategic change across prisons and probation.

Pressures and reforms: the changing landscape



Key



Pressures



Responses



Ongoing

Reviews supporting system improvement

During the year, HMPPS continued to engage with a significant programme of independent reviews. These reports have informed our understanding of key operational risks and improvement priorities, including prison capacity, probation resilience, youth custody safeguarding, professional standards and electronic monitoring. HMPPS is responding through published action plans, government responses and wider reform programmes.



1. **Independent Sentencing Review** was published in May 2025: www.gov.uk/government/publications/independent-sentencing-review-final-report
2. **Professional Standards Review** was published in May 2025: www.gov.uk/government/publications/hmpps-professional-standards-review
3. **Independent Review of Prison Capacity** by Dame Anne Owers was published in August 2025: www.gov.uk/government/publications/independent-prison-capacity-review-final-report
4. **National Audit Office report on the Probation Service** was published in October 2025: www.nao.org.uk/reports/building-an-effective-and-resilient-probation-service
5. **Government response to the Independent Girls Review** by Susannah Hancock was published in November 2025: www.gov.uk/government/publications/delivering-the-best-for-girls-in-custody-government-response
6. **Prisons and Probation Ombudsman report into historic abuse at Medomsley Detention Centre** was published in November 2025: <https://ppo.gov.uk/news/ppo-publish-investigation-report-into-abuse-of-young-men-at-medomsley-detention-centre>
7. **National Audit Office value for money report on the costs of tackling drug harms in prisons** was published in February 2026: www.nao.org.uk/reports/the-costs-of-tackling-drug-harms-in-prisons
8. **Response to the Independent Review of Separation Centres** led by Jonathan Hall KC was published in February 2026: www.gov.uk/government/publications/response-to-the-independent-review-of-separation-centres
9. **Public Accounts Committee report on the Probation Service** was published in February 2026: <https://publications.parliament.uk/pa/cm5901/cmselect/cmpubacc/1235/report.html>
10. **Response to Dame Lynne Owens' independent review into releases in error** was published in April 2026: www.gov.uk/government/publications/response-to-the-independent-review-into-releases-in-error
11. **Independent youth custody safeguarding review** chaired by Isabelle Trowler was published in July 2026: www.gov.uk/government/publications/trowler-review-into-youth-custody-safeguarding
12. **Independent review of the prison system** led by Amber Rudd published its terms of reference in July 2026: www.gov.uk/government/publications/independent-review-of-the-prison-system-terms-of-reference
13. **National Audit Office value for money study on electronic monitoring** was published in July 2026: www.nao.org.uk/reports/electronic-monitoring-improving-resilience-to-meet-increasing-demand

Prison and YCS capacity

The **Prison Implementation Programme** was launched in **September 2025** to deliver changes from the Independent Sentencing Review affecting the prison estate. The programme is implementing two major changes.

- From 31 March 2026, most people serving standard prison sentences who break their licence conditions will be recalled to prison for a **set period of 56 days**, replacing shorter and less consistent recall arrangements.
- From 1 October 2026, eligible prisoners serving an SDS will move to a new sentence structure known as the **Progression Model**. Under the new arrangements, the automatic release point for eligible SDS prisoners will change from 40% to 33% of the sentence, while the release point for eligible SDS+ prisoners will change from 66% to 50%. The overall sentence length will remain unchanged, with a greater proportion of the sentence served in the community under supervision. This will be supported by enhanced licence conditions and, in most cases, electronic monitoring. Certain offences are excluded from these changes.

During 2025-26, a number of short-term measures remained in place to help manage and reduce pressure on prison capacity.

The programme is supported by additional workstreams including:

- a **new custodial sentence management model** which will govern how the custodial part of the sentence is administered and managed, including sentence planning, identifying interventions and risk management from reception to release
- the **Estate Configuration Review** which will develop a new offender flow model to ensure the right people are in the right place to receive the right services and a new set of cohort strategies outlining how each group within custody will progress through the system and how they will be managed
- updates to **digital services** so sentences and recalls can be calculated and managed accurately under the new rules
- an **Operational Impact Assessment** which will be delivered in 2027 to assess the impact of the new sentence structure on prison estate systems and services



The number of girls in custody is small, accounting for less than 3.5% of all children in custody during 2025-26. They are often highly vulnerable and have complex needs, which can make finding suitable placements challenging. In November 2025, the government published its response to Susannah Hancock's **Independent Girls Review**, setting out the long-term measures we are putting in place to improve outcomes for girls in custody.²

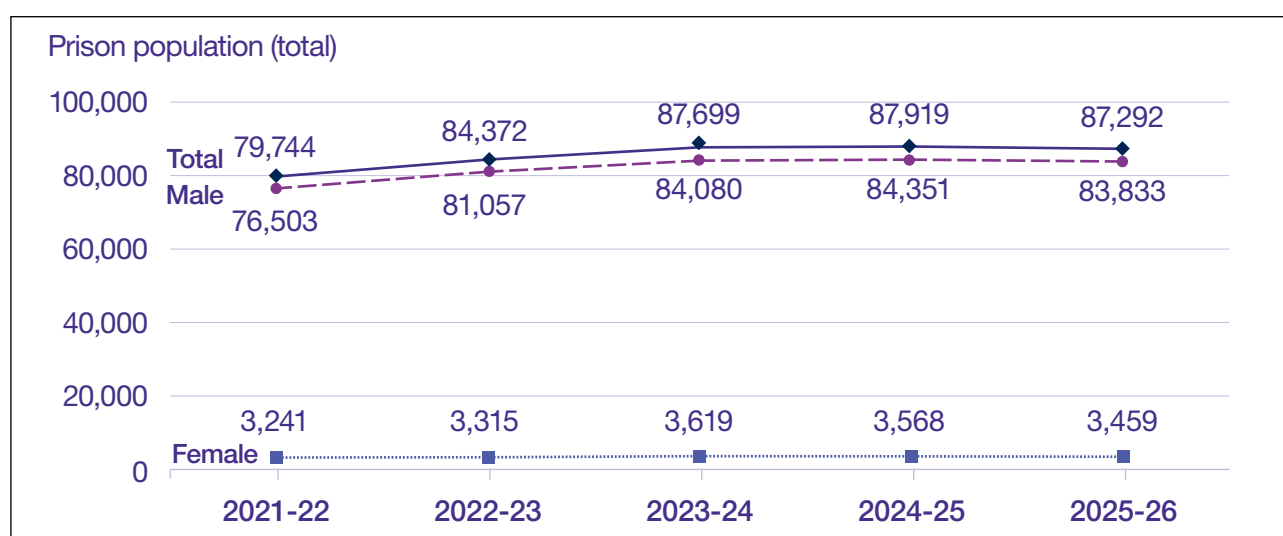
Following the temporary closure of **Oasis Restore Secure School** in August 2024 due to infrastructure concerns, a programme of remedial works was initiated to address the issue and the school reopened in June 2026. In 2025-26, the YCS completed commissioning activity and progressed contract awards for **secure children's homes**, securing continuity of provision and maintaining geographical resilience across the sector.

² Ministry of Justice (2025): Government response to the independent review: Delivering the best for girls in custody. Available at: www.gov.uk/government/publications/delivering-the-best-for-girls-in-custody-government-response

Prison capacity data

	2021-22	2022-23	2023-24	2024-25	2025-26
Prison supply/demand gap	2,008	1,131	944	1,006	2,503

Notes: The prison supply/demand gap is the difference between available, useable prison cell capacity (supply) and the total prison population (demand). As of 30 March 2026, the prison supply/demand gap stood at 2,503 places, up from 1,006 places at 31 March 2025. The adult male estate had 2,071 places while the women's estate had 334. Headroom was above the operational buffer, providing additional resilience to respond to shocks and capacity pressures. This increase in headroom was driven by the fixed term recall scheme. However, the prison population continues to grow, and the change to the Progression Model releases are likely to affect future capacity resilience. Prison population statistics are available at: www.gov.uk/government/collections/prison-population-statistics. Data is taken from the last published weekly population bulletin in the financial year.



Notes: Prison population statistics are available at: www.gov.uk/government/collections/prison-population-statistics. Data is taken from the last published weekly population bulletin in the financial year.

		2021-22	2022-23	2023-24	2024-25	2025-26
Children and Young People Secure Estate population (year average)	Under 18s	454	441	430	418	379
	Including over 18s	522	504	580	528	455

Notes: Youth custody data is available at: www.gov.uk/government/publications/youth-custody-data. Average data for each year is based on 12 snapshot dates.

Probation capacity measures

There were 258,332 offenders (234,483 males and 23,849 females) under probation supervision as at 31 March 2026. (Due to a break in the probation caseload series, figures are not directly comparable with those published for earlier periods.)³

Recent operational changes, including **Probation Reset** and **Impact** (an approach to working with lower-risk offenders) have helped ease some pressure on probation services by allowing staff to focus on earlier engagement with the people they supervise. While these measures have provided short-term relief, they are not enough on their own to close the gap between the demand on probation and the capacity available. To address this, the **Our Future Probation Service** Programme launched in March 2025 and aims to build a more resilient and effective Probation Service in part by delivering the probation-related changes set out in the Sentencing Act.

Through the programme, we are working to ensure that probation staff have the **time, tools and support they need to protect the public and support rehabilitation**. To do this, we have worked closely with probation regions and stakeholders to build a clear understanding of the challenges facing probation and design and deliver ways to **reduce probation workload**.

In alignment with recommendations from the Sentencing Act, we will achieve this by:

Simplifying processes and removing unnecessary tasks such as streamlining induction and sentence management and replacing rehabilitation activity requirements

Investing in new technology to free up staff time for more meaningful work, including nationwide rollout of the Justice Transcribe tool and greater use of online check-ins

Ensuring time is spent where it can have the greatest impact, so probation staff spend more time supervising cases where they can make the most difference

In October 2025 the **National Audit Office published a report** on efficiency and resilience in the Probation Service.⁴ In February 2026, the Public Accounts Committee published a report which broadly echoed its findings. While both reports highlighted ongoing challenges, particularly around sentence management, they also recognised the crucial role of probation in protecting the public and acknowledged the professionalism and resilience of probation staff. The National Audit Office's report noted the progress made through Probation Reset and Impact and described the Our Future Probation Service Programme as "**bold and innovative**", providing a strong endorsement of its strategic direction.

3 Ministry of Justice (2026): Offender management statistics quarterly: January to March 2026. Available at: www.gov.uk/government/statistics/offender-management-statistics-quarterly-january-to-march-2026

4 National Audit Office (2025): Building an effective and resilient Probation Service. Available at: www.nao.org.uk/reports/building-an-effective-and-resilient-probation-service

Digital and technology

Improving our use of technology is vital to making wider reforms work and to building a sustainable and resilient prison and probation system. In 2025-26, we have introduced a number of digital tools to better support staff, prisoners and people on probation.

July 2025 saw the launch of the **AI action plan for justice** which sets out how **artificial intelligence (AI)** can be used to make the justice system faster, more efficient and more accessible.⁵ This plan underpins our work to streamline systems in HMPPS, freeing up staff to focus on frontline work.

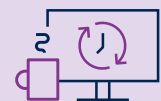
We continued the design of our new digital service for the assessment of risks, needs and strengths for people on probation and in prison that will eventually replace the current system. It aims to reduce paperwork and maximise time spent with people in appointments, with the first phase of the new service going live nationally from April 2026.

Justice Transcribe is a new tool that helps probation officers spend more time supporting people on probation. The tool securely records and transcribes conversations, removing the need for officers to handwrite notes and then re-enter them into IT systems. The tool is being tested within public sector YOIs to understand if this is suitable for youth justice workers, allowing for the reinvestment of time into working directly with children.

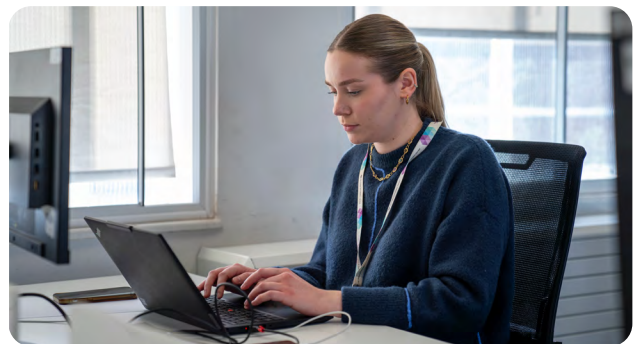
The **Intelligence Management Service** is now live in all prisons in England and Wales. It is a modern digital system that has an intuitive user interface, with feedback being consistently positive. By the end of April 2027 all prison offender managers will be able to access the Intelligence Management Service – a huge step to improving intelligence sharing between prisons and probation and ensuring that risk assessment and management decisions are informed by intelligence.

Manage People on Probation went live nationally in April 2026. The service brings together information about a person on probation from multiple digital systems into one place.

A pilot initiative for **online remote check-ins** to monitor offenders alongside existing in-person supervision is being trialled in four probation regions before being considered for further rollout.



Between 7 October 2025 and 29 July 2026, over 1,200,000 meetings were summarised using Justice Transcribe⁶



Semantic search is an AI-enabled search capability that helps probation staff find relevant case information more quickly and accurately using natural language queries. Unlike traditional keyword search, it understands context and intent, reducing the need to try multiple search terms. Probation practitioners work with large volumes of unstructured information, and searching for the right material can be time consuming. Semantic search improves the relevance of results returned on the first attempt, freeing up staff time and supporting better informed decision-making. The capability will be scaled across relevant digital services as part of wider work to modernise digital tools and reduce administrative burden.

⁵ Ministry of Justice (2025): AI action plan for justice. Available at:

www.gov.uk/government/publications/ai-action-plan-for-justice

⁶ Ministry of Justice (2026): Justice Transcribe data. Available at: <https://assets.publishing.service.gov.uk/media/6a78c8f50a700895e2d79fe8/Justice-transcribe-report-29-july-2026.pdf>

How we spent our money in 2025-26

HMPPS committed gross resource expenditure of £6.3 billion and received £0.3 billion of income in 2025-26, an increase of £0.4 billion in net resource expenditure since the period 2024-25. In addition to this, £1.5 billion of capital spend was incurred. Capital spend refers to investment in assets and infrastructure that provide long-term benefits, such as building and refurbishing prisons, investing in IT systems and improving the estate, rather than day-to-day running costs. This expenditure represents continued investment in our prison and probation services.

Improving conditions and performance in prisons remains a primary focus, alongside a drive to implement reform across probation. As well as continuing progress on the prison place programme, significant capital expenditure has been invested in prisons under our commitment to build additional prison places across our estates and through local initiatives linked to agreed spending priorities – for example, on safety, decency and security. This includes work on accelerated houseblocks delivery, small secure houseblocks, construction at HMP Welland Oaks, fire safety improvements and capital refurbishments across the estate.

Within resource expenditure, spend reflected a combination of workforce investment and cost pressures. This included pay awards for prison and probation staff, increases in employer National Insurance contributions following rate changes, and continued recruitment, including the onboarding of trainee probation officers. Inflationary pressures remained evident across key areas such as utilities, food, offender learning and wider contractual costs, consistent with trends seen in previous years. Expenditure also increased due to the mobilisation and operation of HMP Millsike, which opened in April 2025. Additionally, HMPPS continued to invest significantly in building improvement and maintenance works to support safety, decency and operational performance across the estate.

How we are financed

We are primarily financed by funding from the MoJ as our parent department. We also generated £0.3 billion of operating income in 2025-26 from various initiatives to increase revenue, in addition to recharges of costs incurred.

The retail prison shop income comes from a contract providing prisoners with a weekly opportunity to make purchases with their own funds for food, hobby materials and other items. It is a self-funding contract, where purchases and the margin made on these are used to offset the total cost of the contract. Regional packing workshops are run by the service provider but are mainly staffed by prisoners. This presents a quality, purposeful activity that allows prisoners to develop transferable skills. We also recover costs from local authorities for children held on remand and from the Home Office for their use of our electronic monitoring contracts for the immigration cohort.

HMPPS received funding in 2024-25 from the European Union via the European Social Fund managing authority (Department for Work and Pensions) for delivery of resettlement services. The funding was released over the life of the project and used to support those who may be disengaged from mainstream activity, in both custody and community settings, to increase employability and provide opportunities to access mainstream services.

We also recover costs from funding partners as follows:

- provision of custodial services to foreign national prisoners, providing immigration detention and counter terrorism activities (Home Office)
- provision of healthcare services (NHS England, private sector and Welsh Government)

The operating structure of the MoJ is for key areas which span multiple entities within the department to be managed centrally. These include estates, people and HR, finance, legal, commercial and digital. Expenditure relating to these centrally managed functions is not included in HMPPS management reporting or budgetary information but is included in the agency's statutory financial statements through recharges from the MoJ. Accordingly, the chart below presents resource expenditure on the management reporting (budgetary) basis and excludes these recharges. A reconciliation to the Statement of Comprehensive Net Expenditure is provided in the table below.

Reconciliation between net resource expenditure on the management reporting (budgetary) basis to expenditure reported in the Statement of Comprehensive Net Expenditure

	2025-26 £m
Net resource expenditure as reported to the board per chart	6,017
Centrally budgeted net expenditure attributable to HMPPS	1,508
Differences in accounting treatment including Annually Managed Expenditure (AME)	(39)
Net expenditure per Statement of Comprehensive Net Expenditure (SoCNE)	7,486

Financial management

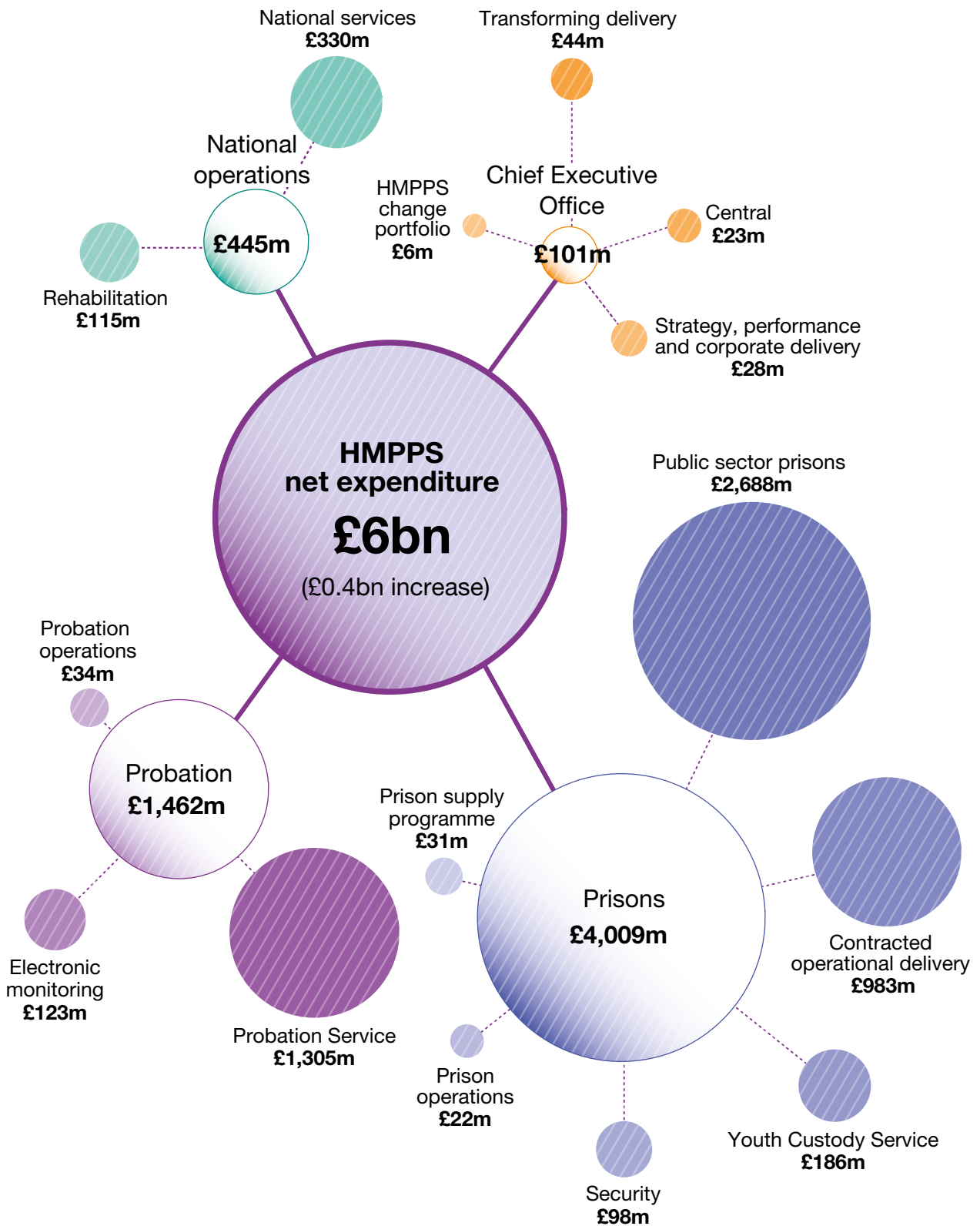
The MoJ receives authority to incur expenditure via the supply estimates process. The estimate is published twice in each financial year. The main estimate is published at the beginning of the financial year, and the supplementary estimate is published towards the end of the third quarter of the financial year. The supplementary estimate provides an opportunity for the MoJ to reflect changes in the budgets internally and any movements of funding with other government departments.

At the start of the financial year, budgets are delegated from the MoJ Permanent Secretary as Principal Accounting Officer to the HMPPS Chief Executive Officer. The Chief Executive Officer may then make sub-delegations to other budget holders within HMPPS directorates. Budget holders are required to meet the conditions of their delegation letters and the requirements of the MoJ's Financial Control Framework.

Finance function

2025-26 was the seventh full year where the agency's financial management was provided through the MoJ functional leadership model. This model brings together specialists into a single, unified team across the department with the vision of putting finance at the heart of decision-making, with finance business partners working alongside operational colleagues and centres of excellence established to support the production of financial and management accounts.

The split of resource departmental expenditure between custodial and community services and support services



Risk analysis

HMPPS is going through a period of significant change as it responds to complex pressures across prisons, probation and the wider justice system. Innovative approaches are being developed and introduced to support system-wide reform, strengthen delivery and improve how risk is managed across the organisation. The aim is to create a more sustainable, joined-up system that can respond more effectively to current and future challenges.

The risks and issues in this report have been identified through HMPPS' established risk management processes, including the corporate risk register and annual assurance statements. These risks sit within the wider set of principal risks and provide a framework for understanding where reform activity, innovation and stronger controls are most needed. This supports clear accountability, focuses attention on priority areas, and helps ensure action is targeted to reduce the likelihood and impact of system-wide failure. In line with Task Force on Climate-Related Financial Disclosures guidance, our climate risks, analysis and management are reported in our sustainability report from page 74.

Key

Movement since previous year

The direction of the arrow in the icon indicates the change in the risk when compared to the previous year.



Risk has worsened



Risk has improved



Risk remains unchanged

Risk description	Examples of main controls and activities to manage risks
<p>R1: People resource and culture</p> <p>Failure to recruit and retain the workforce necessary to deliver HMPPS core business.</p> <p>Movement since last year</p>  <p>Risk has worsened</p> <p>Failure to have a work environment that supports a positive culture to enable staff to perform at their best.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p>	<p>People (resource): Meeting resourcing requirements across prisons and probation remains challenging, with recruitment, retention and onboarding pressures affecting HMPPS' ability to maintain a stable workforce.</p> <p>Probation staffing remains below the level needed. Delays in pre-employment checks, including vetting, and onboarding can slow the pace at which vacancies are filled, reducing the impact of recruitment activity and adding pressure to workloads and resilience, particularly in areas already experiencing recruitment and retention challenges.</p> <p>In prisons, changes to right-to-work rules and uncertainty about whether staff will choose to remain at HMPPS continue to affect recruitment and retention, even with exemptions and targeted campaigns.</p> <p>Although overall staff turnover is fairly low, staffing gaps are likely to continue in the short term. HMPPS has a range of actions in place to improve recruitment, streamline onboarding and recruitment processes, including vetting arrangements, while maintaining the robust checks necessary to support public protection, operational security and workforce resilience.</p> <p>People (culture): Helping staff to do well at work is essential to how HMPPS performs. Current signs show ongoing pressure on workplace culture, wellbeing and behaviour. Heavy workloads and high sickness levels, especially in probation, increase the risk of disputes with unions and affect organisational resilience.</p> <p>Reports of bullying, discrimination and poor conduct, along with findings from recent external reviews, highlight the need for stronger leadership capability and consistency in management practice.</p>

Risk description	Examples of main controls and activities to manage risks
	<p>Work is progressing to support wellbeing and implement the findings of the Professional Standards Review, including establishing an independent complaints unit, to foster a safe, inclusive and positive working environment.</p>
<p>R2: Security for serious and organised crime</p> <p>Ineffective management of high-harm serious and organised crime offenders.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p>	<p>Serious and organised crime continues to pose a significant threat to prison safety, stability and public protection. High-harm offenders have been able to influence activity from custody, enabled by illicit phones, contraband and organised conveyance methods including drones. This can fuel violence, exploitation and an illegal prison economy, with impacts across prisons, probation and the wider criminal justice system.</p> <p>Leadership, intelligence sharing and co-ordination across the system are not always consistent, and technology can move faster than current countermeasures. Work is under way to strengthen the national approach, improve how intelligence is handled and collaborate more closely with law enforcement so that risks are managed more consistently and criminal activity is disrupted.</p>
<p>R3: Cyber and information security</p> <p>Failure to manage appropriate access to online data.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p> <p>Failure to protect the confidentiality of HMPPS information.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p>	<p>Cyber risk: HMPPS faces heightened cyber security risk due to legacy technology, increased reliance on digital systems across the estate, and increasingly sophisticated attacks that could disrupt core operations. Weaknesses in older infrastructure, inconsistent access controls, and developing continuity and recovery plans mean a major incident could cause prolonged disruption across prisons and probation.</p> <p>Pressures also include supply-chain risk, skills gaps and emerging threats such as AI-enabled attacks. With support from MoJ digital and security teams, work is under way to strengthen oversight, clarify incident response, modernise key systems, and improve identity and access management.</p> <p>Information security risk: Keeping HMPPS information safe and available remains challenging given the volume and sensitivity of data held, and the changing ways it is accessed and shared. Key risks include insider threat, inconsistent data-handling, third-party assurance and ageing systems that are being modernised over time.</p> <p>Work is under way to raise staff awareness, strengthen supply-chain checks, tighten access controls, reduce reliance on outdated systems, and improve incident handling and governance.</p>

Risk description	Examples of main controls and activities to manage risks
<p>R4: System capacity</p> <p>Inability to balance capacity and demand leads to service failure across HMPPS.</p> <p>Movement since last year</p> <p></p> <p>Risk has worsened</p>	<p>HMPPS is implementing the Sentencing Act, which aims to ease long-term pressure on prison places. The first changes were introduced between late March and May 2026, with further measures implemented from 1 October 2026. Prison capacity pressure continues to be driven primarily by the relationship between demand and available supply, with the current sentencing framework in England and Wales creating a need for prison places that exceeds the capacity that can be safely provided. Alongside investment in additional places, HMPPS must also replace and maintain parts of the estate (including fire safety compliance activity), meaning new capacity is needed both to respond to demand and to support a safe and sustainable prison system. Staffing pressures are also a contributing factor in maintaining safe and effective prison operations.</p> <p>Probation capacity remains under pressure from workload demand exceeding available workforce capacity. HMPPS is taking forward work to reduce frontline probation workload, while also being responsive to the measures introduced through the Sentencing Act to increase the proportion of sentences served in the community and expand requirements such as electronic monitoring and victim liaison services. HMPPS is taking a joined-up approach across prisons, probation, electronic monitoring and accommodation to balance demand, improve day-to-day capacity, and keep services safe and sustainable.</p>
<p>R5: Estates</p> <p>Poor standards of accommodation and maintenance impact on the health and safety of service users and place additional demands on capacity.</p> <p>Movement since last year</p> <p></p> <p>Risk remains unchanged</p>	<p>The prison and probation estate continues to face major challenges, particularly around fire safety compliance and wider asset deterioration. Several sites require substantial remedial work, and some areas remain unusable due to maintenance needs, fire safety upgrades, and issues such as reinforced autoclaved aerated concrete (RAAC) and radon. Pressure on capacity makes it hard to move people out of areas while work is done, which keeps operational risk high.</p> <p>HMPPS has steps in place to reduce these risks. This includes targeted fire safety programmes, stronger compliance work and a forward-looking maintenance list to help prioritise work. Investment programmes should improve things in the longer term, but continued funding is still needed.</p>

Risk description	Examples of main controls and activities to manage risks
<p>R6: Drone ingress</p> <p>Failure to effectively respond to ingress including via drones across the custodial estate.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p>	<p>Drones remain a major and changing problem across the prison estate. The risk is increasing as the technology becomes easier to access and methods become more sophisticated.</p> <p>Drones can quickly drop banned items into prisons and can get past traditional security measures. This increases safety, security and operational pressures. The threat is spreading, and some incidents are linked to organised crime. New technologies may develop faster than current methods used to combat drones.</p> <p>Work continues to strengthen the national response. This includes better intelligence sharing, targeted physical security measures, changes to legislation, closer work with law enforcement and rolling out the HMPPS Counter Drones Taskforce to support a more co-ordinated and effective approach.</p>
<p>R7: Safety delivery in prisons</p> <p>High levels of assaults, self-harm and self-inflicted deaths impact adversely on the safety and wellbeing of staff and prisoners.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p>	<p>Safety outcomes across the prison estate remain under sustained pressure. Levels of violence, self-harm and self-inflicted deaths are influenced by factors such as population pressures, overcrowding, staff-prisoner relationships, staff experience, inconsistent regimes and the supply and trade of illegal items in prisons.</p> <p>Governors treat safety as a top priority. They are using local data and evidence to create practical plans to tackle the main causes of violence and self-harm. There is also an emphasis on checking the quality of safety case management and making sure that departments in prisons work collaboratively, bringing safety, security and drug strategy staff together.</p> <p>A comprehensive safety plan is in place. It includes stronger local safety plans, better training and targeted support for higher-risk prisons. It also includes actions to reduce harm linked to drugs and other substances, and to improve daily routines and key-worker support.</p>
<p>R8: Probation delivery</p> <p>We are unable to improve performance and quality to support the delivery of probation reforms and protect the public.</p> <p>Movement since last year</p>  <p>Risk remains unchanged</p>	<p>Probation services are improving, but progress is inconsistent. There are still risks in sustaining change, particularly in areas linked to public protection.</p> <p>HM Inspectorate of Probation (HMI Probation) ratings and findings from recent inspections highlight continued variability in performance and the need for strengthened assurance, capability and oversight. Pressures on capacity, capability and the impact of managing multiple changes continue. These pressures are affected by staffing problems, delays in vetting and rising demand ahead of, and during, sentencing reforms.</p> <p>A wide range of quality improvement activity is under way, including strengthened assurance processes, enhanced learning and development, implementation of the Public Protection Strategy, and the Our Future Probation Service Programme, to support more consistent practice and improve outcomes.</p>

Risk description	Examples of main controls and activities to manage risks
<p>R9: YCS delivery</p> <p>The YCS is unable to provide a suitable safe environment to meet the increasingly complex needs of children in custody.</p> <p>Movement since last year</p> <p></p> <p>Risk remains unchanged</p>	<p>The YCS is under ongoing pressure. Demand, limits on the estate and fragile secure provision make it difficult to place children in accommodation that suits their age, gender and location. Delays and uneven stability across existing homes add to the challenge.</p> <p>Safety remains a challenge. Violence remains high, and we continue to address safeguarding concerns and security weaknesses. In addition, outcomes for education, care and resettlement vary between sites.</p> <p>To address this, the YCS is running a programme of targeted improvements. This includes stronger oversight, building professional skills, updating ways of working and investing in digital systems to help stabilise the service.</p>
<p>R10: Long-Term and High Security Estate</p> <p>Failure to provide a safe and secure custodial environment for the highest-risk prisoners.</p> <p>Movement since last year</p> <p>New risk added post year-end.</p>	<p>The Long-Term and High Security Estate continues to face heightened risks to safety and security. This is due to weaknesses in older buildings, growing technological threats (especially drones) and the influence of organised crime groups, alongside escalating pressures on capacity and a deteriorating staffing position across prisons. The people held in this part of the estate present higher risk than elsewhere, which is reflected in higher levels of violence, including serious assaults on staff.</p> <p>The Long-Term and High Security Estate Taskforce is leading a co-ordinated set of improvements. This includes upgrades to physical security, stronger disruption activity, targeted staffing actions and safety measures. Subject to funding decisions and cross-government support, these actions should reduce risk over time.</p>

Performance report

The following sections will provide a further overview of activity against each of HMPPS' areas of delivery focus for 2025-26.

Sentence management

Effective sentence management ensures people on probation receive targeted, effective supervision that protects the public and supports rehabilitation. Strengthening how sentences are managed allows resources to be focused where they have the greatest impact and supports more consistent, high-quality delivery across the probation system.

To reduce pressure on practitioners and prioritise resource on the highest-risk offenders, **Probation Reset** was introduced from April 2024 onwards. It focused practitioner time on the first two-thirds of a person's sentence, where support is most effective. In April 2025, **Impact** was launched as a further measure to free up practitioner capacity through a new approach to support our work with people on probation who are assessed as a lower risk of reoffending or serious reconviction. Overall, practitioner workloads have reduced as a result, supporting an increase in contact with the highest-risk offenders. The Our Future Probation Service Programme is building on Probation Reset and Impact, with the aim of reducing probation workloads by a further 25% by April 2027.



	2021-22	2022-23	2023-24	2024-25	2025-26
Proportion of cases where requirements are delivered by probation before sentence expires	N/A	75.8%	78.7%	76.3%	75.8%

Notes: Percentage of completions of community orders and suspended sentence orders including any combination of an accredited programme, rehabilitation activity requirement or unpaid work, where those requirements were completed successfully. Data on Probation Service performance is available at: <https://data.justice.gov.uk/probation/ps-performance>

Work was undertaken through 2025-26 to determine the design of the new **probation requirement** to replace the existing rehabilitation activity requirement. Under the new model, probation practitioners, rather than the sentencing courts, will determine the volume and type of interventions required. This simplifies processes, removes complex recording requirements and allows practitioners to focus more directly on addressing individual needs.

Accredited programmes are structured offender behaviour programmes that have been independently assessed and approved to reduce reoffending. Guidance issued in 2025 improved prioritisation of higher-risk cases, clarified use of alternative interventions and brought demand to more manageable levels, supported by a new dashboard monitoring regional capacity. The **Building Choices** Programme was fully rolled out, with new training resources in place. In the community, the single programme model, prioritisation framework and dashboard have improved scheduling efficiency and resource management. Completion rates increased from 49.1% in 2023-24 to 54.2% in 2025-26.

Unpaid work continues to combine punishment with reparation by requiring individuals to contribute to their communities. Approximately 4.5 million hours of unpaid work are credited each year. We strive to improve completion rates for unpaid work requirements within 12 months. However, this remains challenging due to capacity pressures, recruitment issues and court backlogs. From April 2026, Sentencing Act reforms removed the 12-month requirement, providing greater flexibility, supporting engagement and reducing administrative burden.



The Probation Service provides **advice to courts** to support the sentencing process through pre-sentence reports. In 2025-26 we delivered 105,410 pre-sentence reports (to magistrates' and Crown courts) – an increase of 5.6% on the previous year. We have worked to improve the timeliness and quality of reports, and to design and test a range of reforms to processes and digital services used by probation court teams which will be implemented in 2026-27. Our annual Judicial Survey shows national judicial satisfaction in probation services is 71%, up one percentage point on the previous year.

Alongside work on the new structure for eligible SDS prisoners, known as the Progression Model, work has commenced on a new **Custodial Sentence Management model** to replace the Offender Management in Custody model work. The new model is intended to improve sentence management during the custodial phase, including how sentence planning, interventions and risk management are delivered from reception to release. It will also support the wider ambition to streamline frontline probation work, recognising that a significant proportion of current offender management activity in prisons is delivered by probation staff. This change gives the opportunity to streamline workloads and clarify roles for prison and probation staff, which is an issue identified in findings by HM Inspectorate of Prisons (HMI Prisons) and other scrutiny bodies.

Commissioned Rehabilitative Services are a specialist provision working in partnership with probation practitioners and community interventions teams to achieve positive outcomes for people subject to a community order or those on post-sentence supervision. They provide flexible, responsive services in housing, personal wellbeing, finance, recovery and dependency, and women's services to help break the cycle of reoffending. The recommissioning programme for the future community support services is under way. Once in place, it will strengthen delivery through a more person-centred, evidence-led and strengths-based approach.

Protecting the public and safeguarding

Public protection and safeguarding are at the heart of our work. We aim to keep the public, people in prison, people on probation and children in our care safe through strong risk management, effective oversight and consistent action to prevent harm.

A **serious further offence** (SFO) occurs when someone on probation is charged and subsequently convicted of murder or other serious offence, which was committed during their period of supervision. While fewer than 0.5% of people on probation are convicted of an SFO, every single one has a devastating impact on the victims, and these cases can significantly undermine confidence in the justice system. This is why we undertake a review to identify any significant practice or systemic failings and the actions to remedy them. Ministers are kept fully informed of cases of particular public concern. In February 2026, we published our action plan in response to HMI Probation's annual report on SFOs to ensure that all reviews take account of individual victims' needs.⁷



The Public Protection Taskforce, established in 2023-24, continues to strengthen risk assessment and management, with a particular focus on **domestic abuse and safeguarding**. Domestic abuse and safeguarding enquiries are now being routinely obtained from police and social care to inform assessments and plans, strengthening the quality of information available to practitioners.

In February 2025, HMPPS introduced a new **management oversight framework** to strengthen staff support and oversight, streamlining processes so that managers and probation practitioners can focus more on work quality. The framework was embedded across all regions by August 2025. An evaluation is being undertaken to assess impact and identify further improvements.

Following the high-profile release in error of Hadush Kebatu in October 2025, the government commissioned Dame Lynne Owens to undertake an **independent review into releases in error**. Immediate action was taken to restore public confidence in the system through a five-point action plan, including stronger mandatory release checks and increased oversight with investment now focused on how technology can further reduce errors. The **government's response** to the review was published in April 2026.⁸

	2021-22	2022-23	2023-24	2024-25	2025-26
Number of prisoners released in error	54	85	121	312	192

Notes: In the 12 months to March 2026, 192 prisoners were released in error. This is a 26% decrease from 258 recorded within the reporting period in the previous year. Some releases in error are only identified after the end of the reporting period. A further 54 incidents were recorded after the reporting period for the previous year, giving an updated total of 312 releases in error for the year ending March 2025.

Releases in error should be interpreted with due caution in the context of trends in releases and changes in the operational environment, as relatively small numerical changes can have a disproportionate impact on apparent trend. Further insights are available at: www.gov.uk/government/statistics/hmpps-annual-digest-april-2025-to-march-2026

⁷ HM Prison and Probation Service (2026): Serious further offence annual report 2024-25: HMPPS action plan. Available at: www.gov.uk/government/publications/serious-further-offence-annual-report-2024-to-25-hmpps-action-plan

⁸ Ministry of Justice (2026): Response to the independent review into releases in error. Available at: www.gov.uk/government/publications/response-to-the-independent-review-into-releases-in-error

Following extensive stakeholder engagement, the **Adult Safeguarding Charter** was published in January 2026.⁹ It signposts staff to existing policies and guidance setting out safeguarding responsibilities across adult prison and probation settings, and includes considerations for women and specialist cohorts such as young adults and foreign nationals.

A new compulsory **safeguarding and child protection eLearning course for youth custody staff** was launched in February 2026 as part of the work undertaken to strengthen safer recruitment in youth custody. Developed with Barnardo's, NHS England and the Welsh Government, it ensures a shared understanding of safeguarding responsibilities. Wider improvements include more frequent enhanced Disclosure and Barring Service renewals, updated job descriptions, an internal staff register and improved compliance tracking, which also extends to establishments in the women's estate with mother and baby units.

We continue to support people serving **imprisonment for public protection (IPP)** sentences to reduce their risk and enable them to progress safely through the system using the IPP action plan. In July 2026 the **IPP annual report** was published outlining the progress made in 2025-26.¹⁰ In June 2026, changes to the IPP licence termination process reduced the eligibility period for licence termination, introducing an option for those serving IPP sentences to apply for an additional Parole Board review to consider licence termination.

The IPP prison population was 5,040 in June 2015, decreasing to 2,329 by March 2026.



Following the publication of the Prisons and Probation Ombudsman's report into historic abuse at **Medomsley Detention Centre**, the government issued a **formal apology**.¹¹ An independent youth custody safeguarding review, chaired by Isabelle Trowler, was established to review safeguarding arrangements across all youth custody settings.¹² Following the panel's recommendations in July 2026, the YCS has developed an implementation plan to take these forward.

9 HM Prison and Probation Service (2026): Adult Safeguarding Charter. Available at:

www.gov.uk/government/publications/keeping-adult-prisoners-safe-psi-162015

10 HM Prison and Probation Service (2026): HMPPS annual report on the IPP sentence 2025 to 26. Available at:

www.gov.uk/government/publications/hmpps-annual-report-on-the-ipp-sentence-2025-to-26

11 Ministry of Justice (2025): Government apologises for historical abuse at Medomsley Detention Centre. Available at:

www.gov.uk/government/news/government-apologises-for-historical-abuse-at-medomsley-detention-centre

12 Ministry of Justice (2026): Trowler review into youth custody safeguarding. Available at: www.gov.uk/government/publications/trowler-review-into-youth-custody-safeguarding

Electronic monitoring

Electronic monitoring provides a robust alternative to custody and evidence suggests that it has a positive behavioural impact on individuals while they are wearing the device.

The number of individuals assigned with electronic monitoring equipment was 28,687 as at 31 March 2026.¹³ The March 2026 caseload statistics are not directly comparable with figures published for previous years. Published official statistics were paused during the 2024-25 electronic monitoring contract transition, and subsequent changes were made to both the definition and the methodology used from June 2025.



Through the **Stabilise and Transform Electronic Monitoring (STEM)** approach, HMPPS has continued to work with criminal justice partners to strengthen readiness and embed electronic monitoring within sentencing and operational reform. STEM brings together technology, service design, operating models and governance to ensure electronic monitoring can operate safely, consistently and at scale, ahead of increased caseloads under the Sentencing Act.

Changes introduced by the Sentencing Act to ease system pressures include the new structure for the SDS, known as the Progression Model, changes to recall arrangements and increased use of suspended sentence orders. Electronic monitoring is central to delivery, and during 2025-26 work focused on modelling increased demand and service impact. This includes a new presumption for electronic monitoring, under which prison leavers will be considered for electronic monitoring, and a period of monitoring will apply unless one of a small number of exclusions is met. Wider use of electronic monitoring conditions, including curfews and exclusion zones, will support the management of eligible people in the community and those subject to suspended sentence orders.

In March 2026, the government announced the **expansion of electronic monitoring**, including wider use of enhanced GPS and alcohol monitoring for offenders such as domestic abusers, thieves and burglars. New technology will give probation staff real-time access to location data for certain individuals, supporting earlier identification of escalating risk. A pilot tagging domestic abusers who pose a risk to former partners, family members or children continued through 2025 and 2026 and is now being rolled out nationally.¹⁴

The National Audit Office's value for money study, '**Electronic monitoring: improving resilience to meet increasing demand**', was published on 10 July 2026.¹⁵ The report highlights both the progress made in expanding the use of electronic monitoring and stabilising performance, as well as setting out the challenges and areas where further improvements are required. We welcome the National Audit Office's recognition of the progress made so far, while also acknowledging the scale of the challenge ahead. We remain committed to supporting our staff, investing in digital transformation, and working closely with partners across the criminal justice system to deliver a more resilient and effective service.

Evidence is increasingly proving the effectiveness of tags in cutting crime. Published research shows that tags enforcing curfews in community sentences and GPS tags for those convicted of acquisitive crime offences can reduce reoffending by around 20%, and alcohol monitoring orders have compliance rates above 97%.¹³

¹³ Published electronic monitoring data is available at: www.gov.uk/government/collections/electronic-monitoring-statistics-publication

¹⁴ Ministry of Justice (2025): Assessing the effectiveness of radio frequency electronic monitoring for community and suspended sentence orders. Available at: https://assets.publishing.service.gov.uk/media/687108d981dd8f70f5de3eba/Electronic_Monitoring_research_report_updated_acknowledgement_.pdf

¹⁵ National Audit Office (2026): Electronic monitoring: improving resilience to meet increasing demand. Available at www.nao.org.uk/reports/electronic-monitoring-improving-resilience-to-meet-increasing-demand/

Expanding the prison estate

The **expansion of the prison estate** remains essential to supporting a sustainable and modern system. Delivering more prison places has faced pressures due to challenging market conditions and shock events such as contractor insolvency in 2024 and increased construction costs. Major infrastructure projects can be affected by external factors that impact delivery timelines. However, these will be streamlined as a result of the planning reforms introduced by this government, and we expect to be able to achieve our commitment to deliver 14,000 new places by 2031.



The 2025 **annual statement on prison capacity**, published in January 2026, shows how the Sentencing Act is expected to ease demand for prison places under the original delivery plan.¹⁶ However, the prison estate remains under considerable pressure and will require ongoing investment, especially if prisoner numbers rise towards the upper end of expected projections. The next annual statement is planned for publication in December 2026.

Between July 2024 and 31 March 2026, we delivered around 3,100 places, through a combination of new prisons, expansion and refurbishment of the existing estate, and temporary accommodation. In 2025-26, around 2,150 places were delivered, including:

- 1,468 places through the opening of HMP Millsike in April 2025, the UK's first all-electric and most sustainable prison
- 245 places with a new houseblock at HMP Fosse Way in December 2025
- 110 places at HMP Cookham Wood in February 2026

Future places in the pipeline include:¹⁷

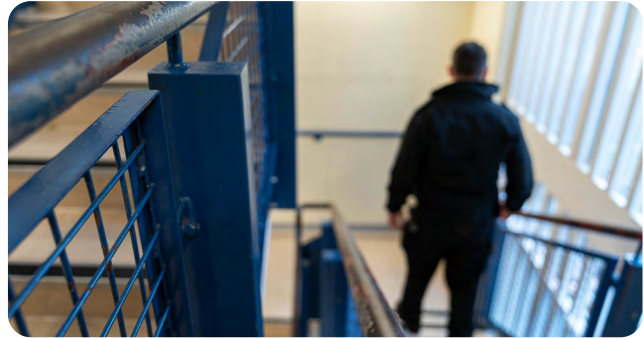
HMP Highpoint	HMP Welland Oaks	Rapid deployment cells
▶ 750 places	▶ Around 1,700 places	▶ 100 places
• Work began November 2025	• Construction began July 2025	• Online summer 2026
Accelerated houseblocks	HMP Grendon	HMP Garth
▶ Around 600 places	▶ Around 1,468 places	▶ 1,175 places
• Three sites by January 2027	• Enabling works contract funding and award October 2026 Construction starts February 2028	• Enabling work contract July 2026 Construction starts November 2028

¹⁶ Ministry of Justice (2026): Annual statement on prison capacity: 2025. Available at: www.gov.uk/government/publications/annual-statement-on-prison-capacity-2025

¹⁷ New prisons next to existing sites at HMPs Grendon and Garth.

Prison maintenance and fire safety

We remain focused on **maintaining and improving** prison conditions across HMPPS, despite the challenges created by ongoing capacity and funding pressures. A number of initiatives are having a positive impact, including projects that improve decency and give prisoners opportunities to develop practical skills through activities such as painting, decorating and flooring work, which also support rehabilitation. In 2025-26 we continued to invest in prison and probation service maintenance to improve conditions and keep prisons safe and secure.



We continue to deliver **fire safety improvements** across the estate, utilising the investment and capacity available. However, updated supply and demand forecasts indicate that not all fire safety work can be completed by the end of 2027, as originally planned. We are working to bring the estate into fire safety compliance as quickly as possible and to keep staff and prisoners safe in the meantime via mitigating actions.

Despite these pressures, HMPPS has successfully retained its BS 9997 Fire Safety Management accreditation, maintaining our position as the only government department to hold this nationally recognised standard. This reflects the strength and maturity of our fire safety management arrangements and our continued commitment to improvement.

A new vaping device, designed to reduce fire risk and deter illicit drug use, was rolled out across the prison estate in 2025. Purpose-built to prevent fire-setting and minimise misuse as drug paraphernalia, the device has delivered significant safety improvements: since deployment, no fires have been attributed to it, despite vape pens previously accounting for up to 90% of all fires. Overall fire rates across the estate have fallen by an unprecedented 50%, alongside impacting incidents involving prisoners under the influence of drugs. The success of the initiative has attracted interest from other prison services, and the NHS is now adopting the device for use in secure clinical settings.

Prison safety

Making prisons safer for staff and prisoners remains a key priority. We recognise the impact that a range of factors including crowded prisons, staff experience and the delivery of a consistent regime can have on providing a safe environment. We know that the risk of suicide and self-harm is higher in the early days in custody and we have developed new resources for prisons to support prisoners in this period.



Additional frontline support is provided through the **safety support approach**, which complements wider prison improvement activity through support to targeted prisons. This approach provides bespoke safety support for prisons to help address specific safety concerns, and was introduced in May 2025. Joint work is now being undertaken with security, drug and psychology teams to strengthen this support.

We held safety forums with academics and senior leaders, including colleagues from other jurisdictions, to challenge HMPPS on our plans and gain further insights on drivers of violence and action that can improve safety in prisons.

In the 12 months to March 2026, the overall rate of self-harm incidents decreased by 10% and fell in both the male and female estates, falling by 11% to 610 incidents per 1,000 prisoners in male establishments and by 4.5% to 5,643 incidents per 1,000 prisoners in female establishments. However, self-harm rates remain substantially higher in the female estate.

The overall rate of assaults decreased slightly (0.5%) but the rate of assaults on staff decreased by 7% to 113 incidents per 1,000 prisoners, reflecting improvements across the estate. However, the rate of prisoner-on-prisoner assaults increased by 2.9% to 244 incidents per 1,000 prisoners.

Following the launch of a **young adult pilot** in two women's prisons in 2024, a phase one evaluation was completed in 2025 and found largely positive feedback from young adults and staff about a dedicated young adult unit or hub. These findings informed recommendations that will be tested in phase two in 2026.

Work is ongoing to better understand the **underlying causes of violence**, including the role debt can play as a driver of assaults. A research study examining these factors concluded in 2025, and we await the findings in a final report.

Following the successful **implementation of electric shavers** in 31 adult male closed prisons in 2024-25, we have extended the replacement of wet shave razors with electric shavers in the remaining public sector adult male closed prisons in England and Wales. This is an important milestone to make our prisons safer by reducing the risks of assaults.

We have maintained a focus on making better **use of data** to inform local safety strategies, maintain core safety standards and manage risk effectively. This was supported by strengthened security, investment in staff capability, more predictable regimes and effective key work arrangements to improve safety outcomes.

The operating environment in the **Children and Young People Secure Estate** remains particularly challenging. Continued reductions in the number of children entering custody have resulted in a smaller but more complex cohort. Activity in 2025-26 focused on strengthening safeguarding arrangements, improving governance and oversight of safety risks, and implementing learning from inspections and reviews. This included strengthening separation and non-association arrangements, improving scrutiny and assurance of use of force, and enhancing multi-disciplinary management of children with the most complex needs.

Safety data

Self-harm (adult) ¹⁸	2021-22	2022-23	2023-24	2024-25	2025-26
Self-harm incidents – male (per 1,000 prisoners)	550	523	652	684	610
Self-harm incidents – female (per 1,000 prisoners)	3,846	5,826	5,577	5,907	5,643
Self-inflicted deaths (adult) ¹⁹					
Self-inflicted deaths in custody	79	86	91	91	67
Rate per 1,000 prisoners	1.0	1.1	1.0	1.1	0.8
Assaults (adult) ²⁰					
Prisoner-on-prisoner assaults (per 1,000 prisoners)	163	185	217	237	244
Assaults on staff (per 1,000 prisoners)	97	92	114	122	113
Self-harm (children and young people) ²¹	2021-22	2022-23	2023-24	2024-25	2025-26
Self-harm incidents per 100 children and young people (CYP)	288.8	383.2	367.0	328.5	324.4
Self-harm individuals (CYP)	253	228	241	233	221
Self-inflicted deaths (CYP) ²⁰	0	0	0	0	0
Assaults (children and young people) ²⁰					
Assaults per 100 CYP	401.3	385.2	375.6	382.5	423.9
Serious assaults per 100 CYP	25.8	34.6	28.5	30.5	24.2
Assaults on staff per 100 CYP	213.1	174.9	188.4	182.0	209.5

18 The self-harm trends vary significantly by gender, with the rate in female prisons being nine times higher than in male prisons. The rate is mainly driven by a small number of women, often with complex needs who account for a high proportion of self-harm incidents. Safety in custody statistics are available at: www.gov.uk/government/collections/safety-in-custody-statistics

19 The rate of self-inflicted deaths has remained broadly stable at around 1.0 deaths per 1,000 prisoners since the 12 months to March 2018. The data does not include the Children and Young People Secure Estate. Safety in custody statistics are available at: www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-december-2025/safety-in-custody-statistics-england-and-wales-deaths-in-prison-custody-to-march-2026-assaults-and-self-harm-to-december-2025

20 The current performance is driven by challenges in the system, such as overcrowding and staff inexperience and the delivery of a consistent regime. The illicit economy including drugs and resultant debt also drives violence. Prisons had trajectories in place for 2025-26 to help drive improved performance in this metric. Safety in custody statistics are available at: www.gov.uk/government/collections/safety-in-custody-statistics

21 Youth justice statistics are available at: www.gov.uk/government/collections/youth-justice-statistics

Prison security

Effective security is fundamental to a safe and stable rehabilitative prison environment.

In April 2025, ministers announced that **PAVA spray** has been authorised for use as an absolute last resort in three YOI sites for a 12-month period. This sits alongside wider safety measures in the youth estate, including expanding the role of conflict resolution practitioners and strengthening our Framework for Integrated Care.

In July 2025, HMPPS launched a trial on the use of **tasers in prisons**. Tasers were issued to a specialist national unit which responds to complex and serious incidents across the prison estate. Plans are in place to train local response teams across the Long-Term and High Security Estate to deploy tasers, if required, in response to serious incidents. We have also introduced **protective body armour** for all staff working in close supervision centres, separation centres and segregation units in the estate, with a view to extend this to all officers working in the Long-Term and High Security Estate.

Drones pose a serious threat to prison security. Our counter drone strategy has been refreshed, and we are now collaborating with the National Crime Agency, National Police Chiefs' Council and Regional Organised Crime Units to combat the growing threat posed by drones being used to smuggle contraband into prisons. This joint approach has led to over 200 drone related arrests, disrupting the activity of serious and organised crime networks. Data published in July 2026 showed a 13% decrease in recorded drone incidents compared with the previous year.²²

Counter drone enforcement, HMP Manchester: Between October and December 2025, the Counter Drones Taskforce, working with Greater Manchester Police and HMP Manchester, disrupted a sustained drone delivery operation. This joint approach led to the identification of the drone pilot, recovery and forensic analysis of a crashed drone, and links to further incidents across multiple prisons. Counter Drones Taskforce intelligence was central to the investigation, resulting in the arrest and charging of an individual for conspiracy to convey List A articles into prison. He was sentenced to five years and seven months' imprisonment in March 2026, demonstrating the effectiveness of intelligence-led, multi-agency working in tackling drone-enabled organised crime and protecting prison security.

Jonathan Hall KC was commissioned to lead an **independent review** into a serious violent incident in HMP Frankland's separation centre. His report and recommendations were published in February 2026 along with the **government response** which accepted all recommendations. A dedicated project team will deliver on the commitments made in the government response.

Effective intelligence sharing remains central to managing **serious and organised crime** risks.²³ A new criminal justice partnership with the National Police Chiefs' Council has been developed, supported by strengthened governance covering corruption, prison-based crime, and serious and organised crime, to improve strategic alignment and joint enforcement. A new clinical partnership with psychology services has also been developed to support the end-to-end management of high-risk serious and organised crime offenders.

The Counter Terrorism Policy Framework launched in June 2025 and sets out requirements and guidance for staff managing terrorist, terrorist-connected and terrorist-risk offenders in custody and in the community.

We rolled out new counter terrorism training this year to help our staff understand, identify and report concerns on potential terrorist risk in custody and the community.

22 HM Prison and Probation Service (2026) Official statistics: HMPPS Annual Digest 2025 to 2026. Available at: www.gov.uk/government/statistics/hmpps-annual-digest-april-2025-to-march-2026/hmpps-annual-digest-2025-to-2026#finds-in-prison

23 Ministry of Justice (2026): Response to the independent review of separation centres. Available at: www.gov.uk/government/publications/response-to-the-independent-review-of-separation-centres

Prison education

Education in prisons supports rehabilitation by helping people build essential skills and qualifications, addressing low literacy and numeracy, and improving their chances of positive progress in custody and after release.

The new progressive **Prisoner Education Service** core education contracts launched in 10 regions in October 2025, with the final one commencing in September 2026.



The new service means that each prison now delivers a **two-layered curriculum**. This combines core English and maths with a common offer including English for speakers of other languages, digital skills, life skills, and vocational training to give people the tools they need to live independently and reintegrate into society when they leave prison. New key performance indicators strengthen accountability, including a contractual requirement to comply with the Public Sector Equality Duty. Rising costs across education services have reduced how much can be delivered under existing contracts. To keep spending in line with available budgets, planned delivery was reduced nationally by 21% in October 2025, taking into account differences in prison roles, population sizes and regional costs.

HMPPS is focusing on **improving allocations and attendance** to ensure the maximum possible impact for learners. A robust evaluation of the Prisoner Education Service has also commenced. This will be alongside the new **Careers Information, Advice and Guidance Service** which launched in April 2025 and provides tailored support to help prisoners develop learning and work plans with achievable goals.

New digital services are being introduced in prisons as part of the Prisoner Education Service to support learning and work from reception to release, and improve employment outcomes after custody. The services help ensure learning is meaningful, progress is recorded and shared, and prisoners are better prepared for work on release. Controlled access to the internet for teachers has improved teaching delivery, enabled better data sharing between prisons, supported an increase in online examinations, and strengthened performance monitoring through improved data collection.

In youth custody, education provision continued to adapt to increasingly complex needs. Nurture pathways are now embedded across YOIs, supporting vulnerable children to engage in mainstream learning. Access to employment and work-based learning was also expanded, while a new school Management Information System improved oversight of progress and engagement.

Path to sustainable employment: Jay (not his real name) arrived at HMP Haverigg disengaged from education and unsure whether employment support was relevant to him. Through the Learning and Work Progress Service, structured careers conversations helped him understand the support available and set personalised goals linked to his interests. Ongoing support meant these goals were revisited as his confidence grew, helping him see that prison activities were designed to prepare him for sustainable employment on release. By the time he reached release planning, Jay was fully engaged, clear about his goals and confident in the support network available to help him achieve them.

Ofsted inspection findings are covered from page 42.

Community Accommodation Service

Our Community Accommodation Service (CAS)

HMPPS provides a three-tier transitional Community Accommodation Service (CAS) for specific cohorts of prison leavers, enabling them to engage with rehabilitative services and prepare for longer-term housing provision.



CAS1

Approved premises provide a monitored environment for the highest-risk offenders (and medium-risk women).



CAS2

CAS2 principally provides accommodation for low-risk and medium-risk bailees and those eligible for home detention curfew.



CAS3

CAS3 provides up to 12 weeks of basic accommodation for prison leavers subject to probation supervision who would otherwise be homeless.

Having stable accommodation is key to reducing reoffending, as people with a suitable place to live are less likely to return to custody. Progress depends on a **strong, joined-up approach**. HMPPS provides temporary accommodation for some prison leavers, but long-term housing is led by local authorities with support from the Ministry of Housing, Communities and Local Government, Welsh Government and other partners. A **joint action plan** is being developed with the Ministry of Housing, Communities and Local Government to support the National Plan to End Homelessness, including shared targets for first night and settled accommodation. This includes joint actions by the MoJ and Ministry of Housing, Communities and Local Government on promoting practice, governance, digital improvement, better use of our data, and performance and accountability. In Wales, HMPPS is supporting the UK government's ambition to halve prison leaver homelessness, while working within the devolved Welsh housing and homelessness framework and forthcoming legislation, in collaboration with the Welsh Government.

We are monitoring the measures being introduced by the Sentencing Act to assess how this impacts on community accommodation demand and delivery. We have continued to **expand the community accommodation** offer with 206 new CAS3 places brought online this year.

In 2025-26 we re-commissioned our independent approved premises provision, with 10 new contracts awarded. The programme has also opened three new male independent approved premises in London and the South-West, increasing the number of approved premises beds available in areas of significant demand.

In 2025-26, **the percentage of prison leavers in settled accommodation three months after release** was 81.0% compared to 80.6% from May 2024 to March 2025.²⁴ This metric was adapted for Probation Reset, which altered the cohorts, meaning data is not directly comparable with years prior to 2024-25. Our work with key national and local partners remains central to driving progress.

Case study: Suzie (not her real name) was initially accepted into CAS3 accommodation as a high risk of serious harm placement, with significant and complex mental health needs. She also has a history of overdose and suicide attempts. The homelessness prevention team was able to source CAS3 accommodation suited to Suzie's needs, in her local area. Following her move into CAS3 accommodation, CAS3 supplier staff have established a very positive and supportive relationship with Suzie. She has continued to engage well and is now in a position to look at securing move-on accommodation via the local authority.

24 Ministry of Justice (2026): Offender accommodation outcomes, update to March 2026. Available at: www.gov.uk/government/statistics/offender-accommodation-outcomes-update-to-march-2026

Employment

Having a stable job significantly reduces the likelihood of reoffending and gives people the foundation they need to rebuild their lives and reintegrate into their communities.

In 2025-26, 36.5% of **prison leavers were in employment within six months of their release** compared to 34.5% from May 2024 to March 2025.²⁵ This metric was adapted for Probation Reset, which altered the cohorts, meaning data is not directly comparable with years prior to 2024-25, but we have continued to see improved outcomes. Our work with key partners remains central to driving progress.



Our established agreements with the Department for Work and Pensions are now enabling **better joint working** to support people into employment and strengthen public protection. Department for Work and Pensions prison work coaches can now process prisoners' Universal Credit claims on their day of release at 50 prisons. This provides early access to funds through a Universal Credit advance payment which, for most, removes the need to attend a same-day Jobcentre appointment.

To provide continued support to get prisoners into employment on release, we began rolling out digital tools, including a **digitalised jobs board** and **candidate matching service** from November 2025. This has been live in 93 prisons since March 2026.

Prison industries manufacture and provide goods and services for HMPPS and other organisations, saving taxpayers money and providing purposeful activity places for prisoners. To support the growth of prison industries, the **Working Week project** launched in August 2025 and seeks to extend the hours prisoners spend out of cell, so that work in custody mirrors work in the community. The project is live in three sites, developing prisoner employability skills and increasing the range and volume of products produced within prison workshops. An ongoing evaluation will determine any decision to expand the Working Week project in the future.

²⁵ Ministry of Justice (2026): Offender employment outcomes, update to March 2026. Available at: www.gov.uk/government/statistics/offender-employment-outcomes-update-to-march-2026

Drug and alcohol testing and treatment

Tackling the harms caused by drugs and alcohol is essential to improving health and wellbeing outcomes and reducing reoffending among prisoners and people on probation. We want to make the best use of alternatives to custody where appropriate, to ensure that more people on probation with vulnerabilities are diverted to treatment in the community rather than custody. We are working with health partners to improve the use and quality of **community sentence treatment requirements**, which aim to tackle offending behaviour through structured treatment and regular testing to monitor recovery.

	2021-22	2022-23	2023-24	2024-25	2025-26
Continuity of care for prison leavers	37%	42%	53%	57%	-

Notes: Plans for publication of 2025-26 data are to be confirmed. This data is the percentage of adults with a need for substance use treatment who successfully engage in community-based structured treatment within three weeks of release from prison.²⁶

In 2025-26, we recruited 17 prison **group drug and alcohol leads** providing strategic leadership, oversight and assurance for drug strategy delivery, working together with drug strategy leads, health partners and community stakeholders.

Incentivised Substance-Free Living Units have been funded in 88 prisons. The MoJ's findings from a randomised control trial (December 2025) showed that these units can reduce the level of violence and improve safety.^{27,28} We are also improving access to mutual aid groups such as Alcoholics Anonymous, Narcotics Anonymous and SMART Recovery through the creation of new dedicated forums for mutual aid organisations involved in prison work.

The **intensive supervision court pilot** diverts individuals from short custodial sentences of up to two years into enhanced community-based sentences. The MoJ's process evaluation report (November 2025) found good levels of compliance, with positive participant-reported outcomes, including motivation to stop offending and reduced substance misuse. The pilot is scheduled for expansion from 2026 and an evaluation will follow.

Following the launch of the Justice Select Committee's 2024 **inquiry into tackling drugs in prisons**, we are implementing measures to strengthen our approach to tackle drugs and promote recovery in prisons.²⁹ We will align our response to the action plan currently in development to respond to the National Audit Office's report on the costs of tackling drug harms in prisons (February 2026), in partnership with the Department of Health and Social Care and NHS England.

Following a previous pilot, a second multi-year pilot phase on wastewater-based surveillance testing was launched in April 2025 to assess the accuracy and operational value of wastewater data.

Lifesaving nasal Naloxone, for use in an expected opioid overdose, is now available in all prisons, probation delivery units and approved premises. Training is now embedded for new prison officers and over 10,000 prison staff have been trained.

²⁶ Office for Health Improvement and Disparities (2026): Alcohol and drug treatment in secure settings 2024 to 2025: report. Available at: www.gov.uk/government/statistics/substance-misuse-treatment-in-secure-settings-2024-to-2025/alcohol-and-drug-treatment-in-secure-settings-2024-to-2025-report#treatment-outcomes

²⁷ Ministry of Justice (2025): Evaluation of incentivised substance-free living wings in prisons. Available at: www.gov.uk/government/publications/evaluation-of-incentivised-substance-free-living-wings-in-prisons

²⁸ Ministry of Justice (2025): Process evaluation of drug recovery wings. Available at: www.gov.uk/government/publications/process-evaluation-of-drug-recovery-wings

²⁹ UK Parliament (2024): Justice Committee launches new inquiry into tackling drugs in prisons. Available at: <https://committees.parliament.uk/committee/102/justice-committee/news/204442/justice-committee-launches-new-inquiry-into-tackling-drugs-in-prisons>

Health and social care

The **National Partnership Agreement for Health and Social Care in England** has shared objectives with health partners to provide equivalence of access to services that improve health outcomes for people in custody and supervised in the community. The current agreement has been extended to 2027 to take account of system changes, particularly in light of NHS commissioning arrangements.

In November 2025, the Chief Medical Officer for England published a review of the health of people in prison, on probation and in the secure NHS estate. The review identified many areas of good practice as well as recommending partnership actions to improve health outcomes for this population. The recommendations are being considered by the cross-departmental National Health, Care and Justice Partnership which supports the National Partnership Agreement as well as by individual partner agencies as part of a multi-year response.

The HMPPS and NHS **offender personality disorder pathway** continued its joint programme of work throughout 2025, delivering services to support those with highly complex needs. New treatment services were introduced at HMP Ranby, HMP Holme House and HMP Lancaster Farms, as well as in Bath and North Somerset and Cheshire probation areas.

A joint pilot scheme with NHS England to deliver co-located, joined-up, community-based support for people on probation through 'hubs' was also launched this year in Middlesbrough, Cambridge, Hammersmith and Ilfracombe and will continue into 2026-27.

Excellent partnership working, at local and national levels, continued through 2025-26 to prioritise the implementation of the recommendations made by the joint NHS England and HMPPS women's health and social care report.



Significant improvements, funded through NHS England, have included the opening of a health hub at HMP/YOI New Hall and an acquired brain injury pilot at HMP Send, showing significant improvements in women's understanding of brain injury, self-advocacy and emotional regulation.

Promoting equality in HMPPS

Equality in HMPPS means ensuring respectful and decent behaviour from staff, prisoners, children, people on probation and others we work with. This also means ensuring that our services are provided equitably and fairly, and respond to individual needs. We recognise that discrimination, harassment, bullying and victimisation can still happen and we must take appropriate action whenever we find them.

Continuing our work to reduce the **disproportionality in use of force** between white and ethnic minority people, in 2025-26 we have been considering the findings from the **use of force evaluation** published in April 2025.³⁰ Our **race disproportionality measure** allows us to track progress and drive action among our prison leaders. In May 2025, the Use of Force Intervention Development Group was introduced to develop interventions at pace and directly support prisons to evaluate and address disproportionality in the use of force.

A review of the **discrimination incident reporting form** process found inconsistency between prisons, with the strongest practice linked to clear senior leadership and effective oversight. The review identified improvements needed to build confidence in the process, and good progress has been made across all areas. This includes strengthened governance to improve oversight and assurance. A new training package will be introduced through 2026-27, alongside a directory of partner organisations to support independent reviews of discrimination incident reporting forms. Reporting discrimination in the Probation Service continues to be through the standard complaints process.

We have made early progress to ensure we uphold our Prevent duties under the Workers Protection Act. More than 6,000 staff have completed a new training package.

Following a successful pilot, we have introduced sunflower lanyards nationally to support colleagues with hidden disabilities.

The annual staff equalities report provides data on prison and probation staff numbers and processes split by protected characteristics.

Our **lived experience reverse mentoring** scheme has shown the value of engaging with individuals who have direct experience of the criminal justice system – an approach we encourage leaders to adopt in their decision-making. We have also launched the **Professional Standards External Advisory Board** to support our efforts in upholding high standards of professional behaviour and addressing shortfalls.

HMPPS is a Level 3 Disability Confident Employer, demonstrating our commitment to ensuring disabled employees have equal access to learning, career development and promotion opportunities. Applications from disabled candidates are given full and fair consideration based on their skills, abilities and suitability for the role. Where an employee is, or becomes, disabled during their employment, HMPPS provides support through reasonable adjustments and a range of workplace support initiatives, driven by our senior champions for disability and neurodiversity.

These include workplace adjustment passports, guidance for managers, the Sunflower Lanyard Scheme for hidden disabilities, a neurodiversity handbook for managers and direct support for our line managers and disabled staff, via the staff disability, advocacy, wellbeing network (DAWN). In 2026-27, the HMPPS Disability Action Plan and the DAWN staff network strategy will build on progress made in 2025-26 by:

- delivering workplace adjustments training and guidance aligned with the forthcoming MoJ policy
- taking a more strategic approach to neurodiversity, including the development of a dedicated probation action plan
- improving recruitment processes for neurodiverse candidates, informed by the Questions in Advance pilot
- producing a handbook to support deaf and hard of hearing colleagues

30 HM Prison and Probation Service (2025): Use of force review: An exploratory analysis of use of force in prisons 2018 to 2023. Available at: www.gov.uk/government/publications/use-of-force-review-an-exploratory-analysis-of-use-of-force-in-prisons-2018-to-23

External scrutiny

We welcome the findings from the independent scrutiny bodies, and value the transparency and accountability they bring. Scrutiny bodies undertake regular inspections, monitoring visits and investigations, with their resulting reports highlighting key concerns and recommendations for improvement.

HMI Probation

In 2025-26, HMI Probation inspection activity covered probation delivery units, approved premises, regional inspections and thematic work, with outcomes highlighting continued pressures on the probation system alongside some areas of strong practice in public protection.

HMI Probation commenced a four-year programme of **approved premises inspections** across England and Wales in July 2025. 11 inspections were completed during the year, with the majority resulting in positive outcomes: over two thirds of approved premises inspected were rated 'good' or 'outstanding' for public protection. One operational alert was issued at Joyce Meggie House, highlighting immediate concerns which required urgent remedial action.

Inspection reports for 19 probation delivery units were published during the year, all of which were rated either 'inadequate' or 'requires improvement'. In addition, three regional probation delivery unit inspections and one national inspection were undertaken, reporting a consistent picture of system-wide challenge. Inspection findings pointed to sustained pressures in public protection, leadership grip and workload sustainability, underlining the need for co-ordinated, system-level improvement.

Across probation delivery units, approved premises and thematic inspections, HMI Probation identified several areas of **effective practice**. These included strong senior leadership oversight of public protection, effective engagement with Multi-Agency Public Protection Arrangements (MAPPA), proactive risk management in approved premises, and the use of supervision and quality assurance processes to identify and address risks early.

However, inspections also highlighted **common weaknesses**. These related to the quality and consistency of risk assessment and recording, professional curiosity and challenge, workforce capacity and experience, and the extent to which learning from serious incidents is embedded in practice.

In **response to inspection findings**, action is being taken at national and regional level, including the implementation of inspection-led action plans and the introduction of dynamic inspections of public protection. This will provide more timely and targeted scrutiny, strengthened governance and assurance arrangements, increased focus on workforce development and supervision, and clearer accountability for delivery against recommendations.

Information on HMI Probation's standards and ratings tables are available at:

<https://hmiprobation.justiceinspectorates.gov.uk/about-us/our-inspections/ratings>

HMI Prisons

In 2025-26, HMI Prisons published 68 inspection reports, including full inspections, independent reviews of progress and thematic inspections. Healthy Prison Test outcomes showed a mixed picture, but the majority of prisons saw either improvement or no change. The strongest improvements were recorded in 'purposeful activity' and 'rehabilitation and release planning', while 'safety' continued to present the greatest level of challenge.

An **Urgent Notification** can be issued if report findings are particularly concerning. We take Urgent Notifications seriously and publish an action plan within 28 days. The Lord Chancellor responded to four Urgent Notifications in 2025-26, and we are taking steps to improve the situation in each of those prisons.

HMI Prisons' key and **priority concerns** continue to focus on interrelated systemic pressures, particularly restricted regimes driven by staffing shortages and inconsistent leadership. These limit access to purposeful activity and impact education, work and health provision, especially mental health. Inspectors raised

ongoing concerns about safety, including violence and the impact of drones and drugs on prison stability and rehabilitation. An action plan in response to concerns raised is published for each inspection.

A number of areas of **good practice** were identified. At HMP Haverigg, inspectors highlighted strong leadership, describing it as one of the most impressive in the country. An inspection at HMP Lincoln noted that it was the best performing reception prison nationally. HMP Exeter, which had previously been subject to two Urgent Notifications, showed improvements across all Healthy Prison Test areas. At HMP Doncaster, inspectors commended innovative practice, including the appointment of a former drug user as a drug and alcohol specialist, and creative initiatives supporting family relationships. Independent reviews of progress at HMP Erlestoke identified reduced levels of violence, while HMP Guys Marsh demonstrated improvements in safety, decency and purposeful activity.

HMI Prisons also undertook several **thematic inspections** during the year. ‘The contribution of families, friends and community ties to safer prisons and effective resettlement’ highlighted the positive impact of strong leadership and high-quality family provision. ‘Just passing time: a review of work and training provision in adult prisons’ recognised progress where strong local leadership, new specialist roles and targeted employment initiatives were in place. Finally, ‘Reading for rehabilitation’ highlighted strong examples of leadership and collaboration in developing positive reading cultures. Learning from this will support improvements and a consistent provision across the prison estate.

HMI Prisons also published findings papers, including ‘Hardly working out: barriers to physical education in prisons’, which identified positive practice such as mobility clinics for older prisoners and specialist physical education provision for prisoners with health conditions.

While prison leaders continue to **drive improvement** locally, a strengthened national approach is being developed to better target support to prisons with the greatest performance challenges. This will ensure lessons from inspection findings are translated into sustained improvement across the estate.

Children and Young People Secure Estate

In 2025-26, there were four full inspections carried out by HMI Prisons across the Children and Young People Secure Estate. Across the public YOIs, HMI Prisons’ scores were either maintained or improved, with purposeful activity receiving the lowest scores and without improvement from previous inspections. Consistent findings across the sites included education delivery being too low with poor attendance, a lack of meaningful progress and teacher quality. Safety issues existed at each site with violence often undermining attempts to improve regime delivery, and the way children perceive staff was noted as requiring focus.

Resettlement activity was consistently reported to be good, as were induction and safeguarding processes and collaborative multi-agency working within these. The Inspectorate noted strength in leadership across each site, with solid diagnostics and associated improvement plans in place. In March 2026, an inspection was conducted at HMP/YOI Parc, which resulted in excellent feedback and acknowledgement of HMP/YOI Parc as the nation’s leading YOI, earning top marks for its performance. Strong leadership, stable staffing and embedded partnership work contribute significantly to these outcomes.

HMI Prisons published their thematic report ‘Building trust: The importance of positive relationships in young offender institutions’, which highlighted the importance of consistent and positive relationships with frontline staff.

Information on HMI Prisons’ standards and ratings are available at: www.gov.uk/government/publications/hm-chief-inspector-of-prisons-annual-report-2025-to-2026--2

The Independent Monitoring Board

The Independent Monitoring Board published 116 reports in 2025-26. All reports were responded to, addressing the concerns raised. Recurring concerns highlighted through reports included prisoner property, mental health transfers, levels of self-harm and violence, safety and security, living conditions and staffing levels. However, areas of good practice highlighted include HMP High Down being used as a good practice model for introducing therapy dogs into other establishments. At HMP New Hall, the breadth of the education and skills offer, alongside robust resettlement provision, is helping women to progress and reintegrate. HMP/YOI Thorn Cross demonstrates positive interactions between staff and men, reflecting the strong rehabilitative culture running through the prison. The Board at HMP Channings Wood reference the Hard Hat Academy and the onsite Hillbrush workshop as examples of good, innovative practice.

The Prisons and Probation Ombudsman

The Prisons and Probation Ombudsman investigates deaths in custody and their reports are a vital tool to ensure lessons are learned following deaths. In 2025-26, we received 494 reports relating to deaths in custody and deaths under supervision. HMPPS continues to accept the vast majority of recommendations made by the Ombudsman and share the learning from them across the estate. For further detail on deaths in custody, please see page 32.

National Audit Office

The National Audit Office reports on the progress of recommendations published in their reports to increase transparency on the outcomes of our recommendations and promote scrutiny and parliamentary accountability for government spending. Their tracker can be found at:

www.nao.org.uk/recommendations-tracker

Ofsted and Estyn

Ofsted works alongside HMI Prisons to independently assess the quality of education, skills and work provision in prisons and YOIs in England. In 2025-26, **Ofsted** carried out 40 full inspections and 17 independent reviews of progress in England. In addition, the education group commissioned two full and seven focused test visits to support Ofsted's proposed new inspection framework, launching in prisons in 2026-27.

Overall effectiveness outcomes in **adult prisons continued** to improve during the year, with HMP Wayland notably improving by two grades, from inadequate to good. Ofsted identified three main areas for improvement: allocations, attendance and punctuality, as well as curriculum and qualification opportunities for short-stay prisoners and those working in industries. Quality assurance is being strengthened through a more consistent approach.

In the YCS, of Ofsted's eight full inspections across Oakhill Secure Training Centre and secure children's homes (and Care Inspectorate Wales' inspection of Hillside Secure Children's Home), sites primarily either maintained or improved on their scores. Oakhill Secure Training Centre received an inadequate rating and was issued with an Urgent Notification in July 2025 due to safeguarding, staffing and leadership concerns. A monitoring visit in February 2026 noted no significant concerns and highlighted widespread improvement. Secure children's home inspections were largely positive, noting child-centred care, staff-to-child relationships and child personal development as areas of success.

Education in **prisons in Wales** is devolved to the Welsh Government. Estyn inspections highlighted strengths including strong teacher-learner relationships, effective vocational provision and peer mentoring, and learning approaches informed by an understanding of neurodiversity. Areas for improvement include digital learning access, attendance, and the consistency of Welsh-language provision.

Internal assurance and improvement

HMPPS undertakes an internal but **independent programme of audits** on an annual basis.

Our programme of community assurance audits assesses the quality of probation practice, drawing on statistically valid samples of casework in each probation region. The results of these audits populate the relevant quality measures in the prison performance dashboard and probation scorecard and identify further areas for improvement across HMPPS.



HMPPS supports **continuous probation improvement** against external scrutiny standards by providing and maintaining guidance, resource packs and evidence-based tools, sharing effective practice and direct support where needed, aligned with Chief Probation Officer priorities. Up to five of the most challenged probation delivery units per year (based on priority need) are provided support via the probation place-based support programme. Aimed at senior probation officer staff, this 23-week support offer builds resilience and effectiveness in leadership, including one-to-one support to improve cohesive probation delivery unit management relationships. A National Quality Group also provides direct strategic support to regional performance and quality leads, as well as supporting specific thematic projects of national relevance and responding to HMI Probation and Government Internal Audit Agency (GIAA) recommendations.

The custodial assurance team evaluates the quality and compliance of custodial practice, drawing on structured sampling and review of key operational areas within establishments. The programme is aligned with operational priorities.

HMPPS supports continuous prison improvement, initially through the operational line. We have revised our national approach to supporting prisons to improve by:

- recognising most prisons can improve with information, advice and guidance, as well as line management support through a 'foundation' offer – for the first time, all officers will receive a copy of the 2026 Prison Officer Pocket Guide
- deploying support to a targeted group of prisons with performance concerns – for example, we have developed a new decentralised approach to frontline mentoring for prison officers for testing in 2026-27
- focusing central support on a small group of six prisons where sustained change has proved challenging over time



A handwritten signature in black ink, appearing to read 'James McEwen'.

James McEwen
Chief Executive Officer
22 October 2026



**Performance
report**



Accountability
report



Financial
statements



Accountability report

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Corporate governance report

The purpose of the corporate governance report is to explain the composition and organisation of HMPPS and how these arrangements have supported the achievement of its objectives during 2025-26.

Statutory background

On 1 April 2008, the National Offender Management Service (NOMS) became an executive agency of the MoJ, bringing together the Probation Service, former NOMS headquarters (HQ) and the Prison Service to enable more efficient and effective delivery of services.

On 1 April 2017, NOMS became HM Prison and Probation Service (HMPPS), an executive agency of the MoJ. A number of former NOMS functions transferred to the MoJ to allow HMPPS to better focus on improving operational performance in prisons, probation and youth custody.

The HMPPS Agency Board and HMPPS Leadership Team

The governance arrangements for HMPPS comprise the HMPPS Agency Board (HAB), the HMPPS Leadership Team (HLT) and supporting sub committees. The HAB meets at least four times a year and focuses on strategic priorities, including performance, risk and investment. The HLT meets fortnightly and oversees delivery across key areas, including people, performance, finance, risk and infrastructure.

The HLT is supported by a range of sub committees and, since September 2024, by the Senior Operations Leadership Team (SOLT), chaired by the Director General Operations and reporting directly to the HLT. From January 2025, every other HLT meeting was expanded to include SOLT members, supporting effective operational and strategic alignment.

Changes to senior leadership during the year are set out on page 52. The remuneration of the Director General Chief Executive Officer is determined in accordance with the Senior Civil Service Management Code. Other members of the HAB and HLT are appointed by the Director General Chief Executive Officer with the agreement of the Permanent Secretary. Further details of directors' remuneration are included in the remuneration and staff report from page 88.

As of 31 March 2026, the structure of the HAB and HLT was as follows.

HAB

Core members:

- Five non-executive directors (including one chairing)
- Director General Chief Executive Officer
- Director General Operations
- Executive Director, YCS
- MoJ Director, Finance Business Partnering
- MoJ People Group Director, HR Services

In attendance:

- MoJ Policy Group
- MoJ Legal
- Chief Executive Officer's Office
- Secretariat

HLT

Core members:

- Director General Chief Executive Officer (Chair)
- Director General Operations
- Executive Director, YCS
- Chief Operating Officer, Prisons
- Chief Probation Officer
- Executive Director, Strategy, Performance and Corporate Delivery
- Executive Director, Transforming Delivery
- Executive Director, Capacity Implementation
- Executive Director, Rehabilitation and Change
- MoJ Director, Finance Business Partnering
- MoJ People Group Director, HR Services
- Area Executive Director, London
- Deputy Director, Performance, Assurance and Risk
- SOLT members (for every other meeting)

In attendance:

- MoJ Policy Group
- MoJ Legal
- Chief Executive Officer's Office
- Secretariat

Additional executive directors and functional lead directors are invited to attend the HAB or HLT for specific discussions related to their area.

Audit and Risk Assurance Committee (ARAC), HAB and HLT members in the year to 31 March 2026

Committee key:

HAB HMPPS
Agency Board

HLT HMPPS
Leadership Team

ARAC Audit and Risk
Assurance Committee



Nick Campsie
Lead Non-Executive Director³¹

HAB (4 of 4)



Dame Glenys Stacey
Non-Executive Director

(from 19 May 2025)

HAB (3 of 4)



Jonathan Flory
Non-Executive Director

HAB (3 of 4)

ARAC (5 of 5)



Rommel Moseley
Non-Executive Director

HAB (4 of 4)

ARAC (5 of 5)



Mark Lloyd
Non-Executive Director³²

HAB (2 of 2)

ARAC (5 of 5)



Amy Rees
Director General Chief
Executive Officer³³

(until 14 April 2025)

HLT (0 of 0)

HAB (0 of 0)

ARAC (0 of 0)



Phil Copple
Interim Director General Chief
Executive Officer

(from 1 April 2025 to 12 October 2025)

HLT (12 of 13)

HAB (2 of 2)

ARAC (2 of 2)



James McEwen
Director General Chief
Executive Officer

(from 13 October 2025)

HLT (8 of 9)

HAB (2 of 2)

ARAC (3 of 3)



Michelle Jarman-Howe
Interim Director General
Operations

(from 1 April 2025)

HLT (19 of 22)

HAB (4 of 4)

³¹ Became Lead Non-Executive Director from 19 November 2025.

³² Mark Lloyd joined the HAB from 1 October 2025.

³³ Date corrected from HMPPS annual report and accounts 2024-25.

Committee key:

HAB HMPPS
Agency Board

HLT HMPPS
Leadership Team

ARAC Audit and Risk
Assurance Committee



Sarah Coccia
Interim Chief Operating Officer,
Prisons

(from 1 April 2025)

HLT (18 of 22)



Jim Barton
Executive Director,
Capacity Implementation

HLT (17 of 22)

ARAC (5 of 5)



Ed Cornnell
Executive Director,
YCS

(until 8 June 2025)

HLT (4 of 4)

HAB (0 of 0)



Sonia Brooks
Interim Executive Director, YCS

(from 18 June 2025 to
21 September 2025)

HLT (4 of 7)

HAB (0 of 0)



Alison Clarke
Executive Director, YCS

(from 22 September 2025)

HLT (10 of 10)

HAB (3 of 3)



Matt Grey
Executive Director,
Rehabilitation and Change

HLT (18 of 22)



Dominic Herrington
Executive Director,
Transforming Delivery

HLT (20 of 22)



Hannah Meyer
Executive Director,
Strategy, Performance
and Corporate Delivery

(until 7 July 2025)

HLT (4 of 6)

ARAC (1 of 1)



Ben Charnock
Interim Executive Director,
Strategy, Performance and
Corporate Delivery

(from 8 July 2025)

HLT (13 of 16)

ARAC (4 of 4)

Committee key:

HAB HMPPS
Agency Board

HLT HMPPS
Leadership Team

ARAC Audit and Risk
Assurance Committee



Kim Thornden-Edwards
Chief Probation Officer

HLT (19 of 22)



Paul Henson
MoJ Director,
Finance Business Partnering

(to 31 May 2026)

HLT (18 of 22)

HAB (4 of 4)

ARAC (5 of 5)



Louise Alexander
People Director, HMPPS

HLT (17 of 22)

HAB (4 of 4)



Tajinder Singh Matharu
Deputy Director, Performance,
Assurance and Risk

HLT (20 of 22)



Gabriel Amahwe
Area Executive Director, London

(from 21 April 2025)

HLT (14 of 22)



Ian Blakeman
Director, Priority Projects

(from 17 November 2025)

HLT (6 of 7)

From January 2025 onwards, every other HLT meeting was expanded to include SOLT membership, as listed below. They were considered as fully participating members of the HLT for the expanded meetings.

Chris Jennings

Area Executive Director,
South-West, South-Central
and Public Protection Group

HLT (9 of 10)

Alan Scott

Area Executive Director,
North-West and
Women's Group

HLT (6 of 10)

Ian Barrow

Executive Director,
Wales and CAS

HLT (6 of 10)

Sara Robinson

Area Executive Director,
South-East Eastern

(from 28 April 2025)

HLT (7 of 9)

Helen Judge

Area Executive Director,
North-East, Yorkshire,
The Humber

HLT (7 of 10)

Sarah Chand

Area Executive Director,
Midlands

HLT (9 of 10)

Richard Vince

Executive Director,
Security

HLT (4 of 10)

Ed Cornmell

Executive Director, Long-Term
and High Security Estate

(from 9 June 2025)

HLT (5 of 8)

Robin Seaton

Interim Executive Director,
Contracted Operational Delivery

(until 13 April 2025 and from
14 July 2025)

HLT (3 of 8)

Neil Richards

Executive Director, Contracted
Operational Delivery

(from 14 April 2025 to 11 July
2025)

HLT (2 of 2)

Linda Kennedy

Executive Director,
Prison Supply

HLT (7 of 10)

Changes, new members and departures during the reporting period

Amy Rees

Director General Chief
Executive Officer

(until 14 April 2025)

Phil Copple

Interim Director General Chief
Executive Officer

(from 1 April 2025 to
12 October 2025)

Michelle Jarman-Howe

Interim Director General
Operations

(from 1 April 2025)

Paul Henson

MoJ Director, Finance Business
Partnering

(to 31 May 2026)

Sarah Coccia

Interim Chief Operating Officer
Prisons

(from 1 April 2025)

Robin Seaton

Interim Executive Director,
Contracted Operational Delivery

(until 13 April 2025 and
from 14 July 2025)

Neil Richards

Executive Director, Contracted
Operational Delivery

(from 14 April 2025 to
11 July 2025)

Gabriel Amahwe

Area Executive Director,
London

(from 21 April 2025)

Sara Robinson

Area Executive Director,
South-East Eastern

(from 28 April 2025)

Dame Glenys Stacey

Non-Executive Director

(from 19 May 2025)

Ed Cornnell

Executive Director,
YCS

(until 8 June 2025)

Executive Director, Long-Term
and High Security Estate

(from 9 June 2025)

Sonia Brooks

Interim Executive Director,
YCS

(from 18 June 2025 to 21
September 2025)

Ben Charnock

Interim Executive Director,
Strategy, Performance and
Corporate Delivery

(from 8 July 2025)

Alison Clarke

Executive Director,
YCS

(from 22 September 2025)

James McEwen

Director General Chief
Executive Officer

(from 13 October 2025)

Nick Campsie

Interim Lead Non-Executive
Director

(to 18 November 2025)

Lead Non-Executive Director

(from 19 November 2025)

Ian Blakeman

Director, Priority Projects

(from 17 November 2025)

Changes to the ARAC, HAB and HLT since 1 April 2026

Paul Henson

MoJ Director, Finance Business
Partnering

(to 31 May 2026)

Andrew Sanderson

MoJ Director, Finance Business
Partnering

(from 1 June 2026)

Jim Barton

Interim Director General,
Probation

(from 22 June 2026)

Michelle Jarman-Howe

Interim Director General,
Prisons

(from 22 June 2026)

Paul Mott

Interim Executive Director,
Directorate of Security

(from 29 June 2026)

Sally Cheshire

Non-Executive Director

(from 1 July 2026)

Andrej Zele

Non-Executive Director

(from 17 August 2026)

Governance statement

Introduction

HMPPS is an executive agency of the MoJ, responsible for implementing the sentences and orders of the courts, protecting the public and rehabilitating offenders. The agency operates in accordance with its published Framework Document, which sets out the arrangements for governance, accountability and operation. It is agreed with the Secretary of State for Justice and the agency Chief Executive Officer and approved by the Chief Secretary to HM Treasury.³⁴

As Director General Chief Executive Officer, I am the Accounting Officer for HMPPS and responsible for the day-to-day operations and administration of the agency and leadership of its staff. I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer, and ultimately to Parliament.

Throughout the year, the HLT and the HAB have maintained close scrutiny of day-to-day business, risk, performance and financial expenditure through formal governance arrangements. Actions have been taken to respond to issues and mitigate risks to the business as necessary. Specific actions have been taken in response to significant risks and issues, set out from page 19.

The remainder of this statement explains in more detail the arrangements in place to govern HMPPS from 1 April 2025.

Governance framework

Overall responsibility for HMPPS rests with me as the Director General Chief Executive Officer, supported by the HAB and HLT. I am also a member of the MoJ Departmental Board, chaired by the Secretary of State for Justice, and a member of the MoJ Executive Committee, chaired by the Permanent Secretary.

I have regular meetings with the minister with responsibility for prisons and probation and with the Secretary of State for Justice.

HMPPS has applied the principles of the Corporate Governance Code for Central Government Departments and complied with its provisions where relevant to an executive agency. Where elements are not directly applicable, alternative arrangements are in place through the MoJ governance framework, and the Accounting Officer is satisfied that there were no material departures from the principles of the code during the year.

³⁴ Ministry of Justice and HM Prison and Probation Service (2024): Framework Document between the Ministry of Justice and HM Prison and Probation Service. Available at: https://assets.publishing.service.gov.uk/media/687a5a71a5561a5a7e726ba3/MOJ-HMPPS_Framework_2025__web_.pdf

HMPPS non-executive directors

The HAB's non-executive directors collectively provide strong and balanced independent oversight across financial stewardship, regulatory assurance, legal and justice expertise, and cross-sector partnership working. The board benefits from Nick Campsie's senior investment and strategic governance experience, including previous service on the MoJ Board, Jonathan Flory's robust audit and risk expertise as ARAC Chair, and Mark Lloyd's consistent contribution to financial governance through his role on the ARAC. Dame Glenys Stacey adds authoritative regulatory and legal leadership drawn from senior roles across justice, education and environmental oversight, while Rommel Moseley strengthens the board's external engagement capability through over two decades of partnership and philanthropic leadership. Together, their combined expertise significantly enhances the quality, independence and effectiveness of HMPPS governance.

The ARAC identified that its effectiveness would be further strengthened through the appointment of non-executive directors with specialist expertise in financial governance and cyber security. Following a recruitment process, Sally Cheshire CBE and Andrej Zele were appointed to the Committee. Sally Cheshire CBE is a Chartered Management Accountant (ACMA). She brings significant experience in financial governance, audit, risk management, and board leadership across public sector organisations.

Andrej Zele is a Fellow of the Chartered Management Institute (FCMI) and a Member of the British Computer Society (MBCS). He has over 15 years' experience in senior technology, cyber security and digital leadership roles across government, policing, and the regulatory sector, with particular expertise in cyber resilience, digital risk management, and information security governance.

These appointments have enhanced the Committee's collective capability and addressed the specialist financial and cyber security skills requirements. They have also strengthened the ARAC's ability to provide independent assurance and effective oversight of HMPPS's governance, risk management, and internal control arrangements.

Case study: Prison visits are an essential part of the non-executive director role, providing a direct line of sight from governance to frontline reality. Through my visits across the HMPPS estate, I have been able to see first-hand how policy, resource decisions and organisational culture translate into the lived experiences of children and adults in custody and the staff who support them. These visits offer invaluable insight into what is working well, where there are barriers to delivery, and how systems and processes can be strengthened to improve outcomes. They also create an important opportunity to engage directly with governors, frontline staff and partners, ensuring that board-level discussions are grounded in evidence, informed by practice and focused on what will make the greatest difference to safety and rehabilitation.

Rommel Moseley, Non-Executive Director

HMPPS Agency Board Chair's report

My commentary last year was optimistic about our improved prospects as a result of the Sentencing Act, and the 2024 Spending Review, which recognised that the root cause of HMPPS's performance challenges has been structural: more prisoners and people on probation than our supply of staff and physical infrastructure has been able to manage.

This year, on top of the day job of managing and supporting roughly 87,000 prisoners and 250,000 people on probation, we have been preparing to capitalise on the opportunities we now have: delivering new prison capacity, strengthening probation, and preparing prisons and probation for the new sentence structure later this year. HMPPS has been operating at pace across a wide range of priorities. I am pleased with what we have achieved this year but remain conscious of the risks and challenges we still face in delivering the Sentencing Act changes safely and in time, as well as in our day-to-day operations. Over the coming year, the Board will continue to scrutinise capacity, probation delivery, operational resilience, safety, and the safe implementation of the Sentencing Act.

On prison capacity, we have continued to bring forward new spaces and progress the wider capacity pipeline, while managing ongoing cost and delivery pressures. Effective probation is integral to a well-functioning criminal justice system: well-resourced and well-executed, it is our most powerful tool to reduce reoffending. The Sentencing Act will make our probation service more important still, as offenders spend a larger portion of their sentences than previously being monitored and supported in the community. The Our Future Probation Service Programme is taking forward operational, staffing and digital changes to create capacity and improve delivery quality. The Sentencing Act will also impact our prisons, with significant work underway to prepare for the Progression Model and the operational changes it will require.

Visiting our prisons and network of probation offices is humbling. We are blessed with 65,000 employees who give their all to protect the public and support offenders, and are subject to pressure and challenges which rarely see the light of day. Two horrific attacks on probation colleagues this year were a stark reminder of how difficult and, at times, dangerous our employees' jobs can be. The spirit and compassion with which immediate colleagues and the wider organisation rallied to support the staff targeted showed HMPPS at its best.

Although they are one step back from the frontline, our senior management team are also subject to the stress and demands of managing what is by its nature a volatile, 24/7 ecosystem, which does not take days off. Reflecting the scope of the opportunities and challenges we have in probation, we have created a new director general role for probation specifically, to which Jim Barton has been appointed on an interim basis. Michelle Jarman-Howe was appointed at the beginning of the year to the equivalent role in respect of prisons, also on an interim basis. Reporting into our Chief Executive Officer James McEwen, and supported by their outstanding executive team colleagues, the Board is confident that we have the experience and talent at the top to lean into another demanding 12 months.

We are in a better place than we were 12 months ago, multiple challenges notwithstanding. I am confident we have the team and strategy in place to ensure that I will be able to say the same again this time next year.

Nick Campsie
HMPPS Agency Board Chair
Lead Non-Executive Director

HMPPS Agency Board	
Chair:	HMPPS non-executive director
Frequency:	Four meetings during the year
Composition as at 31 March 2026:	
By position:	Five non-executive directors, two directors general, three executive directors
By gender:	Six male, four female

Role of the HAB

The HAB oversaw delivery of the agency's objectives and ensured the following were in place:

- competent and prudent management
- sound planning
- proper procedures for the maintenance of adequate accounting
- other records and systems of internal control and compliance with legislative and corporate governance requirements, including relevant sections of the Corporate Governance Code for Central Government Departments

HAB agendas and papers focused on strategic priorities and delivery, including prison capacity and probation improvement.

The HAB's responsibilities included:

- agreeing the agency's vision, strategy and values, consistent with the Civil Service Code
- agreeing governance and controls to support financial management and value for money
- agreeing arrangements to manage financial and performance risks
- supporting the HLT in operational delivery

Key issues discussed during the year included:

- maintaining stability in prisons and probation and managing safety risks
- improving performance through revised frameworks, prioritised metrics, moderated targets and assurance
- overseeing major reform portfolios, including sentencing review, criminal courts reform and cross-system planning
- managing estate capacity, population pressures and capital projects
- addressing fire safety, compliance and priority works
- overseeing financial planning, budget prioritisation and transparency
- overseeing digital transformation, sentence management systems and AI risks
- maintaining oversight of performance, risk, finance and change, including ARAC reports, the corporate risk register, portfolio updates, management accounts, and prison, probation and YCS performance packs

Managing conflicts of interest

At the beginning of every HAB meeting, all members are asked to declare any new potential conflicts of interest. These are noted in the minutes, along with the appropriate action taken to manage them such as members withdrawing from discussion relating to those interests. HAB and HLT members are also asked to review and update the conflicts of interest record at least annually.

Audit and Risk Assurance Committee Chair's report

The Audit and Risk Assurance Committee provides advice to the HMPPS Agency Board and to the Chief Executive Officer, in their role as Accounting Officer, on governance, risk management and internal control. During the year, the Committee met formally four times, with additional extraordinary meetings where required, and exercised its review, challenge and advisory functions. Members also attended briefing sessions and visited prison, youth custody and probation settings to maintain a clear understanding of operational realities.

The operating environment for HMPPS remained highly challenging. Prison capacity was a significant concern for much of the year, alongside the need to reshape probation to deliver the new sentencing regime and Progression Model. Probation performance and delivery quality remained a particular area of concern. We supported the move to reduce and refine key performance metrics for prisons and probation and to set annual target expectations where appropriate. The Committee sought assurance on capacity pressures, the prison build programme, probation reform through Our Future Probation Service, and controls in high-risk areas.

The Committee continued to scrutinise the agency's risk management arrangements. Strategic risk management remains a strength, and the agency risk register was refreshed during the year. However, risk levels remain high. The Committee remains concerned that, while strategic risk management is well established, operational controls and second-line assurance need further strengthening. Capacity strains, major change and operational pressures continue to limit the agency's ability to bring some risks within tolerance. The Committee has therefore supported stronger focus on control effectiveness, second-line assurance and timely responses to audit recommendations.

Internal audit continues to provide important assurance to the Committee. The Head of Internal Audit's annual opinion for 2025-26 was Limited, reflecting the challenging environment, the scale of change being managed and the number of individual Limited assurance opinions and high priority recommendations. This is a matter of concern. The Committee welcomes constructive engagement with GIAA to improve controls and establish a timely route back to a moderate annual opinion.

On financial stewardship, the Committee scrutinised arrangements for the 2024-25 accounts and continued to oversee preparations for the 2025-26 accounts. As in previous years, the timetable has been affected by audit cycle pressures and external audit assurance for the Local Government Pension Scheme. It remains regrettable that the accounts are expected to be laid later than desirable.

The Committee also considered significant and emerging risks, including prison security, fire safety, cyber security, data quality, professional standards, youth custody, rehabilitation, counter fraud, bribery and corruption, and use of digital tools and AI. These remain important, alongside scrutiny of probation reform, capacity planning, workforce pressures, performance quality and HMPPS's control environment.

The ARAC will continue to support and challenge the executive team as HMPPS manages major reform under sustained pressure. Our priority will be to seek assurance that risks are clearly understood, controls are effective, audit recommendations are acted on promptly, and governance remains focused on the areas of greatest concern.

I am grateful to my fellow Committee members for their commitment throughout another demanding year for HMPPS. On behalf of the Committee, I also extend my thanks to the executive team, the Secretariat, colleagues across HMPPS and our partners in internal and external audit for their continued engagement, support and contribution to the Committee's work. We look forward to continuing this work in the year ahead.

Jonathan Flory

Non-Executive Director, Chair of the HMPPS Audit and Risk Assurance Committee

HMPPS Audit and Risk Assurance Committee

Chair:	HMPPS non-executive director
Frequency:	Four meetings plus one extraordinary meeting during the year
Composition as at 31 March 2026:	
By position:	Three non-executive directors
By gender:	Three male

Role of the ARAC

The ARAC is an advisory body providing independent advice on governance, risk management and control issues, and on the internal audit work programme. It provides scrutiny of the accounts and considers key recommendations from internal audit reports and the National Audit Office.

Key issues and reports discussed during the year included:

- prison and probation capacity challenges, including implementation readiness for the outcomes of the Independent Sentencing Review
- safeguarding and safer recruitment within the YCS
- the use of AI within HMPPS and associated cyber risks
- business continuity and resilience, including updates on maturity of departmental business continuity arrangements, alignment with digital recovery and the handling of cross-system incidents
- regular oversight of performance, risk and finance, including the corporate risk register, counter fraud, bribery and corruption updates, the annual report and accounts, and internal audit recommendations, external audit, planning and completion reports and management letters
- climate and sustainability

Managing conflicts of interest

At the beginning of every ARAC meeting, all members are asked to declare any new potential conflicts of interest. These are noted in the minutes, along with the appropriate action taken to manage them such as members withdrawing from discussion relating to those interests.

HMPPS Leadership Team

Chair:	HMPPS Chief Executive Officer
Frequency:	Twice a month
Composition as at 31 March 2026:	
By position:	Two directors general, 10 directors, one deputy director and an additional nine executive directors every other meeting when SOLT members are invited
By gender:	13 male, nine female

Role of the HLT

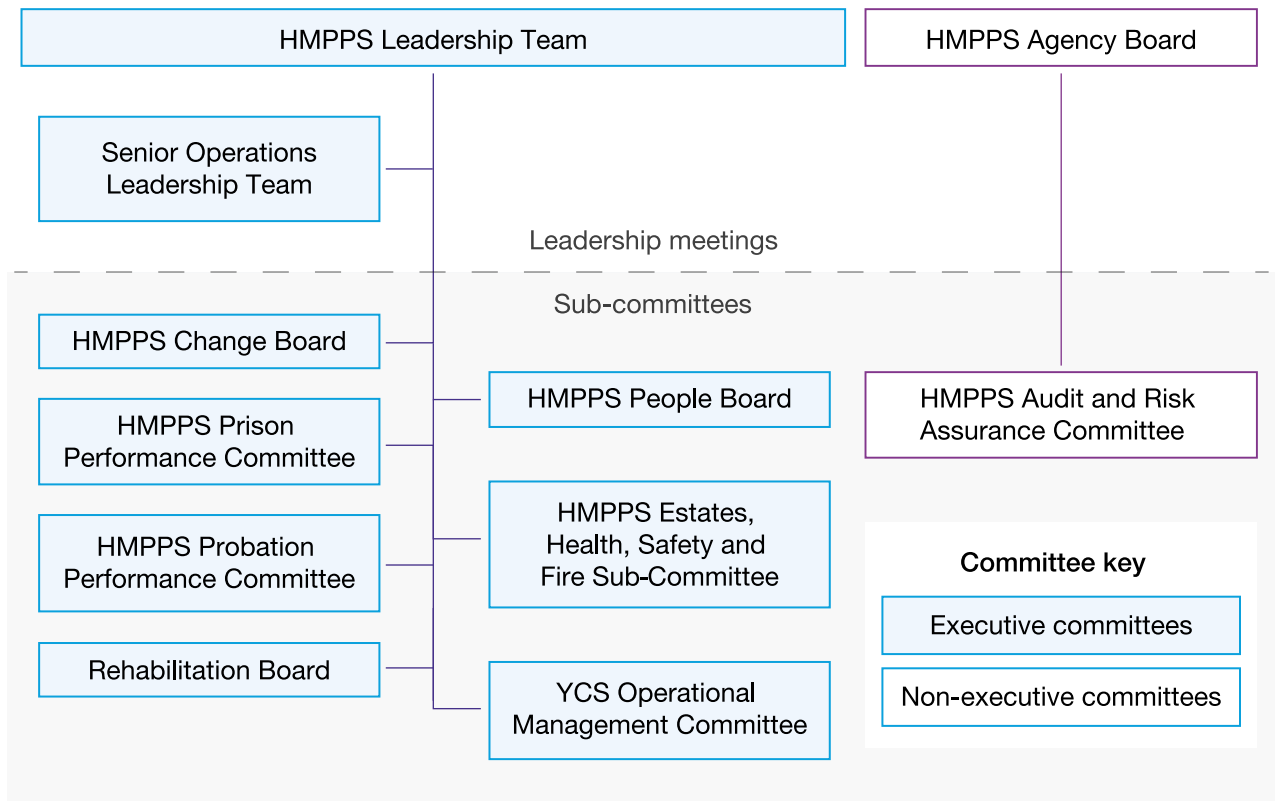
The HLT supports the Director General Chief Executive Officer in the leadership and governance of the agency. It provides collective oversight of performance, risk, finance and operational delivery across prisons, probation and the YCS, and is supported by the SOLT, the Youth Custody Operational Management Committee, and a suite of sub committees which provide more detailed scrutiny and escalation where required.

Key areas of focus included:

- sustaining financial control and affordability, including rigorous scrutiny of in-year financial performance, medium-term financial planning and readiness for the Spending Review, ensuring resources were prioritised in line with operational risk, affordability constraints and ministerial direction
- oversight of principal risks and organisational resilience, through regular consideration of the corporate and operational risk profile, strengthening risk tolerance and escalation arrangements, and maintaining close oversight of business continuity, information, cyber and system resilience risks
- operational performance and capacity management, including assurance over prison, probation and YCS performance, estate capacity and flow, and the effectiveness of control arrangements in managing safety, stability and public protection risks in a sustained high pressure operating environment
- security, safety and safeguarding, encompassing scrutiny of serious and emerging security threats, safeguarding and workforce integrity, and assurance that proportionate controls, training and governance arrangements were in place to mitigate risk and protect staff, service users and the public
- governance and assurance of major change and reform, including challenge to the design, prioritisation and delivery of significant transformation and reform programmes, oversight of delivery confidence and interdependencies, and assessment of organisational capacity to implement change safely and effectively
- workforce capability and organisational effectiveness, including oversight of workforce capacity, capability and pay pressures, leadership resilience, and the effectiveness of governance, reporting and decision-making arrangements to support timely escalation, accountability and delivery

Details of HAB, HLT and ARAC membership and attendance records can be found from page 48.

The key governance structures in place as of 31 March 2026



HLT sub-committees as of 31 March 2026

- **Senior Operations Leadership Team** – to provide oversight and take necessary decisions regarding the cross-cutting operational issues for prisons and probation.
- **YCS Operational Management Committee** – to oversee and take any necessary decisions regarding the day-to-day delivery of youth custody (public and private sector) including risk, assurance and finances.
- **Probation, Prison and YCS Performance Committees** – to oversee and take any necessary decisions regarding the performance of probation, prisons and YCS (public and private sector), including issues that are delivered by other directorates, or the wider MoJ, which impact on performance.
- **Estates, Health, Safety and Fire Sub-Committee** – to provide strategic oversight and guidance across all prison, probation and YCS estate projects and provide direction to the management of occupational health, safety and fire across HMPPS, ensuring that strategic systems for their management are adequate.
- **HMPPS People Board** – to support the HLT in its leadership and management of people strategies to improve the co-ordination of design, decisions and implementation of cross-cutting programmes of work.
- **HMPPS Change Board** – to be the decision-making body for change activity across HMPPS, providing senior leadership and challenge to ensure that delivery and operational impact of change are effectively managed and considered.

Additional executive committees

- **Rehabilitation Board** – to make cross-cutting strategic decisions to drive the solutions and system reform required to deliver on the ambitions of the HMPPS Rehabilitation Strategy.
- **Finance Advisory Committee** – to provide advice and support for financial issues and decisions due to be considered by the HLT, sub-committees and MoJ finance governance. To provide financial scrutiny of HMPPS, including financial planning, governance, monthly management accounts and wider accounting implications of investment proposals.

Business appointment rules

The business appointment rules set out the process for obtaining approval where employees, including civil servants and special advisers, take up appointments outside the Civil Service. The rules apply for up to two years after leaving and are designed to mitigate risks of perceived or actual conflicts of interest, including inappropriate reward, unfair advantage to a new employer, or misuse of privileged information or contacts.

The MoJ operates a defined process for considering applications for staff at SCS2 and below. Applications for director general (SCS3) and above are considered in liaison with the Civil Service Commission, which determines the outcome and any conditions. To support compliance, the MoJ People and Capability Group ensures that business appointment rules requirements are referenced in contracts, communicated regularly to staff and embedded within leavers' processes.

During 2025-26, there were 51 Senior Civil Service (SCS) exits from the department, including six from HMPPS. Nine business appointment rules applications were considered (two SCS3, one SCS1, two Grade 6 and four below Grade 7). No applications were deemed unsuitable and no breaches were identified. All applications below SCS2 were approved with conditions, except for two at delegated grades where no conditions were applied. In line with transparency requirements, the department publishes advice on business appointment rules applications for senior staff, including special advisers, on GOV.UK.³⁵ The **Civil Service Commission** publishes its advice for SCS3 and above.³⁶

Management of outside interests

The Civil Service Code, underpinned by the **Constitutional Reform and Governance Act 2010**, sets out the core principles for all civil servants, including the requirement to act with integrity.³⁷ This underpins the MoJ's approach to identifying and managing conflicts of interest.

The MoJ's Declaration and Management of Outside Interests Policy, aligned with **Cabinet Office guidance**, requires staff to declare actual, potential or perceived conflicts.³⁸ Individuals are responsible for ensuring relevant interests are declared, and failure to do so may result in disciplinary action. Where conflicts arise, they are managed promptly to ensure compliance with the Civil Service Code.

A central register of interests is maintained for all senior civil servants, covering financial interests, secondary employment and other relevant declarations. Annual confirmation is required, including nil returns where appropriate. In line with transparency requirements, details of senior civil servants' secondary paid employment are published on GOV.UK.³⁹ Heads of business areas are responsible for ensuring appropriate arrangements are in place to record declarations of interest for all other employees. In line with transparency requirements, ministerial interests and board members' interests are published on GOV.UK.⁴⁰

35 Ministry of Justice (2016): MoJ business appointment rules. Available at: www.gov.uk/government/publications/moj-business-appointment-rules

36 Civil Service Commission: Business appointment rules. Available at: <https://civilservicecommission.independent.gov.uk/business-appointment-rules>

37 The Constitutional Reform and Governance Act 2010. Available at: www.legislation.gov.uk/ukpga/2010/25/contents

38 Cabinet Office (2022): Declaration and management of outside interests in the Civil Service. Available at: www.gov.uk/government/publications/declaration-and-management-of-outside-interests-in-the-civil-service

39 Ministry of Justice (2023). Ministry of Justice senior civil servant secondary paid employment. Available at: www.gov.uk/government/publications/ministry-of-justice-register-of-senior-civil-servant-secondary-paid-employment

40 Independent Adviser on Ministerial Standards (2011): List of ministers' interests. Available at:

www.gov.uk/government/publications/list-of-ministers-interests.

Ministry of Justice (2020): Ministry of Justice register of board members' interests. Available at:

www.gov.uk/government/publications/ministry-of-justice-register-of-board-members-interests

Oversight and assurance arrangements

The HAB provides scrutiny of performance, risk management, systems and financial accounts.

The HLT exercises oversight of the performance of HMPPS on behalf of the HAB by:

- using the performance, risk and planning framework to check progress against delivery of HMPPS' key priorities
- receiving reports on the in-year financial position and updates on the progress of major change projects and programmes, based on agreed thresholds, on any issues that arise (for example: overspend and significant risks to delivery)
- agreeing delegations to directorates and throughout the governance structure to ensure the right decisions are being taken by the right people in the right place, while ensuring the HAB is provided with the appropriate level of assurance

The HAB also considered information from a range of external sources which included:

- HM Chief Inspectors of Probation and Prisons and Independent Monitoring Boards
- the Prisons and Probation Ombudsman
- the National Audit Office
- the Youth Justice Board

In addition, one of the key sources of independent assurance within HMPPS came from the internal audit service delivered by the GIAA. Arrangements are in place to ensure that the Accounting Officer is made aware of any significant issues which indicate that key risks are not being effectively managed.

As Accounting Officer, I am assured that the internal audit service complies with the Public Sector Internal Audit Standards.

Government Internal Audit Agency

The GIAA provided an overall Limited annual opinion on the adequacy and effectiveness of HMPPS's governance, risk management and internal control framework for the year ended 31 March 2026. This is a deterioration from the previous year's Moderate opinion and reflects significant weaknesses requiring improvement, driven by challenging operating conditions, a downward trend in assurance, an increased number of Limited ratings and more high-priority recommendations.

The opinion was based on internal audit work covering HMPPS's principal risks and key operational and corporate systems. Findings identified weaknesses in governance, risk management and control that increase residual risk and require timely remedial action, particularly in core operational areas where delivery pressures and resource constraints affected the pace of improvement.

Audit work also highlighted recurring themes around clarity of accountability and roles and responsibilities, indicating that further work is needed to embed organisational changes and strengthen consistent ownership and oversight across the system.

GIAA also identified areas of strength, including well-established strategic risk management arrangements, with risks and controls clearly articulated and regularly reported to support senior management and ARAC oversight.

HMPPS continues to operate in a highly pressurised environment, with system capacity pressures remaining a key risk. These pressures have affected operational delivery and the pace at which known issues can be addressed. In response, HMPPS has established a coordinated, senior-led portfolio of change activity to support key reforms and move towards a more sustainable operating position.

Priority areas for strengthening the control environment include effective delivery of major change programmes to address capacity pressures, clearer accountabilities and stronger policy frameworks,

prioritised improvement in core operational services, and better alignment and coverage of assurance activity to provide confidence that key risks are being managed.

Progress against agreed management actions will be monitored through established governance and assurance arrangements, including oversight by senior management and the ARAC.

Internal assurance

As well as the GIAA, sources of internal assurance from which the Accounting Officer draws include:

- annual assurance statements from each of the directors covering the key systems for which they are responsible
- a second line assurance function, reviewing operational delivery
- bilateral meetings with the lead non-executive director to discuss any concerns they may have
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects
- corporate oversight of high-value contracts and operational assurance activity to confirm the quality of contractual service delivery
- a report from the Chair of the ARAC
- attendance at the ARAC

The Accounting Officer is supported by an established assurance framework which provides confidence that HMPPS is managing its responsibilities effectively. This framework is based on the recognised model of first, second and third line assurance and is designed to support the Accounting Officer in discharging their responsibilities for risk management, internal control and governance.

Operational management provides the first line of assurance through the delivery of services and the management of risks on a day-to-day basis. Second line assurance is provided through central functions, independent from frontline delivery, which take a co-ordinated and risk-based approach to oversight across HMPPS services. Third line assurance is provided through independent audit and inspection, including the GIAA and HM Inspectorates.

Assurance from these sources is brought together and reported through established governance structures, including performance committees, enabling senior leadership and the Accounting Officer to oversee performance, identify key risks and take appropriate action where required.

Independent oversight of assurance arrangements

HMPPS is subject to independent external scrutiny and oversight in a number of areas, including by the:

- Parliamentary Public Accounts Committee and Justice Select Committee inquiries, National Audit Office reports (including value for money) and financial audit reports
- HM Chief Inspector of Prisons publications and annual report
- HM Chief Inspector of Probation publications and annual report
- Prisons and Probation Ombudsman
- feedback from the Major Projects Review Group
- Independent Monitoring Board regular reports
- Ofsted reports
- lay observers

Functional standards

Corporate and professional functions play a vital role in HMPPS and are provided centrally by the MoJ to support more effective collaboration, drive efficiency and strengthen the organisation. These include analytical services, commercial, communications, counter fraud, debt, digital, finance, grants, people, project delivery, property and security. The centralised functional leadership model brings together specialists into single unified teams and is in line with operating requirements set through the overarching government functional standards.

The maturity of functions is assessed through regular 'health checks,' supported by self-assessments using Cabinet Office continuous improvement assessment frameworks. HMPPS holds a functional partnership agreement with each of the MoJ functions which sets out our shared objectives and agreed ways of working. These agreements are under regular review as part of continuous improvement to strengthen the functional offer and ensure a high standard of service.

Quality of information

HMPPS recognises the importance of providing the HAB, HLT and sub-committees with high-quality information to support effective decision-making. The Board Secretariat works with teams to ensure papers are clear, consistent and of good quality, using standard templates that highlight risks and resource implications and support appropriate challenge. The structure and content of regular agenda items have been reviewed and improved during the year. The HAB confirmed that the information it received was timely, comprehensive and subject to robust validation arrangements.

Financial delegations

During 2025-26, following my appointment as Chief Executive Officer in October 2025, the Permanent Secretary issued me with a delegation letter setting out my responsibilities as Accounting Officer for HMPPS, including the conditions under which the agency's expenditure must be managed. Equivalent delegations were issued to my predecessor at the start of the financial year.

HMPPS operates a scheme of delegation that flows from the Permanent Secretary to the Chief Executive Officer and onwards to budget holders across the organisation, including frontline probation units and public sector prisons. While budgets may be delegated, accountability for their proper use remains with the designated budget holder. Compliance with delegation conditions is monitored through line management arrangements, supported by finance business partners and regular management information. Other specialist finance support may be accessed via the finance business partners as and when required.

The agency operates within departmental and cross-government spending controls set by HM Treasury, the Cabinet Office and the MoJ. These controls are communicated through the delegation process and reinforced through mandatory training. Additional safeguards are in place to reduce the risk of fraud or error, including system controls within the departmental finance system and appropriate segregation of duties.

Value for money and financial performance

HMPPS ensures it has transparency and control over value for money and financial performance through a variety of control mechanisms. Budget holders are supported in their duties by a team of professional finance business partners who act as critical friends to the business and provide specialist advice as required. Oversight and challenge is achieved through the following arrangements.

Control frameworks

Detailed monthly reporting is given to the HLT on in-year financial performance against delegated resource and capital budgets. Corrective actions are identified and implemented if required. This is supported by regular meetings I hold with budget holders across the agency on financial performance with clear lines of accountability on budget and commercial delegations. The agency met its financial allocation on both resource and capital in 2025-26 despite inflationary pressures, increased demand across the system and the challenging operating environment.

Budgets are agreed through an allocation process which requires HLT discussion and approval while reviewing the agency priorities and pressures, including changes in prison and probation population, pay and non-pay inflation, and ministerial priorities.

Resource and capital budget allocations are aligned to the priorities set out in the department's Outcome Delivery Plan and are delegated to budget holders in line with our formal processes.

Budgets and in-year financial performance are approved and regularly monitored by the HAB, informed by timely data and insight produced by the finance function.

Individual decisions for approval by the HLT require exposition of any financial implications including affordability.

The HMPPS Finance Advisory Committee identifies and initiates actions to address any financial and management accounting issues as required.

Formal review and oversight is provided by the ARAC. The HLT continues to focus on improving financial management, to ensure spend is tracked and actively re-prioritised to maximise opportunities and mitigate risks and pressures while taking the wider MoJ financial position into account. This includes quarterly reviews of in-year and medium-term financial plans, and a continued focus on encouraging realistic and accurate forecasting.

Key changes and improvements

The budget framework and financial management of operational budgets have been redesigned so that they continue to support the new area model of delivery in regions which was embedded as part of the One HMPPS programme during 2024-25.

We continue to focus on capital forecasting, as part of a wider cross-government focus on ensuring we continue to improve our performance, with planned spending significantly increasing.

We are seeking to improve the cost estimates that inform our business cases for building on existing good practice to ensure we have confidence in our modelling and understanding of financial risk.

As well as the above, I, as HMPPS Accounting Officer, receive formal Accounting Officer advice on all major business cases such as the prison capacity programme and other significant decisions. The advice covers the four Accounting Officer responsibilities of regularity, propriety, value for money and feasibility to ensure that I discharge my responsibilities in line with HM Treasury policy.

Risk management

In 2025-26, HMPPS continued to develop our risk management maturity through the application of the Orange Book.⁴¹ To support this, the GIAA checks HMPPS systems and whether they follow the rules, using an agreed audit plan. The plan is reviewed and signed off by the HMPPS Accounting Officer, the HLT and the ARAC.

HMPPS is getting better at understanding and managing the big, connected risks that affect prisons, probation and youth custody. Lack of space remains one of the biggest issues. Prison capacity pressures fluctuated during the year but stabilised at times due to changes to recall rules and planning for the Sentencing Act 2026. Even so, longer-term forecasts still show pressure points. These are driven by the work needed to meet fire safety standards, deterioration across parts of the estate, and staffing risks.

HMPPS is now tracking more major risks than before. New top risks include information and cyber security, and the Long-Term and High Security Estate (including safety and escape risk). These changes reflect a tougher threat picture: more cyber risk, changes in organised crime and older buildings that make it harder to manage the highest-risk prisoners. HMPPS also depends on other parts of government and on fast-changing technology, so it is important to work together and invest in stronger resilience and security.

Risks linked to people and staffing remain high. Recruiting and keeping staff has become harder, especially in probation and some high-security prisons. Workloads also add pressure and increase risk. HMPPS has made some positive moves, including launching an Independent Review, Resolution and Investigation Service after the Rademaker Review, and continuing leadership and capability programmes. These steps should help tackle concerns about culture, wellbeing and workloads.

Across HMPPS, setting clear limits for how much risk is acceptable, and developing plans (“flightpaths”) to bring risks down, has helped leaders keep a firmer grip on performance. New work such as the Capacity Delivery Portfolio and the growing Our Future Probation Service Programme also helps teams see how different parts of the system depend on each other, and where action is most needed.

As HMPPS moves into 2026-27, the focus is on strengthening how it is run and overseen. This includes setting up a Finance, Risk and Performance Committee. The aim is to make sure controls and decisions match both current pressures and expected changes (such as the Sentencing Act 2026), and to support how money is allocated during the year to address the biggest risks.

41 HM Treasury (2026): The Orange Book Management of Risk – Principles and Concepts. Available at: www.gov.uk/government/publications/orange-book/the-orange-book-management-of-risk-principles-and-concepts

Information security and assurance

HMPPS is committed to ensuring effective information management and security and is alert to the risks surrounding information assets.

The HMPPS Senior Information Risk Owner (SIRO) continues to form part of the functional and executive agency SIRO board which meets every quarter as an Information and Security Risk Board. This enables active senior monitoring of the department's key and cross-cutting security information and personal data risks which have been captured in a department-wide information and security risk register.

All new SIROs and information asset owners receive training to ensure they are following best practice and Cabinet Office policies. A programme of work continues to review and update security policies and guidance to ensure they are fit for purpose and align with government functional standards.

The MoJ Chief Security Officer oversees the security, information management, data protection and counter fraud divisions of the MoJ. This also includes the responsibility for HMPPS information and security assurance.

The Security and Information Directorate:

- investigates information security-related incidents when required
- oversees records management on behalf of the HMPPS estate
- sets security and data protection standards for suppliers and partners that HMPPS works with
- provides support to ensure compliance with data protection standards

MoJ information security team

The MoJ's Cyber Security Strategy, published in October 2023, sets the approach for improving the cyber resilience of critical services across the department. In HMPPS, this is supported through the application of GovAssure, the government cyber assurance framework, to provide assurance over the security of critical services.

Work has continued to address risks associated with legacy technology and complex system environments. A supply chain assurance framework has also been established to strengthen the understanding and management of cyber risks arising from contracts and third-party suppliers.

Security support is provided across HMPPS to ensure that information and cyber security risks are identified, managed and appropriately controlled, and that assurance is provided to service and contract owners. Cyber risks and key controls are reported to the ARAC to support senior oversight.

Arrangements for managing information and cyber security incidents continue to improve, with strengthened reporting mechanisms and enhanced processes for managing major incidents.

Data protection

All security and personal data-related incidents are triaged by the data protection team and are reviewed, investigated and reported in a timely manner in line with statutory and departmental requirements.

In October 2024, the Information Commissioner's Office (ICO) audited three YOIs, focusing on governance and accountability, and information and cyber security. The ICO has now concluded this audit and has recognised the significant progress made across all three youth custodial sites.

There was one significant personal data incident reported to the ICO during 2025-26.

Date of incident	10 April 2025
Date reported to ICO	16 April 2025
Nature of incident	CCTV footage from a YOI was shared anonymously by email with the governor
Nature of data involved	CCTV footage of an altercation in prison, including images of the data subjects (some of which were children)
Number of people potentially affected	14
Notification steps	The ICO closed their investigation on Wednesday 1 October 2025, taking no further action

Counter fraud, bribery and corruption activity

HMPPS operates a zero tolerance approach to fraud, bribery and corruption. Overall responsibility for counter fraud across the department sits with the MoJ Chief Financial Officer.

Arrangements for counter fraud in HMPPS are aligned with the MoJ Counter Fraud, Bribery and Corruption Centre of Expertise and the relevant Cabinet Office functional standards. Counter fraud activity forms part of the work of the HMPPS Counter Corruption Unit and supports a culture of awareness, clarifies staff responsibilities and provides operational support in response to suspected fraud incidents.

Suspected fraud cases are investigated in line with departmental arrangements, with complex cases referred to the GIAA where appropriate. HMPPS reports fraud and losses in accordance with the requirements of the Government Financial Reporting Manual.

Whistleblowing

HMPPS is committed to maintaining high standards of conduct. The MoJ whistleblowing policy provides clear, confidential routes for raising concerns. In 2025, 72% of staff in the department reported being aware of how to raise a concern under the Civil Service Code (an increase of four percentage points), and 70% were confident that concerns would be investigated appropriately.

The department continues to strengthen arrangements and promote awareness through internal communications, awareness activity, participation in the cross-government 'Speak Up' campaign and engagement from the whistleblowing champion.

A network of 13 trained nominated officers provides an independent and confidential route for raising concerns, offering impartial advice and support. Officers are trained in the Public Interest Disclosure Act and meet regularly to share good practice.

The department contributes to cross-government activity to improve whistleblowing arrangements, including a whistleblower experience survey to support continuous improvement and wider learning.

The MoJ reports annually to the Cabinet Office. In 2025-26, 22 whistleblowing cases were closed across the department and its executive agencies.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman addresses complaints made by members of the public, brought to its attention by MPs, where there has been alleged maladministration by government departments and other bodies in their jurisdiction. The Ombudsman's annual analysis of the complaints it has received for each government department can be found at: www.ombudsman.org.uk

HMPPS' performance for 2025-26 is shown below. Where complaints are upheld or partly upheld, we review the case to ensure any learning is identified and improvements are made.

	Number	Percentage
Complaints accepted for investigation	1	
Completed investigations	1	
Investigations upheld or partly upheld	1	100%
Investigations not upheld	0	0%
Investigations resolved without a finding or discontinued	0	0%

The number of Ombudsman recommendations		
Complied with	Not complied with	Total
2	0	2

Environmental sustainability

The Accounting Officer is responsible for ensuring that HMPPS delivers environmental improvements in line with the **Greening Government Commitments** and relevant sustainability reporting requirements.⁴² These include the Government Financial Reporting Manual 2025-26, as well as the associated **sustainability reporting guidance** and **Task Force on Climate-Related Financial Disclosures-aligned disclosure guidance**.⁴³

Environmental, climate and sustainability risks are integrated into the HMPPS risk management framework, with the principal risk pertaining to climate and sustainability reported quarterly to the ARAC. The ARAC provides scrutiny of performance, expenditure, and risk, supporting assurance to the HAB. The Executive Director for Strategy, Performance and Standards is tasked with overseeing the strategic delivery of environmental initiatives and management of the principal environmental, climate and sustainability risk.

The MoJ and HMPPS Climate Change and Sustainability Unit provides expert leadership, assurance, and oversight to the agency, co-ordinating all relevant governance activities. The MoJ's **Climate Change and Sustainability Strategy** sets the pathway towards a more sustainable organisation.⁴⁴ HMPPS is required to comply with the Greening Government Commitments. As the 2026 to 2030 commitments have not yet been published, the MoJ and HMPPS have extended the 2021 to 2025 targets for an additional year.

⁴² Department for Environment, Food and Rural Affairs and Cabinet Office (2016): Green Government Commitments. Available at: www.gov.uk/government/collections/greening-government-commitments

⁴³ HM Treasury (2025): Sustainability reporting guidance 2025-26. Available at: www.gov.uk/government/publications/sustainability-reporting-guidance-2025-26.
HM Treasury (2025): TCFD-aligned disclosure guidance for public sector annual reports. Available at: www.gov.uk/government/publications/tcf-aligned-disclosure-guidance-application-guidance

⁴⁴ Ministry of Justice (2024): Climate Change and Sustainability Strategy. Available at: www.gov.uk/government/publications/climate-change-and-sustainability-strategy-moj

Quarterly performance data is analysed and validated externally. Oversight is provided by the MoJ's Senior Sustainability Board, comprising senior representatives from HMPPS. The MoJ reports annually to the Department for Environment, Food and Rural Affairs on HMPPS progress.

Modern slavery

The MoJ's commitment to tackling modern slavery in its supply chains is set out in the UK government's modern slavery statement 2022. The Commercial Directorate continues to embed the identification and management of modern slavery risks across procurement and contract management, in line with Procurement Policy Note (PPN) 009.

Updated in 2025 to reflect the Procurement Act 2023 and Procurement Regulations 2024, PPN 009 continues to underpin MoJ commercial activity. Modern slavery risk is considered across new procurements and existing contracts, supported by proportionate risk assessment and due diligence tools that enhance supply chain visibility and support effective risk management.

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed HMPPS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of HMPPS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the annual report and accounts as a whole are fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable

The Principal Accounting Officer of the MoJ has designated the Chief Executive Officer of HMPPS as Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of HMPPS, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that HMPPS' auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Conclusion

I am satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support HMPPS in delivering its statutory duties and to meet the aims and objectives set by ministers while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in Managing Public Money.



James McEwen
Chief Executive Officer
22 October 2026

Sustainability report

Scope

Information is prepared in accordance with the **Government Financial Reporting Manual 2025-26**, **sustainability reporting guidance 2025-26** and **Task Force for Climate-Related Financial Disclosures-aligned disclosure application guidance (July 2025)**.⁴⁵

Performance

HMPPS tracks its progress against the Greening Government Commitment targets.⁴⁶ These targets came to term in March 2025, which the MoJ and HMPPS have extended to March 2026, while we await confirmation of future government targets. This report shows progress for 2025-26, against a 2017-18 baseline. The non-financial indicators for 2024-25 have been restated to show the full financial year up to March 2025.

Data governance

HMPPS and the MoJ use a structured governance approach to ensure sustainability data, as required by the Greening Government Commitments and HM Treasury guidance, is accurate, transparent and reliable, drawing on internal systems and external suppliers, with quality assurance, clear use of estimations, and explanations of known data gaps. Performance is tracked against a 2017-18 baseline, with a new 2025-26 baseline being created for the 2026 to 2030 Greening Government Commitments period. Ongoing improvements to data capture and contract reporting are being implemented and for this reporting year we have brought private prison energy, emissions, water and waste data into scope.

⁴⁵ HM Treasury (2025): Government Financial Reporting Manual: 2025-26. Available at: www.gov.uk/government/publications/government-financial-reporting-manual-2025-26.

HM Treasury (2025): Sustainability reporting guidance 2025-26. Available at:

www.gov.uk/government/publications/sustainability-reporting-guidance-2025-26.

HM Treasury (2025): TCFD-aligned disclosure guidance for public sector annual reports. Available at:

www.gov.uk/government/publications/tcf-aligned-disclosure-application-guidance

⁴⁶ Department for Environment, Food and Rural Affairs (2022): Greening Government Commitments 2021 to 2025. Available at: www.gov.uk/government/publications/greening-government-commitments-2021-to-2025

Tackling climate change

Task Force for Climate-Related Financial Disclosures compliance statement

HMPPS considers environment, climate and sustainability issues a principal risk, and has therefore complied with the Task Force for Climate-Related Financial Disclosures' recommended disclosures on:

- governance: (a) board oversight and (b) management's role
- strategy: (a) risks, (b) impacts and (c) resilience (pages 76-78)
- risk management: (a) identification, (b) management and (c) integration (page 79)
- metrics and targets: (a) metrics, (b) emissions/risks and (c) targets (page 79)

Governance: board oversight and management's role

HMPPS maintains the following governance and management arrangements over climate-related risks and opportunities.

- **Board oversight** – Climate-related risks and opportunities are embedded within the HMPPS risk management framework. A principal climate and sustainability risk is reported quarterly to the Risk Advisory Group and the ARAC, who advise the HAB as required.
- **Management's role** – The HMPPS Executive Director for Strategy, Performance and Standards oversees the strategic management of the HMPPS climate and sustainability principal risk and owns the risk to prison services within the UK's 2023 to 2028 Third National Adaptation Programme (NAP3). The MoJ and HMPPS Climate Change and Sustainability Unit provides functional leadership, expertise and assurance to HMPPS and co-ordinates climate-related risk identification, assessment and integration and reporting.

In 2025-26, we have improved our climate-related governance and management, completing a deep-dive review of our climate-related and sustainability principal risk and reporting to our Risk Advisory Group, HLT and ARAC. We have agreed to develop a new action plan in 2026-27 with clear improvement roles, responsibilities and accountabilities across HMPPS, alongside measures to maximise the environmental outcome of our financial spend.

Strategy

Risks, opportunities and time horizons

Climate change is increasingly affecting operations, with ongoing scenario analysis assessing physical (chronic and acute) and transition risks and opportunities across short (2030s), medium (2050s) and long-term (2080s) time frames.

The 2030s (now-2040), 2050s (2041-2060) and 2080s (2061-2100) provide a short, medium and long-term view, and align with common UK climate projection periods and allow comparison of how risks develop over time under different climate scenarios.

- **Short term** – Represents climate impacts that are already emerging and relevant to current planning and investment decisions.
- **Medium term** – Aligns with major decarbonisation and adaptation milestones, including the UK's net zero 2050 target, and when climate risks become more pronounced.
- **Long term** – Allows assessment of the full long-term impacts of climate change and the divergence between different warming scenarios.

Risk description	Time horizon	HMPPS controls
Acute physical risks	Extreme high temperature – heatwaves pose increased health and safety risks and increase the likelihood of prison violence	Short, medium and long First climate change risk assessment (CCRA1) Overheating studies Heatwave guidance
	Extreme precipitation – flooding poses disruption to prison and probation operations, threatening capacity and damage to assets	Short, medium and long CCRA1 Flood risk assessments and business continuity plans
	Severe windstorms – strong winds can interrupt critical local power supply and damage assets	Short, medium and long CCRA1
	Droughts – prolonged low rainfall can result in water shortages	Short, medium and long In-scope for second climate change risk assessment (CCRA2)
	Wildfires – near HMPPS sites pose risk to buildings, security and safety	Short, medium and long In-scope for CCRA2
Chronic physical risks	Long-term average temperature changes – reduce estate resilience and disrupt HMPPS operations by increasing overheating and health risks, and affecting staff and offender behaviour and wellbeing	Medium to long In-scope for CCRA2
	Long-term average precipitation change – reduces estate resilience and HMPPS operations through more frequent flooding and surface water events	Medium to long In-scope for CCRA2
	Sea level rise – increased frequency and severity of coastal flooding and erosion threatens coastal assets, causing site closures	Medium to long CCRA1 Land Use Forum

Risk description	Time horizon	HMPPS controls
Policy and legal – new regulatory requirements increase litigation or enforcement risks, raise asset upgrade and decarbonisation costs, and potentially delay prison expansion or refurbishment where planning, permitting, or environmental standards are not met, affecting capacity and operational resilience	Short, medium and long	Horizon scanning of obligations Cost modelling Net Zero Strategy and Climate Adaption Strategy Sustainable Construction Policy BREEAM ‘excellent’ ratings targeted for prison new builds and expansions
Transition risks	Short to medium	Piloting technologies in custodial settings (heat pumps, heat networks and electric vehicles) Renewable energy programmes
	Short to medium	Forward purchasing/hedging of energy supplies Solar power installations Wind feasibility studies District heating connections
	Short, medium and long	Leadership position taken on climate risk BREEAM ‘excellent’ ratings targeted for prison new builds and expansions

HMPPS has opportunities to improve efficiencies, resilience and wider justice outcomes by:

- reducing resource use to lower operating costs and improving asset performance
- strengthening energy security and cost stability through low carbon energy
- enhancing offender rehabilitation and employability via green upskilling
- improving operational resilience through preventative climate adaptation
- reducing supply chain disruption via sustainability requirements in procurements

Impacts on business, strategy and financial planning

Business and operations

Climate hazards are already disrupting service delivery through flooding and overheating, while decarbonising our buildings and operations will increasingly involve retrofitting our assets. These disruptions affect prisons, increasing the likelihood of asset downtime, temporary closures and increased maintenance. Over time, these impacts are expected to intensify under all pathways where global temperatures increase.

Strategy

Climate change will increasingly shape long-term strategic decisions, particularly:

- affecting estate configuration, decarbonisation and energy resilience
- management of flood risk and water resilience during acute weather events
- offender and workforce wellbeing during extreme heat
- informing wider justice outcomes such as green upskilling and rehabilitation

Financial planning

HMPPS faces material financial exposure from climate-related physical and transition risks, with scenario analysis highlighting long-term costs linked to meeting net zero commitments, managing overheating and flooding climate hazards, and growing market and supply chain volatility.

Next steps for HMPPS include strengthening the use of scenarios in business cases and capital prioritisation, aligning estate and financial strategies to avoidable disruption and long-term cost, and informing resource decision-making with 'invest to avoid' adaptation cases.

Scenario analysis and resilience

HMPPS has used scenario analysis to better understand our risk against two climate futures:

- a **lower warming 2°C pathway** with early, orderly mitigation and management of risks
- a **higher warming 4°C pathway** characterised by delayed action, significantly higher physical risks, greater disruption and increased long-term cost pressures

Ongoing analysis indicates that:

- across both pathways, risks rise in the near term, with the 2030s representing the peak pressure period as transition delivery, cost escalation and climate hazards coincide
- under a lower warming pathway, early investment and disciplined delivery enable risks to ease after the transition peak, improving long-term resilience and value for money

Next steps for 2026-27 include using the scenario outputs to inform property investment decisions, building scenario thinking into business continuity and programme governance, and developing metrics that can track the operational impacts of heat extremes and flooding.

Risk management

Ongoing risk identification and assessment

In-depth assessments, such as our climate change risk assessment, flood risk assessments, scenario analysis, risk deep dives, climate change research and modelling, are all used to inform our climate-related and sustainability transition principal risk. Climate-related risk significance is scored using the MoJ/HMPPS risk severity and likelihood definitions, as used within the HMPPS risk management system, enabling a direct comparison to other principal risks.

Risk management

The climate-related and sustainability principal risk is managed using the established HMPPS processes and framework, which is aligned to the Orange Book, as explained in the risk analysis section (see page 19).

Overall integration

Climate-related risks are integrated into the HMPPS principal risk management processes and reporting framework, reviewed and reported quarterly to the Risk Advisory Group and ARAC. In addition, climate-related risks are accounted for and embedded within key programmes (prison expansion) and business continuity planning (flood risk).

Looking forward to 2026-27, we will be conducting our second climate change risk assessment (identifying the risks to our estate and operations using the latest climate projections and scenarios), mobilising for the next UK National Adaptation Programme (NAP4) and drafting climate risk reduction objectives for the 2028 to 2033 delivery plan.

Targets and metrics

Mitigating climate change: working towards net zero 2050

HMPPS has reduced overall emissions from the 2017-18 baseline, but progress remains insufficient to meet targets, largely due to estate capacity constraints, security requirements and maintenance backlogs, which together limit our ability to retrofit buildings at the scale and pace required.

Through 2025-26, we have been establishing a new performance baseline, against which future progress can be compared, resulting in the inclusion of private prison energy use and emissions, improved data health and the addition of oil consumption data used in our temporary heating plant. Consequently, our performance now shows only a 9% reduction in overall emissions versus target, compared to the previous year's annual report and accounts which stated a 21% reduction. In 2025-26, action focused on:

- strengthening environmental assessment of capital investment
- reframing our risks to target energy inefficiencies and supply resilience
- working to unblock power connections, fleet electrification and funding challenges
- co-ordinating heat network opportunities and securing Department for Energy Security and Net Zero funding for heat network efficiency works and prison expansion energy saving interventions
- delivering window, LED, solar and heat recovery and optimisation projects
- feasibility proposals for wind projects

Next steps for 2026-27 include refreshing our emissions reduction plans, strengthening internal policies and standards, and maturing a multi-year programme to target the highest value carbon reduction opportunities.

Adaptation and resilience to climate change

HMPPS has not yet established formal objectives or targets for adaptation. HMPPS currently has adaptation commitments under the **Third National Adaptation Programme** (NAP3), which comes to term in 2028. Government has committed to setting stronger measurable adaptation objectives and delivery plans through the Fourth National Adaptation Programme (NAP4) 2028 to 2033, and HMPPS and MoJ will be inputting into these through 2026-27.

HMPPS has made progress in strengthening climate resilience. In 2025-26, we:

- further developed our evidence base by conducting flood risk assessments
- developed partnerships with academia to understand the impacts of overheating
- developed a MoJ and HMPPS Climate Resilience Plan
- piloted climate resilience interventions including sustainable drainage systems

Next steps for 2026-27 include continuing to embed adaptation considerations across policies, standards and processes, furthering the implementation of interventions, continuing to improve our understanding of climate risk which will inform the MoJ's second climate change risk assessment, and informing the development of NAP4.

Case study: Sustainable drainage systems at HMP Hollesley Bay

Sustainable drainage systems were installed at temporary accommodation units at HMP Hollesley Bay, as part of the planning application to make the units a permanent feature. The below ground drainage works manage surface water run-off by mimicking natural processes – slowing, storing and infiltrating water close to its source rather than rapidly piping it away. The completed sustainable drainage system enabled planning compliance, the long-term use of accommodation units, and more sustainable and efficient management of water at the prison.

Table 1: Performance against climate-related targets

Greening Government Commitments-aligned targets	Deadline	2025-26 performance	Target achieved
Reduce overall greenhouse gas emissions by 41% from the 2017-18 baseline	March 2026	-9%	No
Reduce direct greenhouse gas emissions by 23% from the 2017-18 baseline	March 2026	+24%	No
Ensure 100% of the car and van fleet is zero emission by 2027	December 2027	6%	No
Reduce domestic business flight emissions by 30% from the 2017-18 baseline	March 2026	-89%	Yes

Table 2: Non-financial, financial and risk climate-related metrics

Climate-related metrics	2017-18 baseline	2024-25 (restated)	2025-26 performance
Non-financial indicators			
Scope 1 emissions (direct) (tCO ₂ e)	155,192	153,833	219,072
Scope 2 emissions (energy indirect) (tCO ₂ e)	120,552	70,312	92,046
Scope 3 business travel emissions (tCO ₂ e)	6,845	9,026	12,592
Total emissions (tCO₂e)⁴⁷	282,589	233,171	323,710
Electricity consumption (MWh)	342,770	339,259	351,908
Renewables on site (MWh)	29	1,660	1,611
Natural gas consumption (MWh)	748,520	703,261	829,973
Other energy sources (MWh)	37,999	81,111	119,496
Total energy use (MWh)	1,129,318	1,125,291	1,302,988
Financial indicators (£)			
Electricity purchased (£million)	N/A	£91m	£82m
Natural gas purchased (£million)	N/A	£50m	£44m
Other energy sources purchased (£million)	N/A	£10m	£10m
Total gross expenditure on energy (£million)	£69m	£151m	£136m
Climate-related risks			
Percentage of prisons at high or very high risk of flooding – present day *	N/A	N/A	89%
Percentage of prisons at high or very high risk of flooding – future 4°C warming scenario *	N/A	N/A	90%
Percentage of probation sites at high or very high risk of flooding – present day *	N/A	N/A	35%

47 HMPPS has not yet conducted an assessment to determine the materiality of wider scope 3 emissions (beyond business travel, which is already reported). This will be commissioned in due course.

Climate-related metrics	2017-18 baseline	2024-25 (restated)	2025-26 performance
Climate-related risks (continued)			
Percentage of probation sites at high or very high risk of floodings – future 4°C warming scenario*	N/A	N/A	43%
Percentage of prisons sites at high or very high risk of overheating – 2°C warming scenario, 2020 to 2039	N/A	71%	71%
Percentage of prisons sites at high or very high risk of overheating – 4°C warming scenario, 2020 to 2039	N/A	98%	98%
Percentage of probation sites at high or very high risk of overheating – 2°C warming scenario, 2020 to 2039	N/A	25%	25%
Percentage of probation sites at high or very high risk of overheating – 4°C warming scenario, 2020 to 2039	N/A	100%	100%
Operational energy use intensity (kWh/m ² /year)	N/A	258	248
Operational carbon emission intensity (kgCO ₂ e/m ² /year)	N/A	54	50
Percentage of car/van fleet ultra-low emission vehicle	0%	13%	13%
Percentage of car/van fleet zero emission at tailpipe	0%	5%	6%
Percentage of HMPPS assets reliant on coal heating	N/A	0.2%	0.2%
Percentage of assets reliant on oil heating	N/A	7%	7%
Percentage of assets reliant on liquified petroleum gas	N/A	1%	1%

* Note: flood risk metrics have been updated using the latest Environment Agency national flood risk assessment data.

Minimising waste and promoting resource efficiency

Over 100 prisons have dedicated recycling centres, where more than 1,000 prisoners work sorting, preparing for reuse and recycling waste, which saves the taxpayer over **£4.5 million** per year.⁴⁸ National refurbishment schemes, including a TV repair programme that has repaired over 30,000 televisions, have delivered a further £1.2 million in savings since inception. In 2025-26, there was expansion in the prison estate, which included the opening of HMP Millsike. Notably, for the first time, all private prisons operating within the estate provided waste data. Even with these additional pressures, the total waste tonnage has decreased and the percentage of waste recycled has increased compared to the figures from 2024-25. In 2026-27, recycling pilots will be expanded to deliver additional savings and meaningful prisoner activity.

Table 3: Performance against waste and resource efficiency targets

Waste targets	Deadline	2025-26 performance	Target achieved
Reduce the overall waste generated by 15% from the 2017-18 baseline	March 2026	-1%	No
Reduce waste going to landfill to less than 5% of overall waste	March 2026	3%	Yes
Increase the proportion of waste recycled or reused to at least 70% of overall waste	March 2026	57%	No

The table below presents absolute values (in metric tonnes) for waste generated across the estate by category, covering both administrative and operational activities.

Table 4: Waste generation and disposal metrics 2025-26

Waste metrics ⁴⁹	2017-18 baseline	2024-25 restated ⁵⁰	2025-26 performance
Waste recycled (tonnes)	20,851	16,971	19,675
Total waste composted / food waste (tonnes)	-	4,292	4,111
Waste incinerated with energy recovery (tonnes)	14,440	18,572	14,882
Waste incinerated without energy recovery (tonnes)	21	618	405
Waste to landfill (tonnes)	5,337	1,255	1,091
Total waste arising (tonnes)	40,649	41,708	40,164

48 As self-reported by prison waste management units.

49 Financial metrics for waste are not provided due to the way waste disposal, management and compliance costs are embedded within our facilities management services, making it difficult to isolate. Waste cost reporting should be more transparent following the upcoming procurement of new facilities management providers, where reporting has been embedded within draft contract requirements.

50 2024-25 calendar year data has been restated to show the full financial year up to March 2025.

Case study: Prison TV Repair Programme

We have reduced the price of prisoner in-cell televisions from £101 to £77, reflecting smarter procurement and the expansion of the national Prison TV Repair Programme, which extends the life of existing prison TVs and reduces the demand for new TVs. There are currently six prison TV repair workshops in operation with 80 prisons actively using the service. In 2025-26, more than 11,000 TVs have been repaired, saving over £300,000 in avoided procurement and preventing the release of almost 300 tonnes of embodied carbon emissions. The programme also provides purposeful employment and technical skills to around 60 prisoners, supporting rehabilitation and reducing reoffending on release.

Reducing our water use

We have strengthened our water efficiency programme to reduce water consumption and save money across the estate. A data-led approach using smart meters and detailed analysis has enabled us to identify priority sites with abnormal water use, enabling targeted leak detection and repair at multiple sites. This work has delivered significant cost savings exceeding £4 million in annualised avoided costs and water savings of 800,000m³ in 2025-26, and led to the project receiving a Government Impact Award for the programme.

Table 5: Performance against water use targets

Water target	Deadline	2025-26 performance	Target achieved
Reduce water consumption by at least 8% from the 2017-2018 baseline	March 2026	+14%	No

Table 6: Water use and financial metrics 2025-26

Water metrics	2017-18 baseline	2024-25 restated ⁵¹	2025-26
Non-financial indicators (m3)			
Water consumption	9,543,928	9,929,650	10,187,737
Financial indicators (£)			
Water supply costs	£23 million	£31 million	£37 million

⁵¹ 2024-25 calendar year data has been restated to show the full financial year up to March 2025.

Nature

Specific nature-related achievements in 2025-26 are listed below.

- HMP Stanford Hill was successful in a woodland creation offer.
- HMP Eastwood Park won the MoJ Nature and People Award for best practice due to their site-wide holistic approach to grounds management and demonstrative leadership.
- Prisons continue to support habitat creation and green skills hedge-whip growing, and HMP Bullingdon initiated a plug plant nursery for future habitat schemes.
- Community payback ran a successful pilot with the Environment Agency, utilising unpaid work sentences to maintain community flood alleviation schemes.
- The Design Principles for Prison Landscapes were published in partnership with the University of Birmingham, detailing how custodial environments can maintain prison safety while best capturing the multiple benefits of nature into operations.
- HMP Leyhill has commenced the creation of a large area to the south of the prison to deliver the biodiversity net gain planning requirements of the prison expansion, using this opportunity to deliver prisoner vocational training in rural skills and tractor driving.

Case study: HMP Kirkham and the sustainable farming incentive

HMP Kirkham operates a 40-hectare prison farm of native livestock and grazing, permanent grassland and hedgerows. In December 2025 the prison entered a three-year sustainable farming incentive agreement with the Department for Environment, Food and Rural Affairs, which supports land managers to deliver environmental benefits alongside food production: improving resilience, biodiversity and soil condition while providing reliable income. The agreement demonstrates how the prison estate can successfully combine sustainable land management, skills development and secure revenue alongside the normal prison regime.

Remuneration and staff report

Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations the review body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional and local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body on Senior Salaries can be found at:
www.gov.uk/government/organisations/review-body-on-senior-salaries.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at:
<https://civilservicecommission.independent.gov.uk>

Remuneration

The following sections provide details of the remuneration and pension interests of the most senior management of HMPPS (that is, members of the HAB).

Salary

'Salary' includes the gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by HMPPS and recorded in these accounts.

Taxable benefits

Taxable benefits include all benefits in kind and taxable cash benefits. The monetary value of benefits in kind covers any benefits provided by HMPPS and treated by HM Revenue and Customs as a taxable emolument. Benefits recognised relate to travel and subsistence. Benefits in kind are an estimate, as the final value is to be agreed between the Secretary of State for Justice and HM Revenue and Customs.

Bonuses

Directors' bonuses are determined by the MoJ SCS pay committees – chaired by the MoJ Permanent Secretary for SCS1 and SCS2. Bonuses for SCS3 are determined by the Permanent Secretary in line with the SCS Pay Practitioners Guide.

Working within the set parameters for the management of senior level pay, an individual can only be awarded a bonus if they have exceeded at least one finance and efficiency objective.

Bonuses are based on performance levels attained and are made as part of the appraisal process.

Bonus payments made in 2025-26 are for bonuses awarded in both 2024-25 and 2025-26. Bonus payments made in 2024-25 are for bonuses awarded in both 2023-24 and 2024-25.

Pension benefits

The value of pension benefits accrued during the year is calculated as 20 times the real increase in pension plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

Total remuneration (audited)

Officials	2025-26					2024-25				
	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total £'000	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total £'000
Amy Rees*										
Director General Chief Executive Officer (until 14 April 2025)	5-10 (annualised 175-180)	400	10-15	1,000	20-25	175-180	40,200	15-20	25,000	255-260
Phil Copple										
Director General Operations (until 31 March 2025)										
Interim Director General Chief Executive Officer (from 1 April 2025 to 12 October 2025)	95-100 (annualised 180-185)	–	10-15	33,000	140-145	175-180	–	15-20	128,000	320-325
James McEwen										
Director General Chief Executive Officer (from 13 October 2025)	80-85 (annualised 175-180)	-	0-5	43,000	125-130	N/A	N/A	N/A	N/A	N/A
Michelle Jarman-Howe										
Interim Director General Operations (from 1 April 2025)	155-160	-	15-20	219,000	390-395	N/A	N/A	N/A	N/A	N/A
Ed Cornmell										
Executive Director, YCS (until 8 June 2025)	25-30 (annualised 125-130)	–	5-10	9,000	35-40	125-130	–	–	75,000	200-205

Officials	2025-26					2024-25				
	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total £'000	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total £'000
Sonia Brooks Interim Executive Director, YCS (from 18 June 2025 to 21 September 2025)	30-35 (annualised 120-125)	-	-	35,000	65-70	N/A	N/A	N/A	N/A	N/A
Alison Clarke Executive Director, YCS (from 22 September 2025)	70-75 (annualised 130-135)	-	-	77,000	145-150	N/A	N/A	N/A	N/A	N/A
Paul Henson† MoJ Director, Finance Business Partnering – Interim (from 10 March 2025)	105-110	-	0-5	41,000	150-155	5-10 (annualised 100-105)	-	-	2,000	5-10
Louise Alexander† People Director, HMPPS (from 29 July 2024)	130-135	-	5-10	52,000	185-190	85-90 (annualised 125-130)	-	-	35,000	120-125

*Amy Rees is a member of the partnership pension scheme. The employer contributions to her partnership pension account are included in the 'Pension related benefits' column of this table and cash equivalent transfer value table on page 94.

†These roles are part of the MoJ functional leadership group and are not included in the staff cost note or staff numbers within the HMPPS accounts but are included in the MoJ accounts. As HMPPS board members they are included in the remuneration report above.

Both this table and the pension benefits table on page 94 show directors and their relevant posts throughout the 2024-25 and 2025-26 financial years. Changes from 1 April 2026 onwards are described in the corporate governance report on page 53.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. The Public Service Pensions Remedy applies to individuals who were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members

of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Within the tables, salaries for agency staff that have a day rate over a certain threshold are reported at the actual rate paid to that agency worker and have not been annualised.

Percentage change from previous year in total salary and bonuses for the highest paid director and the staff average

	2025-26		2024-25	
	Total salary	Bonus payments	Total salary	Bonus payments
Staff average	9%	21%	6%	-21%
Highest paid director	3%	-24%	9%	-6%

Ratio between the highest paid director's total remuneration and the pay and benefits of employees in the lower quartile, median and upper quartile

	Lower quartile	Median	Upper quartile
2025-26	6.1:1	5.2:1	4.3:1
2024-25	7.8:1	6.5:1	5.5:1

Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits

	Lower quartile		Median		Upper quartile	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Salary component of total pay and benefits	29,106	27,670	29,611	28,472	37,679	35,130
Total pay and benefits	32,256	29,657	38,109	35,702	45,743	41,975

The banded annualised remuneration of the highest paid director in HMPPS in 2025-26 was £195,000 to £200,000 (2024-25: £230,000 to £235,000). This was 5.2 times (2024-25: 6.5) the median remuneration of the workforce, which was £38,109 (2024-25: £35,702). The decrease in the highest paid director's remuneration is due to a change in personnel and an associated decrease in benefits in kind.

No employees received remuneration in excess of the highest paid director in either 2025-26 or 2024-25. Remuneration ranged from £20,000-£25,000 to £195,000-£200,000 (2024-25: £25,000-£30,000 to £230,000-£235,000).

For the purposes of fair pay disclosures, total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

In 2024-25, pay deals were implemented for HMPPS employees. The Prison Service pay award was implemented for 2025-26 on the recommendations of the Prison Service Pay Review Body with effect from 1 April 2025, following approval from HM Treasury and ministers. At 31 March 2026, negotiations regarding the Probation Service pay award for 2025-26 remained ongoing and the award had not been formally agreed. Subsequent to the reporting date, agreement was reached and as negotiations were sufficiently advanced at 31 March 2026 to permit a reliable estimate of the obligation, an accrual has been recognised in the financial statements. The implementation of the pay awards in 2025-26 increased average staff remuneration.

Non-executive directors' remuneration (audited)

	2025-26			2024-25		
	Fees (excluding bonuses paid) £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Fees (excluding bonuses paid) £'000	All taxable benefits (to nearest £100)	Bonus payments £'000
Nick Campsie*						
Non-Executive Director (until 20 March 2025)						
Interim Lead Non-Executive Director (from 21 March 2025 to 18 November 2025)						
Lead Non-Executive Director (from 19 November 2025)	15-20	-	-	10-15	-	-
Jonathan Flory						
Non-Executive Director	15-20	-	-	15-20	-	-
Rommel Moseley						
Non-Executive Director	10-15	-	-	10-15	-	-
Mark Lloyd						
Non-Executive Director (from 1 October 2025)	5-10 (annualised 10-15)	200	-	N/A	N/A	N/A
Dame Glenys Stacey						
Non-Executive Director (from 19 May 2025)	10-15 (annualised 10-15)	200	-	N/A	N/A	N/A

*Nick Campsie chaired the HAB meetings in 2025-26.

Pension benefits (audited)

Cash equivalent transfer value

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of them buying their own additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction in benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2026. HM Treasury last published updated guidance on 27 April 2023. This guidance has been used in the calculation of 2025-26 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension benefit due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

Officials	Accrued pension at pension age as at 31 March 2026 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2026 £'000	CETV at 31 March 2025 ⁵² £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Amy Rees* Director General Chief Executive Officer (until 14 April 2025)	N/A	N/A	N/A	N/A	N/A	1,000
Phil Copple Director General Operations (until 31 March 2025) Interim Director General Chief Executive Officer (from 1 April 2025 to 12 October 2025)	85-90 plus lump sum of 210-215	0-2.5	1,954	1,859	22	N/A
James McEwen Director General Chief Executive Officer (from 13 October 2025)	70-75	0-2.5	1,208	1,157	27	N/A
Michelle Jarman-Howe Interim Director General Operations (from 1 April 2025)	60-65 plus lump sum of 150-155	10-12.5 plus lump sum of 20-22.5	1,402	1,128	204	N/A
Ed Cornmell Executive Director, YCS (until 8 June 2025)	45-50 plus lump sum of 115-120	0-2.5	978	966	5	N/A
Sonia Brooks Interim Executive Director, YCS (from 18 June 2025 to 21 September 2025)	40-45 plus lump sum of 105-110	0-2.5 plus lump sum of 2.5-5	838	801	28	N/A

⁵² CETV at date of appointment for board members who joined during 2025-26.

Officials	Accrued pension at pension age as at 31 March 2026 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2026 £'000	CETV at 31 March 2025 ⁵² £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Alison Clarke Executive Director, YCS (from 22 September 2025)	50-55 plus lump sum of 125-130	2.5-5 plus lump sum of 5-7.5	1,147	1,055	68	N/A
Paul Henson MoJ Director, Finance Business Partnering – Interim (from 10 March 2025)	20-25	0-2.5	291	256	20	N/A
Louise Alexander People Director, HMPPS (from 29 July 2024)	35-40	2.5-5	553	494	34	N/A

*Amy Rees was a member of the partnership pension scheme. No benefits from the Principal Civil Service Pension Scheme have been accrued in 2024-25 or 2025-26.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. The Public Service Pensions Remedy applies to individuals who were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

There were no employer contributions to the Local Government Pension Scheme (LGPS) in relation to HMPPS directors.

Civil Service pensions

Pension benefits are provided to employees of HMPPS (excluding LGPS members) through the Civil Service pension arrangements. Before 1 April 2015, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60, and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes with both employees and employers making contributions. Employee contributions are salary dependent and range between 4.6% and 8.05%. The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the pensions increase legislation.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, with the total amount accrued being adjusted annually in line with a pension increase rate set by HM Treasury.

Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pension figures quoted in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha.

The pension figures in this report show pension earned in the PCSPS or alpha. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps have been taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy was made up of two parts.⁵³ The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removed the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as ‘rollback’.

For members who were in scope of the Public Service Pensions Remedy, the calculation of benefits for the purpose of calculating CETV and a single total figure of remuneration has been rolled back into the PCSPS. In due course, members will be given the option to decide whether that period should count towards PCSPS or alpha benefits.

⁵³ HM Revenue and Customs (2023): How the Public Service Pensions Remedy affects your pension. Available at: www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75%, depending on the age of the member. The employee does not have to contribute but, where they do make contributions, the employer matches these up to a limit of 3% of pensionable salary, in addition to the employer's basic contribution. Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Local Government Pension Scheme

The scheme is administered under the Local Government Pension Scheme (LGPS) 2014. Under the LGPS 2014 scheme the pension added for each member, each year, is based on 1/49th of their earnings (1/98th if they opted to be a member of the 50/50 section of the scheme). Individual pension accounts are increased each year by the Consumer Price Index up to retirement, providing a career average revalued earnings pension.

This is a change from the LGPS 2008 scheme, under which benefits accrue at the rate of 1/60th of the pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum of three times the annual pension is payable on retirement.

For the 12 months to 31 March 2026, HMPPS paid employer pension contributions of £490.2 million to the PCSPS and £200.9 million to Greater Manchester Pension Fund (LGPS). Further details of these schemes and related costs and liabilities are in Note 18 to the accounts.

Staff costs, numbers and composition

The following sections are included to satisfy parliamentary reporting and accountability requirements.

Staff costs (audited)

	2025-26 £'000	2024-25 £'000
Permanent staff – wages and salaries	2,703,711	2,537,983
Permanent staff – social security costs	366,061	274,955
Permanent staff – pension costs	595,148	602,211
Agency staff costs	43,043	38,249
Departures and severance payments	27,584	27,347
Inward secondments	5,000	4,756
Sub-total	3,740,547	3,485,501
Recoveries in respect of outward secondments	(4,924)	(6,178)
Total net costs	3,735,623	3,479,323

Pension costs (audited)

Details of pension costs and associated balances are in Note 18 to the accounts.

Consultancy costs

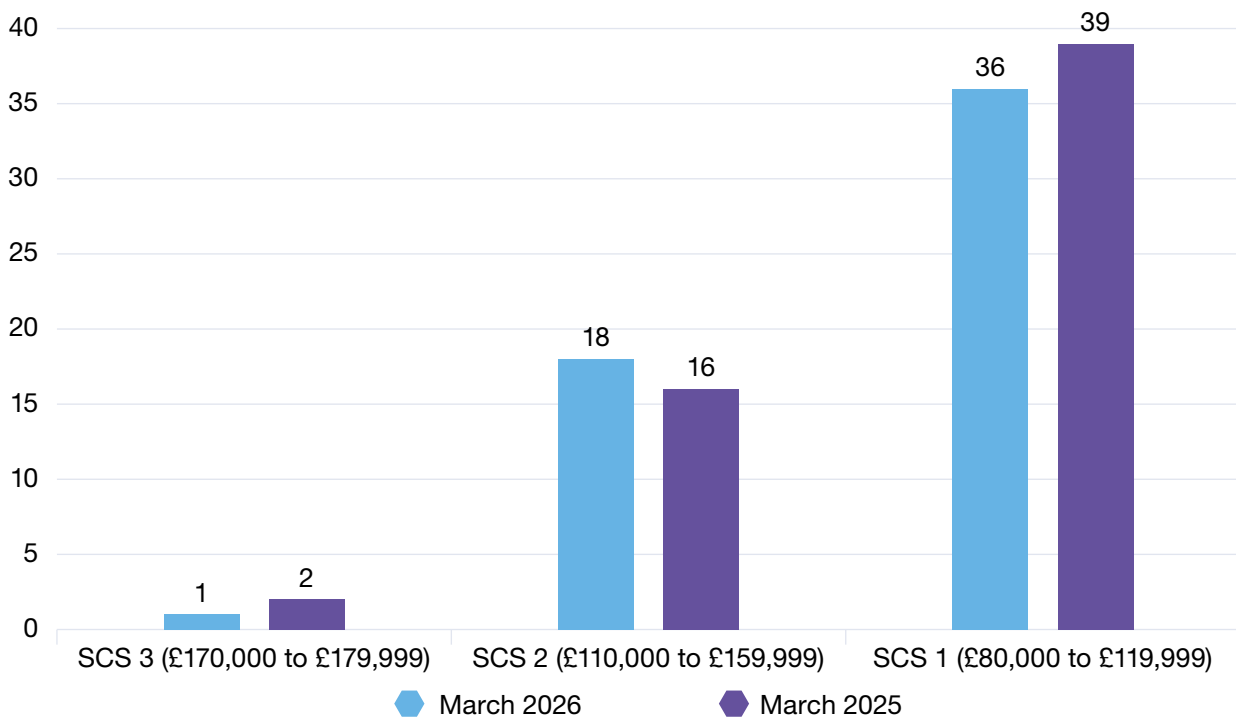
Expenditure on consultancy was £1.4 million in 2025-26 (2024-25: £1.6 million). Consultancy services were engaged where specialist skills were not available internally or where independent assurance was required.

Agency costs

Agency costs have reduced across the Probation Service where permanent staff are now in position. There has been an increase in relation to the provision of escort services by operational agency staff. These escorts are a requirement for project work taking place within a prison environment.

Senior Civil Service (SCS) salaries

The following table shows the number of substantive SCS staff employed by HMPPS by salary bands as at 31 March 2026. Salary ranges represent full-time equivalent (FTE), and bonuses are not included.



Staff numbers (audited)

The average number of FTE people, including senior management, employed during the year was as follows:

	2025-26			2024-25		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
Directly employed	64,496	-	64,496	64,824	-	64,824
Other	-	887	887	-	957	957
Total	64,496	887	65,383	64,824	957	65,781

Reporting of Civil Service and other compensation schemes – exit packages (audited)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme: a statutory scheme made under the Superannuation Act 1972. Where HMPPS has agreed early retirements, the additional costs are met by HMPPS and not by the PCSPS. Ill-health retirement costs are met by the pension scheme and are not included in the table below.

Exit package cost and band	2025-26			2024-25		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	183	183	-	196	196
£10,001 – £25,000	-	96	96	-	104	104
£25,001 – £50,000	-	101	101	-	83	83
£50,001 – £100,000	-	221	221	-	242	242
£100,001 – £150,000	-	28	28	-	35	35
More than £150,000	-	9	9	-	4	4
Total number of exit packages	-	638	638	-	664	664
Total cost of exit packages (£'000)	-	26,831	26,831	-	27,275	27,275

Exit costs are accounted for in full within the departures and severance costs table in the year in which the exit package is confirmed. These costs reflect an element of pension costs which crystallise on confirmation of departure.

In 2025-26, the figures include the costs of departures for HMPPS staff members leaving under a voluntary departure scheme. Where HMPPS has early retirements, with agreed employer-funded top-up for early access to pensions, the employer top-up costs are met by HMPPS alongside compensation for loss of office. In the interests of transparency, the figures within the above table include the employer top-up costs payable by HMPPS. The total cost to HMPPS will therefore be higher than the amounts received by individuals.

Voluntary departure schemes also ran in 2024-25 and are included in the comparative figures in the table above.

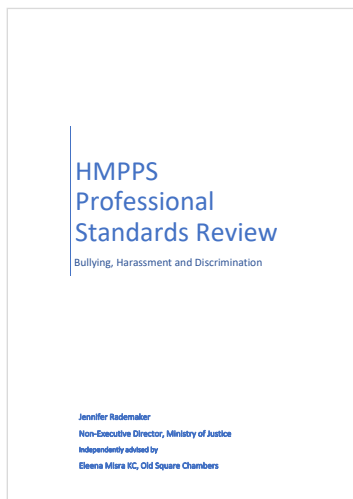
Also included in the table above within 'other departures agreed' are efficiency departure exit packages. Efficiency departures are authorised in the interests of the continued efficiency of the service and the wellbeing of the individual, under section 6.3 of the Civil Service Management Code.

Professional standards and behaviour

In the 2025 People Survey, 12% of HMPPS staff indicated that they had experienced bullying and/or harassment (12% in 2024). This compares with 8% in the Civil Service as a whole. 49% said they had reported the behaviour (up one percentage point), while 25% said appropriate action was taken (up two percentage points).

In the same survey, 13% of staff reported in 2025 that they had experienced discrimination (up one percentage point), compared with 7% in the Civil Service as a whole. The most common types of discrimination reported are related to disability, mental health, age, gender, grade, working pattern and ethnicity.

The complex and challenging nature of our operational environment affects the nature and prevalence of unacceptable behaviour in ways that share similarities with other public sector uniformed services. This leads to disproportionately high levels of reporting compared with other Civil Service departments whose environments and cultures differ from those of HMPPS. This is unacceptable and we are committed to making meaningful, lasting change.



In 2023, HMPPS commissioned MoJ Non-Executive Director, Jennifer Rademaker, to review its approach to improving professional standards and tackling bullying, harassment and discrimination. The **HMPPS Professional Standards Review** was published on 6 May 2025 and made 12 recommendations for change, to improve our approach, improve confidence among our staff in speaking out and help quicken the pace of change towards a more positive culture.⁵⁴ HMPPS accepted all the recommendations, and the following sections outline some of the actions taken in response.

In response to the Professional Standards Review, our new **Independent Review, Resolution and Investigation Service (IRRIS)** launched in January 2026, building on the work done by the Tackling Unacceptable Behaviours Unit over the previous five years, including continuing the provision of a helpline for staff, mediation, climate assessments and investigations.

IRRIS operates our interim grievance process which enables staff to raise a grievance about bullying, harassment, discrimination or victimisation directly to the team, who will ensure that the grievance is considered fairly by someone suitably experienced and independent.

IRRIS is now significantly expanding its investigations team to support HMPPS to manage cases more quickly and consistently. It is working with policy teams and recognised trade unions to consider enhanced grievance and conduct and discipline policies in 2026-27.

The behavioural interventions and practical support team provides evidence-informed, tailored support to help leaders prevent poor behaviour and improve professional standards across HMPPS, with a focus on understanding underlying behavioural and cultural issues and designing practical solutions. Through targeted interventions, advice, coaching, training and specialist work, the team aims to deliver sustained improvements in behaviour, leadership and workplace culture.

⁵⁴ HM Prison and Probation Service (2025): HMPPS Professional Standards Review. Available at: www.gov.uk/government/publications/hmppps-professional-standards-review

Communications and staff engagement

The HMPPS communications team supports the agency and its senior leaders in delivering their strategic objectives. Communications can range from urgent and crisis communications, operational updates, national recruitment campaigns and timely information for staff, prisoners, people on probation and their families. Messages are created for specific audiences and shared in the most effective way across internal and external channels including the intranet, weekly senior leaders' bulletin, global updates, a suite of social media channels, GOV.UK, Launchpad and weekly probation news. We work closely with partners such as National Prison Radio, Wayout TV and prison newspaper 'Inside Time' to continue to inform and engage with prisoners.



The 2025 Civil Service People Survey was completed by 42,307 (42%) of MoJ employees, a decrease of two percentage points from 2024. The Civil Service-wide response rate also decreased by two percentage points, from 61% in 2024 to 59% in 2025, but remained considerably higher than the MoJ response rate. HMPPS saw a four percentage point decrease, from 38% to 34%.

The HMPPS Employee Engagement Index score decreased to 59% in 2025, having remained at 60% for the three previous years. HMPPS scores fell across five of nine core themes, with the largest drop in 'learning and development' (by three percentage points). 'My work' (by one percentage point), 'my team' (by two percentage points), 'inclusion and fair treatment' (by one percentage point) and 'pay and benefits' (by one percentage point) were the other four themes showing a decrease. Other themes remain unchanged since 2024, so no overall improvement.

HMPPS is committed to acting on the survey results. 28% of HMPPS colleagues believe action was taken last year – a decrease of one percentage point from 2024. 37% believe action will be taken this year (no change from 2024).

Changes to the Civil Service People Survey in 2025 mean that the 2024 results have been adjusted to allow fair comparison. Some core themes were recalculated, while others were unchanged. Earlier years have not been adjusted, so longer-term trends are not directly comparable.

Staff wellbeing

HMPPS recognises that work in prisons, probation and youth custody can be rewarding but demanding, and that staff often face sustained pressure. During the year, continued effort was made to strengthen a supportive workplace culture that promotes wellbeing and helps staff feel supported and perform at their best. This includes ensuring staff and managers understand what support is available and how to access it, which is supported by a new central Wellbeing Resource Library.



We continued to embed our wellbeing model in 2025-26. Area staff support and wellbeing leads have co-ordinated wellbeing activity, overseen volunteer peer support, supported post-incident care, and worked closely with HR and partners to ensure wellbeing is a shared responsibility.

Delivery against area wellbeing plans has continued, informed by staff survey insight. Targeted actions helped managers identify and address workload pressures and stress early, alongside appropriate wellbeing and attendance support. Reflective sessions also continued, giving staff and senior leaders time to reflect on the impact of their work.

HMPPS continued to provide a broad range of support through the Employee Assistance Programme, delivered by PAM Wellness, offering access to confidential support which can include free counselling or computerised cognitive behavioural therapy.

Volunteer-led peer support programmes, including trauma risk management, mental health allies and care teams, continue to provide frontline support following workplace incidents. During 2025-26, a review of peer support arrangements identified opportunities to strengthen consistency, governance and assurance.

Supporting attendance and enabling staff to remain in or return to work safely remained a priority. The MoJ **supporting attendance policy** launched in September 2024, and we continued to embed this across HMPPS, supported by guidance and a new sickness absence dashboard.

Development activity also continued through the **people management essentials** offer, including the introduction of a wellbeing module and management of attendance training to strengthen leadership capability and confidence.

Alongside core provision, staff access to occupational health support continues through Optima Health. The MoJ Workplace Adjustment Service provides independent advice to help ensure workplace adjustments are consistent and legally compliant, support complex cases, help to reduce unnecessary absence and improve staff retention.

HMPPS recognised trade union relationships

HMPPS recognises 10 trade unions. Relationships have been constructive and supported by a central employee relations team and a comprehensive structure of formal and informal meetings to support engagement and resolve areas of disagreement at the earliest opportunity.

For prisons, YCS and HQ, these are:

- Prison Officers Association (POA)
- Prison Governors Association (PGA)
- NTUS (comprising PCS, UNITE, FDA, PROSPECT and GMB)

For the Probation Service, these are:

- National Association of Probation Officers (NAPO)
- GMB Society of Chief Officers of Probation (SCOOP)
- Unison

During 2025-26, a key focus of engagement and consultation with these recognised trade unions has been on maintaining stability in industrial relations against a backdrop of safety and system-wide capacity challenges to enable operational decisions and reform priorities to be progressed.

All trade unions have been constructively engaged in support of the delivery of the necessary changes (including temporary measures) to prison working arrangements and probation roles (as part of Our Future Probation Service) to meet the **requirements of the 2026 Sentencing Act**. In the Probation Service, this has included significant joint work with trade unions to introduce new measures and working arrangements to reduce workload and streamline professional input.

This work has progressed alongside important consultations on new policy arrangements in support of the recommendations made through the **Professional Standards Review** and to introduce legislative changes in **employment law** (The Worker Protection Act and Employment Rights Act). Trade unions have been important stakeholders in the implementation of safety improvement recommendations further to the serious assaults on staff at HMP Frankland and the Preston Probation Delivery Unit in 2025.

The recognised Prison Service trade unions welcomed the timelier outcome of the 2025-26 **Prison Service Review Body** process with all recommendations accepted. Protracted pay negotiations with probation trade unions have also secured outcomes for probation staff and a commitment to pay reform talks for 2026-27.

Our probation workforce

Our probation staff bring essential expertise that is vital to protecting the public and supporting people to make positive changes in their lives. In 2025-26, the Probation Service exceeded its trainee target of 1,300, successfully onboarding 1,389 trainees. The government has committed to onboarding at least 1,300 more trainees in 2026-27.

We recognise that recruitment takes time and that several emerging challenges affected recruitment performance in 2025-26. Filling vacancies and managing changes in demand for probation services remain priorities as a large number of qualified officers come through the pipeline. Plans are in place to **strengthen centralised probation recruitment** and support workforce growth by improving attraction to key roles, reducing time to hire and vetting delays, and enhancing onboarding.

HMPPS uses a joined-up approach to address **retention challenges** across probation and prisons. The framework brings together data, research and insight to understand why staff leave, target support where it is most needed and embed retention as a core part of delivery, in line with the People Strategy.

The enhanced overtime and overtime bonus scheme has been extended until March 2028 which supports the provision of additional resource to help **alleviate capacity pressures**.

Improving **safety for probation staff** remains a priority for HMPPS. Following serious incidents involving probation officers, HMPPS has begun piloting enhanced safety and security measures in seven selected probation sites, alongside work to strengthen personal safety and incident response. These measures include enhanced personal safety training, the introduction of security screening equipment and body-worn video cameras in pilot locations. Improvements are also being made at probation sites to improve safety with the introduction of visitor lockers, bleed kits and defibrillators. This reflects a commitment to learning lessons from recent events and improving protection for our staff working in increasingly complex and challenging environments.



The **Probation Service professional register** provides assurance that probation-qualified staff have the skills and knowledge to manage risk effectively. Over 8,000 staff are now registered in key public protection roles, with voluntary registration extended in 2025 and preparations under way for mandatory registration of probation services officers from September 2026. Early evidence shows registration has improved completion of priority learning and begun to embed a culture of continuous development, supported by external scrutiny from the independent probation professional register panel.

A new **apprenticeship for probation services officers**, delivered in partnership with Liverpool John Moores University and the University of Portsmouth, successfully launched in January 2026. It provides a high-quality, sustainable qualification and strengthens learning and development.

At 31 March 2026, there were 22,180 FTE staff in **Probation Service grades** – an increase of 784 (3.7%) FTE on last year.⁵⁵

As at 31 March 2026, we had 1,604 FTE Band 5 senior probation officers, 5,573 FTE Band 4 probation officers and 5,785 FTE Band 3 probation services officers in post.⁵⁵

⁵⁵ HM Prison and Probation Service (2013): HM Prison and Probation Service workforce statistics. Available at: www.gov.uk/government/collections/hm-prison-probation-service-workforce-statistics

Our offer to **senior leaders** continues to grow. Delivery of the Empowered Senior Leaders Programme commenced in June 2025 to three early adopter cohorts. 'Leading and managing as a senior probation officer' continues to be delivered, with 89% of those eligible having either completed or currently undertaking the learning.

The Probation Service concluded a three-year pay deal in March 2025. Following a ballot, trade unions accepted a **2025-26 probation pay offer** in April 2026. Backdated to April 2025, the award includes a 6% pay uplift for all staff, a 6% increase to cash allowances, and average pay progression of 3.44% for eligible staff. The agreement represents an overall increase of 8.4% (£86.5 million per year), exceeding Civil Service pay guidance, and is the largest pay rise for probation staff since joining HMPPS in 2014. Delays reflected the late publication of the Civil Service pay remit guidance and the additional approvals required. Ministers are committed to streamlining the process in future.

Our prison workforce

Having skilled, confident and experienced prison officers is fundamental to delivering safe, secure and rehabilitative prisons. We are upskilling our hardworking staff, but we know it takes time and training to build confidence, capability and essential jailcraft skills. We know that **staff experience** contributes to better outcomes and, while recruitment of new staff has been lower due to delays to pre-employment checks and high standards at assessment, we remain focused on supporting the development of our staff.

April 2025 saw the launch of the **Future Prison Leaders Programme** to recruit and train the next generation of prison leaders. The first cohort started in December 2025 and are working as officers during the first year of this three-year programme which will prepare them to help shape the future of the service.

An **induction programme** for new and accredited aspiring prison governors has been set up to support them through their first year in role, improving skills to allow them to better support and lead their staff. A new **Governor Development Programme** has also been introduced for existing governors.

The **Enable Programme** aims to transform the working environment in prisons and improve training, support and leadership offers by promoting strong, positive relationships between staff and prisoners. In 2025-26, Enable worked with more than 20 sites and a new regional delivery model pilot commenced for the London prison group in January 2026. Early focus has been on core continuing professional development packages for officers with less than two years' experience. The **Custodial Manager Portfolio**, aimed at boosting confidence and supporting custodial managers' development, was launched as part of the Enable Programme in January 2026 and is being rolled out across the estate. It includes a blend of in-person and online learning.

Further products will be developed during 2026-27 and once tested will be available to more sites. While it is too early to fully assess the benefits that Enable is having, the early indications are encouraging that the programme is having a positive effect at the sites worked with so far.

We continue work to develop a child-centred qualification process for **youth justice workers**, ensuring it aligns with the needs of the custodial environment. This will provide a structured qualification pathway and ensure new staff are prepared for their roles, enhancing the quality of care and support provided to children. This went out to tender in 2025-26, and a provider was selected in August 2026.

The 2026-27 Prison Service pay award delivered a **pay rise of at least 3.5%** for all frontline prison staff, with a targeted focus on the lowest-paid roles. Operational support grades received the award on top of the National Living Wage increase, and the national starting salary for entry-level prison officers increased from £35,875 to £37,131. Announced on 26 March 2026, the award was brought forward by nearly two months, ensuring staff received the increase closer to the start of the pay year.



As of 31 March 2026, there were 21,984 FTE Band 3-5 prison officers in post (a decrease of 732 FTE or 3.2% since March 2025). Nationally we are at 92% of our target staffing figure for prison officers (using hours adjusted FTE).⁵⁶

As at 31 March 2026, the resignation rate for prison officers was 6.0%, which is a decrease of 2.3 percentage points since the year ending 31 March 2025.⁵⁶

⁵⁶ HM Prison and Probation Service (2013): HM Prison and Probation Service workforce statistics. Available at: www.gov.uk/government/collections/hm-prison-probation-service-workforce-statistics

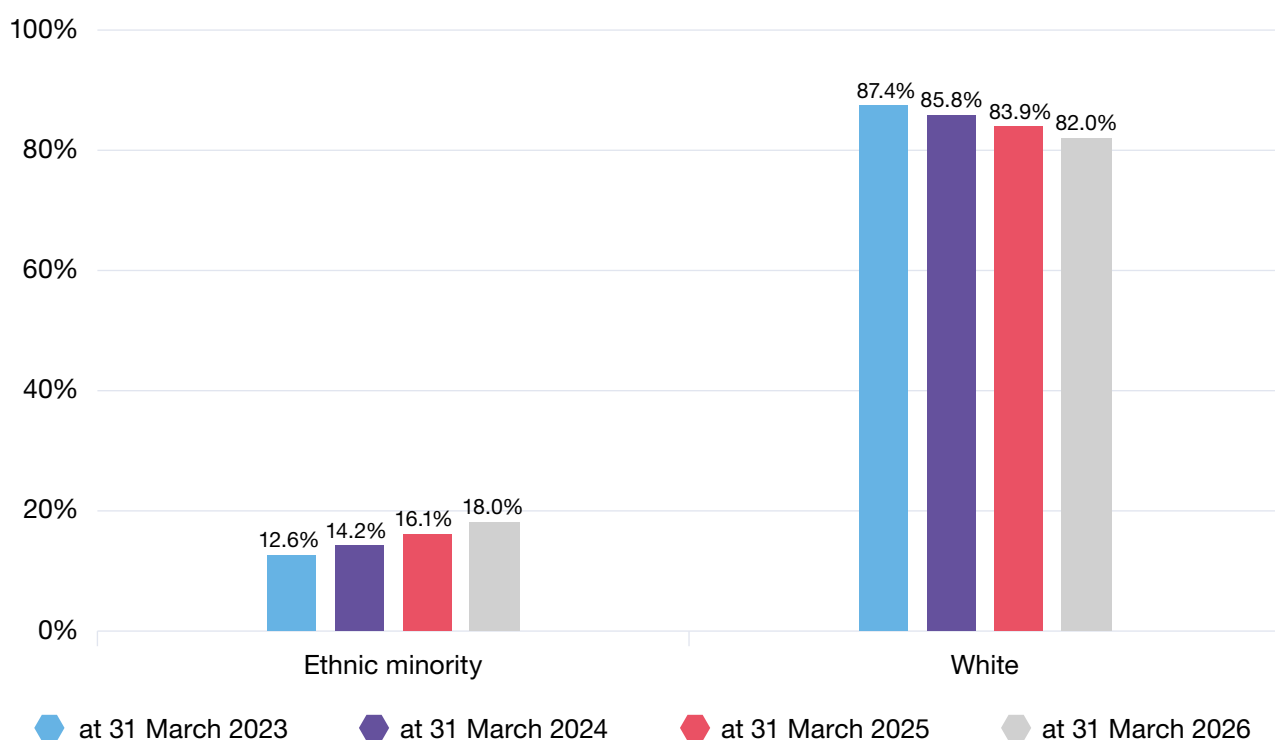
Staff data

As at 31 March 2026 the breakdown of employees was as follows:

Breakdown of HMPPS employees by gender – as at 31 March 2026

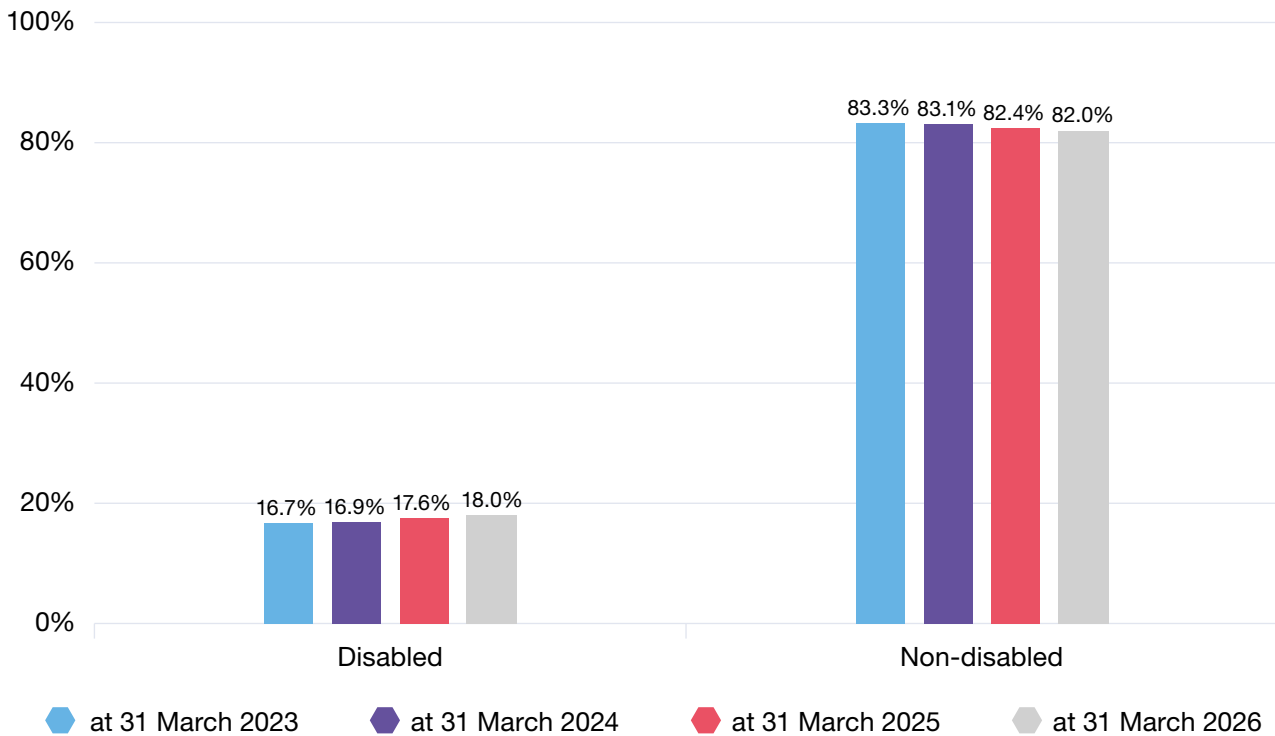
	Male	Female	Total
	Headcount (%)	Headcount (%)	Headcount (%)
Senior managers ⁵⁷	48 (54.5%)	40 (45.5%)	88 (100%)
Executive board members	1 (33.3%)	2 (66.7%)	3 (100%)
All other staff	30,962 (44.8%)	38,093 (55.2%)	69,055 (100%)
Total HMPPS staff	31,011 (44.8%)	38,135 (55.2%)	69,146 (100%)

Employees in post where ethnicity has been declared

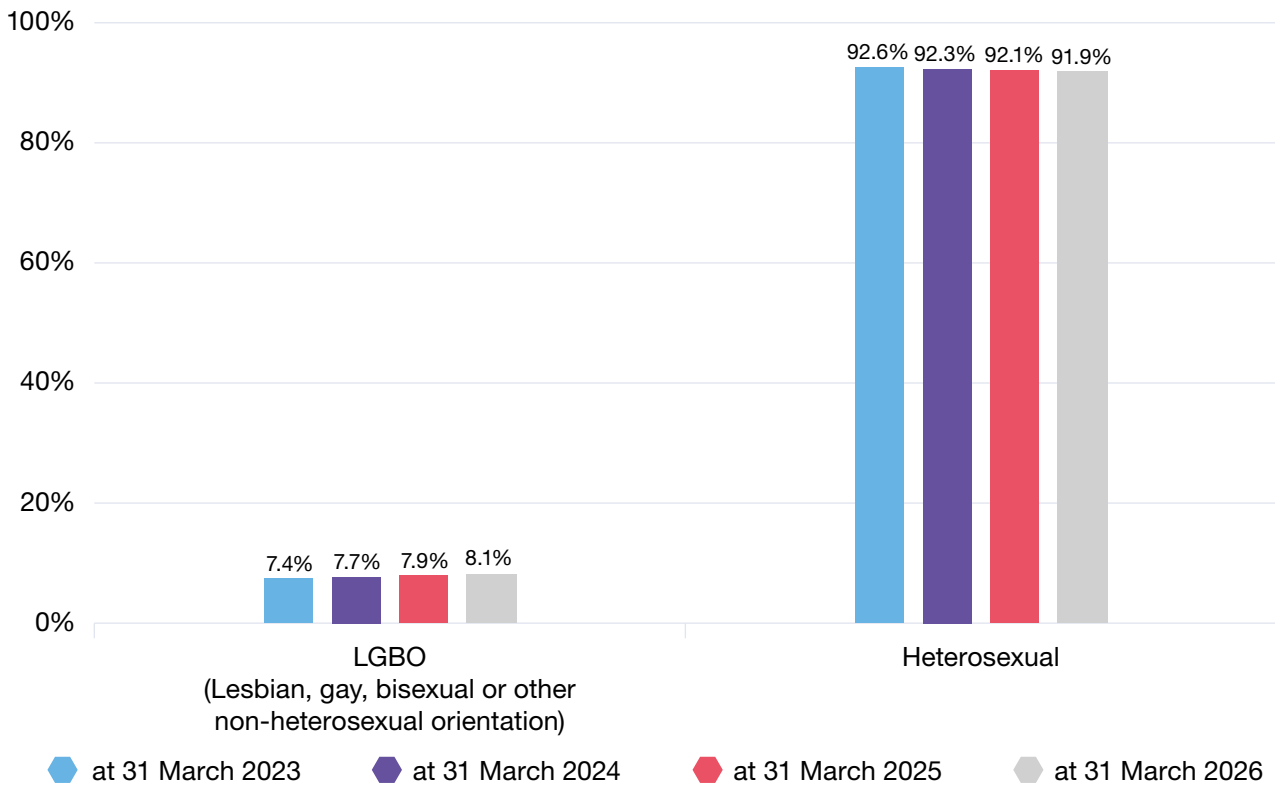


⁵⁷ Includes SCS and Band 12s but excludes executive board members.

Employees in post where disability status has been declared



Employees in post where sexual orientation has been declared



Sick absence data

The overall rate of HMPPS staff sickness in 2025-26 was 12.4 days (compared to 11.8 days in 2024-25). The workforce is predominantly operational and delivers face-to-face services across prisons, probation and youth custody. This contributes to higher sickness absence levels than in less operational departments.

Sickness absences are driven mainly by long-term sickness absence, particularly mental ill health, with the greatest impact in probation and frontline operational roles.

The **supporting attendance policy**, updated in September 2024, strengthens early intervention, workplace adjustments and support for long-term sickness absence. **Attendance deep dives** are targeting priority sites to address local drivers of absence, supported by improved dashboards and practical toolkits.

HMPPS has a comprehensive wellbeing offer, including occupational health, fast-track trauma referrals, and a strengthened Employee Assistance Programme (see page 102).

Staff turnover and departmental turnover

In 2025-26, HMPPS staff turnover was 8.6% (2024-25: 10.3%) and the departmental turnover was 9.2% (2024-25: 11.0%).⁵⁸

There is a comprehensive approach to tackle **retention challenges** across HMPPS. The Employee Experience and Retention Framework (formerly strategy) sets out how data, research and insight should be used to understand local and national drivers of attrition, guide targeted interventions and embed retention as a core, ongoing workforce priority aligned to the People Strategy.



The retention toolkit, informed by research into the drivers of attrition, supports local, regional and national interventions and is used alongside structured exit interviews to gather feedback and shape future actions. A retention oversight process includes deep dives to understand causes at high-attrition sites, and the Retention Delivery Committee co-ordinates national interventions ensuring strategic alignment.

Off-payroll engagements

During the financial year 2025-26, HMPPS reviewed off-payroll engagements where we are required to consider the intermediaries (IR35) legislation using HM Revenue and Customs' guidance and online status indicator. We have advised our contracting body of the outcome of the status determinations so that, where appropriate, tax deductions are made at source from payments made in respect of the engagement with HMPPS. Further details of off-payroll engagements are shown in the off-payroll tables in Annex A and form part of the accountability report.

⁵⁸ Transfers within the Civil Service are not included in HMPPS staff turnover but are included within department turnover.

Parliamentary accountability

The following sections are included to satisfy parliamentary reporting and accountability requirements and are subject to audit.

Regularity of expenditure

Losses and special payments

The following losses and special payments are included within the Statement of Comprehensive Net Expenditure (SoCNE) on page 118. Special payments, including those that were court ordered, are disclosed at the point that payment is made:

	2025-26		2024-25 restated	
	Cases	£'000	Cases	£'000
Cash losses	494	40	312	25
Losses of accountable stores	190	307	748	639
Constructive losses	5	31,330	4	40,791
Fruitless payments	1	1,263	-	-
Claims waived or abandoned	19	2	14	53
Administrative write-offs	-	-	-	-
Losses statement	709	32,942	1,078	41,508
Special payments to staff	578	7,820	561	8,308
Special payments to offenders	7,060	17,848	5,803	18,461
Special payments to third parties	218	2,946	232	3,544
Special payments	7,856	28,614	6,596	30,313

We have reconsidered the classification of certain items previously reported as losses of accountable stores and concluded that these do not represent a loss under Managing Public Money. These are therefore excluded from the table above and the prior year figures restated for comparison.

In 2025-26 HMPPS made six (2024-25: four) loss payments over £300,000.

During 2025-26, HMPPS recognised three constructive losses totalling £23.9 million arising from the prison capacity programme. These include expected further costs associated with projects disclosed in the prior year's losses statement. The losses primarily arose from the write-off of construction costs incurred on projects at existing prison sites that were subsequently descope. As part of delivering 20,000 additional prison places, the portfolio is kept under continuous review to ensure investment remains focused on the most deliverable and value-for-money projects. During the year, HMPPS also undertook an affordability review of the overall programme, which informed decisions on the composition of the portfolio.

A constructive loss of £4.8 million arose from the discontinuation of development of the Resettlement Passport digital tools in light of more up-to-date technological solutions.

During 2025-26 HMPPS recognised a £2.6 million constructive loss relating to temporary prison accommodation units purchased in 2020 whose installation was significantly delayed. Changes in the intervening period meant the design was no longer fit for its intended purpose.

A write-off of £1.3 million relates to fruitless payments for utility infrastructure works supporting prison expansion, where recovery is not possible following contractor insolvency.

In 2025-26, HMPPS made 11 special payments over £300,000 (2024-25: 12):

- five compensation payments were made to operational members of HMPPS staff: £821,045, £408,653 (in addition to £17,000 payments disclosed in previous financial years), £449,785 (in addition to £405 payments disclosed in previous financial years), £363,281 (in addition to £29,250 payments disclosed in previous financial years), and £315,000 (in addition to £130,000 payments disclosed in previous financial years)
- three payments were made to third parties: £690,600 (in addition to £4,400 payments disclosed in previous financial years), £396,979 and £318,750
- three payments were made to prisoners: £3,405,637 (in addition to £455,000 payments disclosed in previous financial years), £678,546 (in addition to £5,943,353 payments disclosed in previous financial years), and £438,000

A significant periodic payment order was granted in year which will be made annually for the remainder of the claimant's life. The first of these payments is included in the disclosures above.

Remote contingent liabilities

As required by Managing Public Money, in addition to contingent liabilities disclosed in accordance with International Accounting Standard 37 in Note 17 to the accounts, HMPPS discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote.

HMPPS has the following remote contingent liabilities.

- The Secretary of State for Justice has given assurance to the Heathrow Airport Holdings Limited and other third parties (for example, airlines) that may be affected by our operations. This assurance covers the following amounts:
 - up to £50 million for damage or injury per incident to third parties caused airside in the event of negligence by HMPPS
 - up to £250 million for damage or injury to third parties per incident in the event of negligence by HMPPS while on board an aeroplane
 - personal accident and/or sickness for HMPPS staff while on escorting duties

The likelihood of a liability arising from these contingencies is considered to be remote.

HMPPS would be liable as provider of last resort for continuity of service at the privately operated prisons.



James McEwen
Chief Executive Officer
22 October 2026

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of His Majesty's Prison and Probation Service (HMPPS) for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise HMPPS's

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of HMPPS's affairs as at 31 March 2026 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of HMPPS in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that HMPPS's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on HMPPS's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for HMPPS is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of HMPPS and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by HMPPS or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within HMPPS from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing HMPPS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by HMPPS will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of HMPPS's accounting policies.
- inquired of management, HMPPS's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the HMPPS's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including HMPPS's controls relating to HMPPS's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- inquired of management, HMPPS's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant external specialists, including property valuations and pensions where specialist expertise was engaged on the audit regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within HMPPS for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates including the valuation of the prison estate and the valuation of the defined benefit pension scheme. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of HMPPS's framework of authority and other legal and regulatory frameworks in which HMPPS operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of HMPPS. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

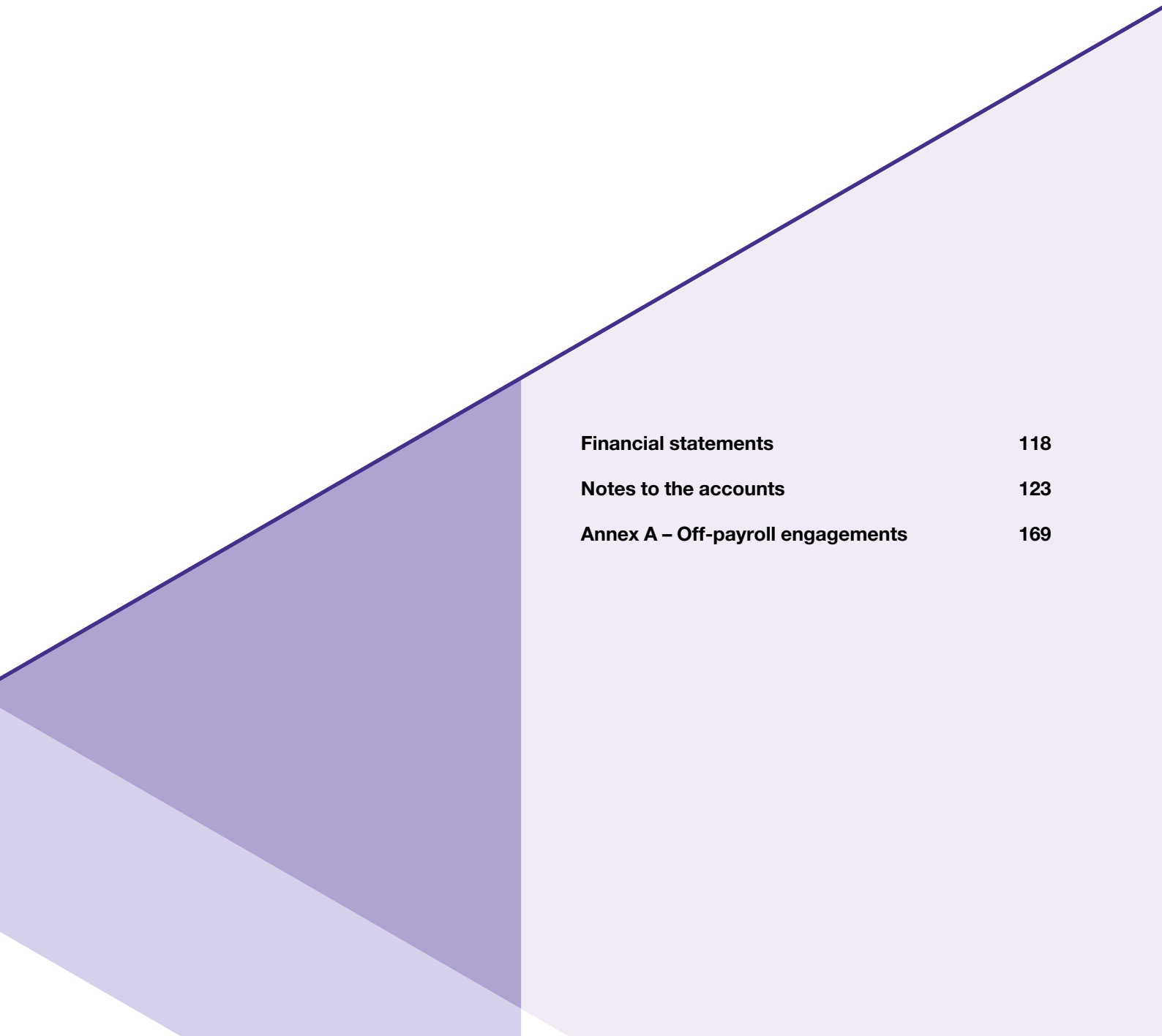
26 October 2026

National Audit Office
157–197 Buckingham Palace Road
Victoria, London, SW1W 9SP



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Financial statements

Statement of Comprehensive Net Expenditure (SoCNE)

For the period ended 31 March 2026

	Notes	2025-26		2024-25	
		£'000	£'000	£'000	£'000
Income from contracts with customers	3a	(249,027)		(256,298)	
Other operating income	3b	(39,639)		(45,752)	
Total operating income			(288,666)		(302,050)
Staff costs	4a	3,735,623		3,479,323	
Purchase of goods and services	4b	2,936,188		2,800,810	
Depreciation, amortisation and impairment charges	4c	500,101		728,545	
Other non-cash expenditure	4d	568,035		492,688	
Total operating expenditure			7,739,947		7,501,366
Net operating expenditure			7,451,281		7,199,316
Finance expense	4e	34,938		33,654	
Net expenditure for the year			7,486,219		7,232,970

Other Comprehensive Expenditure

For the period ended 31 March 2026

Items which will not be reclassified to net operating expenditure:	Notes	2025-26		2024-25	
		£'000	£'000	£'000	£'000
Net (gain)/loss on revaluation of property, plant and equipment	5	(356,654)		(54,684)	
Net (gain)/loss on revaluation of intangible assets	6	(35)		(262)	
Net (gain)/loss on revaluation of right of use assets	7	362		3,084	
Net (gain)/loss on revaluation of assets held for sale	8	2,228		579	
Remeasurement of net pension liabilities (gain)/loss	18	(359,083)		(12,797)	
Total comprehensive expenditure			6,773,037		7,168,890

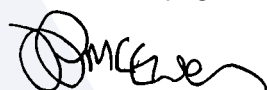
The notes on page 123 to 168 form part of these accounts.

Statement of Financial Position (SoFP)

At 31 March 2026

		31 March 2026		31 March 2025	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	5	13,420,509		11,699,975	
Intangible assets	6	96,214		81,977	
Right of use assets	7	119,770		120,444	
Investments		320		251	
Total non-current assets			13,636,813		11,902,647
Current assets					
Assets held for sale	8	5,244		9,898	
Inventories	9	62,147		70,463	
Trade and other receivables	10	127,668		133,045	
Cash and cash equivalents	11	56,730		59,201	
Total current assets			251,789		272,607
Total assets			13,888,602		12,175,254
Current liabilities					
Trade and other payables	12a	(1,056,479)		(900,840)	
Financial liabilities	14b	(19,314)		(20,911)	
Lease liabilities	7ii	(23,854)		(22,563)	
Provisions	13	(29,683)		(26,122)	
Total current liabilities			(1,129,330)		(970,436)
Non-current assets less net current liabilities			12,759,272		11,204,818
Non-current liabilities					
Trade and other payables	12b	(197)		(238)	
Financial liabilities	14b	(108,442)		(127,755)	
Lease liabilities	7ii	(105,996)		(112,112)	
Provisions	13	(188,861)		(184,727)	
Pension deficit	18b	(23,850)		(472,245)	
Total non-current liabilities			(427,346)		(897,077)
Assets less liabilities			12,331,926		10,307,741
Taxpayers' equity					
General Fund			8,706,519		6,910,612
Revaluation Reserve			3,625,407		3,397,129
Total taxpayers' equity			12,331,926		10,307,741

The notes on page 123 to 168 form part of these accounts.



James McEwen
Chief Executive Officer
22 October 2026

Statement of Cash Flows (SoCF)

For the period ended 31 March 2026

		2025-26		2024-25	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net expenditure		(7,486,219)		(7,232,970)	
Adjustments for non-cash transactions		1,113,003		1,254,166	
Adjustment for intradepartmental settlements and asset transfers with the MoJ		284,211		293,320	
Adjustment for finance costs	4e	10,633		9,826	
Adjustment for pension contributions paid less service costs	18	(113,366)		(68,531)	
(Increase)/decrease in trade and other receivables	10	5,377		30,684	
Less: Impairments in trade and other receivables	4c	655		(1,009)	
(Increase)/decrease in inventories	9	8,316		(6,841)	
Increase/(decrease) in trade and other payables	12a	155,639		59,680	
Increase/(decrease) in capital payables		(84,916)		(33,888)	
Less: Payments of amounts due to the Consolidated Fund to the MoJ		–		–	
Utilisation of provisions	13	(32,123)		(35,697)	
Net cash outflow from operating activities			(6,138,790)		(5,731,260)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(1,745,422)		(1,204,328)	
Purchase of intangibles	6	(11,573)		(11,361)	
Proceeds on disposal of property, plant and equipment		592		187	
Proceeds on disposal of assets held for sale		2,821		7,154	
Proceeds on disposal of investments		–		–	
Net cash outflow from investing activities			(1,753,582)		(1,208,348)

		2025-26		2024-25	
	Notes	£'000	£'000	£'000	£'000
Cash flows from financing activities					
Net funding received from the MoJ		7,945,000		6,997,500	
Payments of amounts due to the Consolidated Fund to the MoJ		–		–	
Repayments of local authority loans	12b	(41)		(43)	
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) private finance initiative contracts		(20,910)		(23,535)	
Repayment of IFRS 16 lease liabilities	7	(23,515)		(26,595)	
Interest paid		(10,633)		(9,826)	
Net financing		7,889,901		6,937,501	
Net increase/(decrease) in cash and cash equivalents in the period		(2,471)		(2,107)	
Cash and cash equivalents at the beginning of the period	11	59,201		61,308	
Cash and cash equivalents at the end of the period	11	56,730		59,201	
Increase/(decrease) in cash and cash equivalents		(2,471)		(2,107)	

The notes on page 123 to 168 form part of these accounts.

Statement of Changes in Taxpayers' Equity (SoCTE)

For the period ended 31 March 2026

		General Fund	Revaluation Reserve	Total Reserves
	Notes	£'000	£'000	£'000
Balance at 1 April 2024		6,323,951	3,422,160	9,746,111
Changes in taxpayers' equity for 2024-25				
Net expenditure for the year to 31 March 2025		(7,232,970)	–	(7,232,970)
Net gain/(loss) on revaluation of:				
Property, plant and equipment		–	54,684	54,684
Intangible assets		–	262	262
Right of use assets		–	(3,084)	(3,084)
Assets held for sale		–	(579)	(579)
Release of reserves to the General Fund		76,314	(76,314)	–
Remeasurement of net pension liabilities	18	12,797	–	12,797
Funding from the MoJ		6,997,500	–	6,997,500
Settlement of transactions with the MoJ		260,564	–	260,564
Notional items:				
Auditor's remuneration	4d	450	–	450
Notional element of MoJ overhead recharges		472,006	–	472,006
Balance at 31 March 2025		6,910,612	3,397,129	10,307,741
Changes in taxpayers' equity for 2025-26				
Net expenditure for the year to 31 March 2026		(7,486,219)	–	(7,486,219)
Net gain/(loss) on revaluation of:				
Property, plant and equipment		–	356,654	356,654
Intangible assets		–	35	35
Right of use assets		–	(362)	(362)
Assets held for sale		–	(2,228)	(2,228)
Release of reserves to the General Fund		125,821	(125,821)	–
Remeasurement of net pension liabilities	18	359,083	–	359,083
Funding from the MoJ		7,945,000	–	7,945,000
Settlement of transactions with the MoJ		301,632	–	301,632
Notional items:				
Auditor's remuneration	4d	520	–	520
Notional element of MoJ overhead recharges		550,070	–	550,070
Balance at 31 March 2026		8,706,519	3,625,407	12,331,926

The notes on page 123 to 168 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

The accounts have been prepared in accordance with the *Government Financial Reporting Manual (FReM)* 2025-26 issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of HMPPS for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by HMPPS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The functional and presentational currency of HMPPS is the British pound sterling (£).

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of non-current assets, assets held for sale, inventories and financial assets, where material.

1.3 Changes in accounting policy and disclosures

a) Changes in accounting policies and new and amended standards adopted

IFRS 17 Insurance Contracts replaced *IFRS 4 Insurance Contracts* and was included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this standard. It requires all insurance contract liabilities within scope to be calculated as the present value of future insurance cash flows with a provision for risk and held as liabilities on the SoFP. Through a process of review we have assessed that HMPPS has not issued any contracts falling within scope of the standard per HM Treasury guidance and there is therefore no impact on the accounts.

Update on valuation of assets resulting from FReM changes

The FReM 2025-26 includes additional updated guidance on valuations of property, plant and equipment. Physical inspections of land and buildings by an expert valuer continue to be conducted on a rolling quinquennial cycle (every five years). However, the requirement for professional desktop valuations in the intervening years has been removed and as per the FReM 2025-26, the residual estate is now indexed in house. Details of the indexation applied can be found in section 1.9.

b) New standards, amendments and interpretations issued, but not effective, for the financial year beginning 1 April 2025, and not adopted early

IFRS 18 Presentation and Disclosure in Financial Statements will change the way HMPPS presents the SoCNE. The full impact of this new standard on HMPPS will not be determined until it has been adopted for use in the public sector by the FReM. It is expected to be implemented in the public sector from 1 April 2028.

HMPPS does not consider that any other new or revised standard or interpretation will have a material impact.

c) Changes in presentation and reclassifications

There have been no changes to presentation or reclassifications in 2025-26.

1.4 Going concern

HMPPS is an executive agency of the MoJ. The future financing of HMPPS' activities is expected to be met by the MoJ from supply funding, which is voted annually under the relevant Appropriation Act.

1.5 Operating income

Operating income is generated directly from the operating activities of HMPPS and is recognised as revenue in the SoCNE in accordance with IFRS 15. Revenue is recognised when a performance obligation included within an agreement with a customer is satisfied, at the transaction price allocated to that performance obligation.

A large proportion of operating income relates to grant funding from the European Social Fund (ESF), and the recharge of expenditure to other government departments, particularly healthcare funding.

Grant funding from the ESF is recognised in accordance with *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance* on a systematic basis over the period in which the related eligible expenditure is incurred. ESF grants are presented using the gross method in accordance with IAS 20, with income disclosed under other operating income in Note 3. The funding is subject to conditions including delivery of agreed outputs, timely submission of claims, and compliance with funding rules. Non-compliance may result in clawback or the withholding of future funds.

Healthcare funding is recognised on an accruals basis. Establishments log healthcare activity (medical escorts and bedwatches), which is used as the basis for raising invoices with standard 30-day payment terms.

The recharge of expenditure for provision of immigration detention is also recognised on an accruals basis. The cost of provision is recharged under a service level agreement, whereby the costs are recharged based on management accounts information and an agreed rate for each prison bed used in the year.

Another significant element of operating income comes from retail sales in prison shops, where the income is recognised on the exchange of goods.

Operating income is stated net of VAT. Further information can be found in Note 3.

Supply funding drawn down from the department is treated as financing and credited directly to the General Fund on a cash basis, in accordance with the FReM.

1.6 Purchases of goods and services

Purchases of goods and services are recognised on an accruals basis. Accrued expenditure is recognised when HMPPS has an unconditional obligation to pay customers, and is based on agreed amounts, contractually or by another form of mutual agreement.

1.7 Staff costs

Staff costs are recognised as expenses on an accruals basis when HMPPS has an unconditional contractual obligation to pay them.

1.8 Notional costs

Notional costs comprise statutory auditors' remuneration, which represents the National Audit Office's cost for the audit of HMPPS' accounts, and notional costs for HMPPS' usage of corporate services provided by the MoJ. Such notional costs are credited directly to the General Fund. The majority of the notional recharge costs relate to IT services, HR services, estates costs, and shared services processing charges that are centrally managed by the department on behalf of HMPPS.

1.9 Property, plant and equipment, and intangible assets

Initial recognition and capitalisation threshold

Property, plant and equipment and intangible assets, including subsequent expenditure on existing assets, are initially recognised at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. The threshold for capitalising individual assets is £10,000 (including irrecoverable VAT).

Significant purchases of assets which are separately beneath the capitalisation threshold, in connection with a single project, are treated as a grouped asset, with a capitalisation threshold of £1 million (including irrecoverable VAT).

Where an item costs less than the prescribed limit but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is capitalised.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, such as plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

Subsequent expenditure to enhance an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of this item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. For buildings valued under depreciated replacement cost (DRC) by the Valuation Office Agency (VOA) the full amount of additional capital expenditure exceeding the minimum threshold of £1 million per project is added to the current DRC value of the asset on go live, to be included for indexation and assessed by the VOA at the next physical valuation. The £1 million threshold does not apply to the smaller existing use value (EUV) properties, where all capital expenditure is added to the value of the asset once completed and in use. Where over £10 million of capital expenditure has been made live in a year that any property is not physically valued, that asset will be prioritised for physical inspection in the following valuation year, even when the quinquennial valuation is not yet due. As a result more than the 20% of the estate prescribed by the FReM quinquennial valuation requirement is professionally inspected each year.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the SoCNE during the financial year in which it is incurred.

Intangible assets are recognised if it is probable that future service potential will flow to HMPPS and the cost can be measured reliably. Intangible assets comprise software developed by third parties, including the MoJ, and software licences.

Assets under construction

Assets under construction are valued at historic cost within property, plant and equipment and intangible assets. The assets are not subject to depreciation or amortisation until completion, when the carrying value is transferred to the respective asset category. Expenditure is capitalised where it is directly attributable to bringing an asset into working condition, such as external consultant costs, relevant employee costs and an appropriate portion of relevant overheads.

Subsequent valuation

Subsequent to initial recognition, property, plant and equipment are carried at current value.

Land and buildings (including dwellings) are recorded at current value, as interpreted by the FReM, on the basis of professional valuations, which are conducted for each property at least once every five years. Full professional valuations are undertaken by the Valuation Office Agency, an independent body, using Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards, known as the Red Book.

Freehold prison buildings and secure training centres are classified as specialised buildings which cannot be sold on the open market.

Specialised properties are valued and carried at DRC to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence.

Land associated with buildings valued to DRC has been assessed to current value, interpreted as EUV, having regard to the cost of purchasing a notional replacement site in the same locality, equally suitable for the existing use and of the same size, with normally the same physical and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use. Where the use is too specialised to categorise in market terms, regard has been had to the range of uses prevailing in the locality of the actual site.

In between full valuations, carrying values are adjusted through indices or desktop valuations to ensure they are not materially different from those that would be determined at the end of the reporting period.

For buildings, the index applied is the Building Cost Information Service (BCIS) construction data Tender Price Index (TPI) that reflects price changes in the construction sector and is a good indicator of price pressure in building contracts in the UK. Furthermore, location factors are applied reflecting movements in the local property markets and a reduction in remaining life is reflected. For EUV buildings a new Commercial Property Capital Price Index (CoPCaPI) has been created by the VOA for application by public sector bodies. This has been adopted by HMPPS for the EUV properties.

Due to lack of a suitable index available without undue cost or effort, the dispensation in section 10.1.3 of the FReM 2025-26 to revalue the given assets using a quinquennial revaluation supplemented by a desktop revaluation in year three has been applied to land assets and no indexation has been applied to those not included in the physical inspections for 2025-26.

Assets which were recently held for their service potential but are now surplus are valued at current value in existing use where there are restrictions on HMPPS or the asset, which would prevent access to the market at the reporting date. Otherwise, surplus assets are valued at fair value in accordance with *IFRS 13 Fair Value Measurement*.

In determining whether a non-operational asset is surplus, HMPPS assesses whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not considered as surplus and is maintained at current value in existing use.

Otherwise, the asset is assessed as being surplus and valued at fair value under *IFRS 13 Fair Value Measurement*.

Farms and surplus freehold land, prison officers' quarters and some other non-specialised buildings are carried at open market valuations.

Non-property assets are recorded at cost on purchase and restated at each reporting date using the Producer Price Index published by the Office for National Statistics. Subsequent to initial recognition, intangible assets are recognised at fair value in accordance with *IAS 38 Intangible Assets* as adapted by the FReM.

As no active market exists for the intangible assets held by HMPPS, fair value is assessed as replacement cost less accumulated amortisation and impairment losses.

Intangible assets in service were re-measured at the end of each reporting period using the Producer Price Index issued by the Office for National Statistics up until 31 March 2024. From 1 April 2024, all MoJ entities have been granted permission to early adopt the 2025-26 FreM adaptation withdrawing the revaluation model for intangible assets. The carrying values at the transition date of 1 April 2024 are considered historical cost and will be amortised over the remaining lives of the assets.

Fair value hierarchy and inputs

The valuation technique applied to all fair value figures of surplus, non-operational properties is the market approach in accordance with *IFRS 13 Fair Value Measurement*. It uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets.

The inputs to this technique constitute level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used take the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

For other property assets in continuing use, fair value is interpreted as market value or 'value in use'. In the Red Book this is defined as "market value on the assumption that property is sold as part of the continuing enterprise in occupation". The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Depreciated historical cost is used as a proxy for fair value for those assets with short useful lives or low values, as allowed by the FReM.

Estimation uncertainty

The valuation of HMPPS' estate is inherently subjective due to, among other factors, build cost, functional obsolescence, changes in the TPI, prevailing market yields and comparable market transactions. As a result, the valuations HMPPS places on its estate are subject to a degree of uncertainty.

Depreciated replacement cost (DRC)

The starting point for any DRC is to establish the cost of the gross replacement cost, which is considered to fit the modern equivalent asset.

The costs used for the DRC valuations are costs relating to actual construction projects and as such are reliable and documented. Costs include VAT with the exception of private finance initiative (PFI) contracts which are delivered via a tax-efficient route.

Adjustments are made to the costs in line with the RICS Red Book to exclude certain costs, such as contingencies, abnormal expenditure due to ground conditions and demolitions. These costs are readily identifiable in the cost data provided.

Fees shown in the costs provided relate to the main contractor's and design fees with some fees included in individual work packages. As part of the valuation approach, additional professional fees, such as quantity surveyors, are added to the valuation. There is considered to be potential for a small reduction of up to 1% to 2% in the fee additions applied.

The other key starting point is the assignment of lives to the assets, where BCIS research and published data obtained through feedback from the construction industry have been used, to provide averaged assessments of typical component lives.

The Valuation Office Agency's approach to depreciation takes a componentised approach to assign ages and remaining lives and reflect any changes incurred such as on capital expenditure, the level of maintenance, and applying physical obsolescence. The physical age of an asset is established through factual evidence and site inspection, and adjustments are made to ages to reflect renewal of components, with corresponding adjustments to component remaining lives.

The final stage of the valuation is the application of functional obsolescence. There is a degree of subjectivity around the application of functional obsolescence and a movement of 5% either way is considered reasonable.

Assumptions tested	Change	New valuation £m	Variance £m	Variance %
Actual total DRC buildings value 2026		8,672		
Alternate scenarios:				
Capital expenditure changes ⁵⁹	50%	8,912	240	2.8
Changes in TPI ⁶⁰	-2 points	8,630	(41)	(0.5)
Changes in TPI ⁶⁰	2 points	8,713	41	0.5
Physical depreciation ⁶¹	-10%	8,707	35	0.4
Changes in functional obsolescence ⁶²	5%	8,648	(24)	(0.3)
Changes in functional obsolescence ⁶²	-5%	8,696	24	0.3
Changes in professional fees ⁶³	-1%	8,630	(41)	(0.5)

59 Using a reasonable alternative assumption, it has been assumed that an increase of 50% of capex has been included in the valuations. Note that the calculated amounts for change related to capex is calculated at a high level, comparing desktop and actual figures, which provides a result that is not in our opinion sufficiently robust as it does not consider other factors that might affect the valuations. The value of the estate could be up to 2.8% or £240 million higher under this scenario.

60 The movement in the BCIS All In TPI, which tracks contractors' construction pricing levels, is applied to the DRC valuations each year to reflect increased build costs. This estimate considers a change to TPI, where the actual TPI forecast figure is confirmed and there is a difference of +/- 2 points from the TPI level used in the valuation.

61 This assumption considers the application of physical depreciation, which is directly related to the remaining lives. Here it has been moderated to 90% of the projection on the assumption that works undertaken across the estate have had a moderating effect on remaining lives.

62 This assumption considers the impact of functional obsolescence. This is difficult to quantify as it is not readily possible to calculate an average addition, but for this test 15% is assumed as an average (based upon experience and empirical evidence) and this is varied by 5% either way. The current value of the estate could be up to +/- 0.3% or +/- £24 million.

63 This assumption considers the impact of professional fee additions. This considers a 1% reduction in fee additions which would reduce the current value of the estate by -0.5% or -£41 million.

Land

Land associated with buildings valued to DRC has been assessed to current value, interpreted as EUV, having regard to the cost of purchasing a notional replacement site in the same locality. This land has been valued using the direct comparable approach. Available comparables might show a wide range depending on planning, use, size, density and location, and therefore require adjustment for these factors. These factors increase the level of valuer judgement involved.

The Valuation Office Agency has agreed with the MoJ for each site as to whether the actual site remains appropriate for the valuation.

In some circumstances, alternative sites would be appropriate and in these instances the land has been valued assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the selected site.

Having regard to 2019 RICS Guidance Note 'Comparable Evidence in Real Estate Valuation', due to a lack of direct land comparable for valuers to draw upon this year, greater regard was given to market reports and forecasts.

In terms of land evidence, the table below shows a sensitivity analysis on a land valuation (HMP Brinsford), extrapolated across the population.

Assumption tested	Assumption	HMP Brinsford £000	Extrapolated total £000
£/hectare	5%	33	56,115
£/hectare	-5%	(33)	(56,115)

A reasonable alternative assumption is to adjust the price per hectare (£/ha). The current value of the asset could be up to +5% higher (£33,000) or by -5% lower (-£33,000), which extrapolates to +/- £56.1 million across the total population. Given the level of valuer judgement involved in land valuations, which are subjective, and the current market conditions with a lack of transactions, we are unable to quantify the potential level of uncertainty.

Existing use value – buildings

For the HMPPS estate, the EUV basis of valuation is used to support those properties where there is market-based evidence to support the use of EUV. This basis of valuation is typically used to value the land element of prisons, non-specialist assets, married quarters, farms, land and non-specialist approved premises and probation assets. As a market-based assessment of value, EUV relies on the availability of comparable market evidence that is capable of analysis and appropriate application by the valuer, using the required assumptions embodied within EUV, to reliably inform the asset valuation being undertaken.

The table below shows sensitivity analysis on one of the EUV valuations provided (Clarks House Approved Premises), extrapolated across the EUV population.

Assumption tested	Assumption	Clarks House £000	Extrapolated valuation £000	Variance from base £000
Market yield (base)	6.50%	1,620	89,000	–
Market yield	6.25%	1,685	92,582	3,561
Market yield	6.75%	1,560	85,460	(3,561)

The UK investment market has experienced a significant rebasing over the past year, and in particular this has resulted in drops to the yields for regional offices. Assumptions are reviewed annually to ensure they remain appropriate.

Revaluation

Gains arising on revaluation are credited to the Revaluation Reserve and shown in Other Comprehensive Expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the SoCNE to the extent of the previous amount expensed, and any excess is credited to the Revaluation Reserve.

When an asset's carrying value decreases as a result of a permanent diminution in the value of the asset due to a clear consumption of economic benefit or service potential, the decrease is charged directly to operating expenditure in the SoCNE, with any remaining Revaluation Reserve balance released to the General Fund.

A revaluation decrease (other than as a result of a permanent diminution) is reversed against any existing amount held in the Revaluation Reserve in respect of that same asset, with any residual decrease taken to net operating costs in the SoCNE.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the SoCNE and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Fund.

Depreciation and amortisation

Depreciation and amortisation are charged on a straight-line basis at rates calculated to write off the value of assets less any estimated residual value evenly over their estimated useful lives. Useful lives are reviewed annually. Where a change to the life of an asset or asset category is determined, depreciation is charged on a straight-line basis over the assessed remaining life. Depreciation commences in the month of acquisition for all non-current assets.

If an asset comprises two or more significant components, with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life. Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Freehold buildings including dwellings	Shorter of remaining life or up to 60 years (up to 55 years for dwellings) depending on building
Leasehold buildings including dwellings	Shorter of remaining life, remaining lease period or up to 50 years (up to 55 years for dwellings)
Information technology, plant and equipment, furniture, fixtures and fittings	3 to 15 years depending on individual asset type
Vehicles	5 to 15 years depending on individual asset type
Intangible assets – software	3 to 10 years
Intangible assets – licences	Length of the licence

1.10 Leases

Government bodies typically lease properties used for administrative purposes for reasons of efficiency and flexibility. HMPPS also benefits from the lease of land under leases with peppercorn consideration, which could not have been obtained through outright purchase. For other types of asset, HMPPS determines whether to lease or purchase based on value for money considerations, such as whether the underlying asset is required for its entire life or for a more limited period.

Scope and exclusions – HMPPS as lessee

In accordance with *IFRS 16 Leases*, contracts or parts of contracts that convey the right to control the use of an asset for a period of time are accounted for as leases.

As adapted by the FReM, IFRS 16 has been applied to leases with nil or nominal (that is, significantly below market value) consideration and arrangements for accommodation between government departments.

When making the above assessments, HMPPS excludes two types of leases. Firstly, those relating to low-value items, which it considers as those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items. Secondly, contracts whose term is less than 12 months (comprising the non-cancellable period together with any extension options HMPPS is reasonably certain to exercise and any termination options HMPPS is reasonably certain not to exercise).

Initial recognition – HMPPS as lessee

At the commencement of a lease (or on the date of transition to IFRS 16, if later), HMPPS recognises a right of use asset and a lease liability.

The lease liability is measured at the value of the remaining lease payments, discounted either by the interest rate implicit in the lease or, where this is not readily determinable, HMPPS' incremental rate of borrowing. This rate is advised annually by HM Treasury (4.81% for leases recognised in 2025, and 5.32% for those in 2026). Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options HMPPS is reasonably certain to exercise and any termination options HMPPS is reasonably certain not to exercise.

In the event that a lease contract has expired, but HMPPS remains in occupation pending negotiations for a renewed term, the lease term has been measured as the estimated time until the new contract will be agreed.

The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due in line with *IFRIC 21 Levies*.

The right of use asset is measured at the value of the lease liability, adjusted for: any lease payments made before the commencement date, any lease incentives received, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site at the end of the lease.

However, where the lease requires nil or nominal consideration (usually referred to as a 'peppercorn' lease), the asset will instead be measured at its EUV, using market prices or rentals for equivalent land and properties, with the difference between the carrying amount of the right of use asset and lease liability treated as notional income (or on transition, a credit to the General Fund).

Enhancements to leased assets such as alterations to a leased building are not classified within right of use assets but remain classified as property, plant and equipment in accordance with the FReM.

Subsequent measurement – HMPPS as lessee

After initial recognition, the right of use asset will be measured using the fair value model. HMPPS considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value in the case of non-property leases, and for property leases of less than five years or with regular rent reviews. For other leases, the asset will be carried at a revalued amount.

The value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described below. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, for example where we no longer expect to exercise an option, while modifications are changes to the lease contract.

Reassessments and modifications are accounted for by discounting the revised cash flows: using a revised discount rate where HMPPS becomes or ceases to be reasonably certain to exercise or not exercise an extension or termination option, or the lease is modified to amend the non-cancellable period, change the term of the lease, change the consideration or the scope, or at the existing discount rate where there is a movement in an index or rate that will alter the cash flows, or the amount payable under a residual value guarantee changes.

Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right of use asset over the life of the lease, together with any impairment of the right of use asset and any change in variable lease payments that was not included in the measurement of the lease payments during the period in which the triggering event occurred.

Rental payments in respect of leases of low-value items, or with a term under 12 months, are also expensed.

Estimates and judgements

Where a lease is embedded in a contract for services, the amount to be recognised as the right of use asset and lease liability should be the standalone price of the lease component only. Where this is not readily observable, a determination will be made by reference to other observable data, such as the fair value of similar assets or price of contracts for similar non-lease components.

As described above, HMPPS has determined the lease term by assessing the level of certainty as to whether termination or extension options will be exercised. In making these judgements, reliance has been placed on the professional judgement of estates staff, supported by information on corporate asset management plans, other business strategies, investment already made in the underlying asset, ongoing business needs and market conditions.

HMPPS has determined that the cost model is a reasonable proxy for fair value in most cases, because the rents payable are aligned to open market rates. In the case of longer leases where there are not regular rent reviews, there is a greater chance of divergence between cost and fair value, hence a professional revaluation is appropriate.

HMPPS leases various non-property assets such as vehicles and IT equipment. Since 2023-24 the leasing of a fleet of vehicles has also been recognised as a right of use asset. All other non-property leases which are not individually low value are immaterial and consequently, no other non-property leases have been recognised in these accounts.

1.11 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction, and a sale is considered highly probable. Property assets held for sale are stated at the lower of the carrying amount immediately prior to classification as held for sale and their fair value less the costs of selling the asset. Any subsequent impairment or reversal of impairment is recognised in the SoCNE. Non-current assets classified as held for sale are not depreciated.

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised in the SoCNE. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the General Fund.

1.12 Impairment

At each reporting date, in accordance with *IAS 36 Impairment of Assets* as adapted by the FReM, HMPPS assesses all assets for indications of impairment. If any such indications exist, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use' as defined under 'Subsequent valuation' in Note 1.9. Current values in existing use are determined as follows:

- land and non-specialised – existing use or market value where there is an open market for such properties
- specialised buildings – DRC on a modern equivalent asset basis

Impairment losses are recognised in the SoCNE, except where the asset had been revalued previously and a Revaluation Reserve is held for the asset. In this case the value of the reserve is released first, and then excess impairment is charged to the SoCNE.

Impairment losses resulting from a permanent diminution in the value of the asset, due to a clear consumption of economic benefit or service potential, are recognised directly in the SoCNE, and any Revaluation Reserve held for the asset is transferred to the General Fund.

The reversal of an impairment loss is recognised in the SoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised, with any remaining amount recognised in the Revaluation Reserve.

1.13 Deferred income

Deferred income is recognised at the point in time where income has been received but a performance obligation has not been met.

1.14 Payables

These are financial liabilities other than those classified as held at fair value through profit or loss (net operating expenditure). Payables are recognised at the point in time where the expense of the same transaction is recognised.

They are valued initially at fair value, with the transaction value regarded as the fair value at the date of initial recognition. Where the time value of money is considered to be material, the estimated cash values are discounted using the effective interest rate. They are derecognised when all obligations are settled.

1.15 Service concession arrangements including PFI arrangements

Service concession arrangements, including those under PFI contracts, involve private sector operators being contractually required to provide services to the public using certain infrastructure assets. HMPPS classifies these as service concession arrangements when they satisfy the conditions set out in *IFRIC 12 Service Concession Arrangements*, as adapted for the public sector context by the FReM. Future payment streams are assessed to identify separately the infrastructure, interest and service components.

Where the service concession arrangement involves the creation or provision of an asset by the operator, HMPPS recognises the infrastructure asset at fair value (or the present value of future minimum infrastructure payments, if lower) as a non-current asset in the SoFP, with a corresponding liability for future payments under the agreement, following the principles contained within IFRS 16. As per the FReM, this approach means the liability is remeasured whenever there is a change in future lease payments resulting from a change in an index or rate used to determine those payments.

The service element is charged to the SoCNE in the period the services are rendered by the operator.

The interest element is charged to the SoCNE over the contract to produce a constant periodic rate of interest on the remaining balance of the liability. Older prison PFI arrangements and other service concession arrangements use HM Treasury discount rates. HMP Thameside PFI and, where possible, any future PFI contracts will use the interest rate implicit in the contract.

'Manage and Maintain' contracts are used for some privately operated prisons where the building is owned by HMPPS, but access is provided to the operator in order to deliver the contracted services. As the assets relating to these contracts were owned by HMPPS prior to the start of the contract, there is no related liability or interest charge.

1.16 Inventories

Inventories comprise raw materials, work-in-progress, finished goods and consumable stores. Inventories are valued at the lower of current replacement cost and net realisable value. Current replacement cost is not considered materially different from historical cost.

1.17 Employee benefits

Short-term benefits such as salaries and wages or post-employment benefits resulting from employment and long-term benefits such as long service awards, including termination benefits (for example early departure costs) and pension benefits are recognised at the cost of providing the benefit in the period in which it is earned by the employee, rather than when it is paid or becomes payable.

The department recognises the expected cost of the annual leave entitlement of its employees that is accrued at the end of the financial year in accordance with *IAS 19 Employee Benefits*.

Defined benefit pension schemes

Principal Civil Service Pension Scheme

The provisions of the PCSPS cover most past and present employees in HMPPS HQ and prisons. While this is an unfunded defined benefit scheme, in accordance with the FReM adaptation of IAS 19, HMPPS accounts for it as a defined contribution scheme. HMPPS recognises contributions payable as an expense in the year in which they are incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Local Government Pension Scheme

HMPPS probation staff and past employees of the Probation Trusts, including those who transferred to Community Rehabilitation Companies and/or Commissioned Rehabilitative Services (CRS) are covered by the provisions of the LGPS via a pension fund administered by the Greater Manchester Pension Fund (GMPF). This is a funded defined benefit scheme.

The Secretary of State for Justice has provided a guarantee to GMPF in respect of the CRS' participation in the GMPF for pension liabilities that transferred to the CRS.

The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The last formal actuarial valuation was as at 31 March 2025 and was carried out during 2025. The results of this valuation as at 31 March 2025 are reflected in the 2025-26 accounts.

A professional calculation of the net pension position at the reporting date is obtained from Hymans Robertson LLP, the independent actuary for GMPF. The assumptions underpinning the actuarial calculations are subject to review as part of HMPPS' annual reporting and audit process.

The IAS 19 net pension position is the present value of the defined benefit obligation less the fair value of plan assets at the reporting date. The present value of the obligation is determined by discounting estimated future cash outflows using rates as advised by the scheme actuary.

In between formal actuarial valuations, the obligation is approximated by adjusting the most recent full valuation using latest available membership data. Where this net position is a surplus, *IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is applied and limits that surplus by means of an asset ceiling to reflect that the full economic benefit is not realisable by the agency. Further detail on the application of IFRIC 14 is included in Note 18.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding interest) are recognised within Other Comprehensive Expenditure in full in the period in which they arise. Service costs are recognised in the SoCNE and are spread systematically over the working lives of the employees. The net interest charge in the SoCNE reflects the unwinding of the discount applied to the net liabilities of the scheme.

IAS 19 requires that the discount rate is determined by reference to market yields at the end of the reporting period, on high-quality AA corporate bonds of a currency and duration consistent with the currency and duration of the benefit obligations.

National Employment Savings Trust (NEST) Defined Contribution Pension Scheme

Under the government's policy of 'workplace pensions', all workers who meet the minimum requirements for auto-enrolment must be enrolled into a pension scheme by their employer.

The NEST Defined Contribution Pension Scheme is offered to individuals working in HMPPS who are not civil servants and are therefore not eligible to join the Civil Service Pension Scheme (public sector prisons and HQ prison staff) or the LGPS (Probation Service staff). This covers those working on a sessional or fee paid basis who are on a contract of services and not a contract of employment.

Civil Service Injury Benefits Scheme

The Civil Service Injury Benefits Scheme is accounted for under IAS 37. Please see Note 1.18.

1.18 Provisions and contingent liabilities

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when HMPPS has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made of the amount.

If the likelihood of payment is less than probable, but greater than remote, or the obligation cannot be measured reliably, a contingent liability is disclosed in the accounts.

Provisions and contingent liabilities are valued at the best estimate of the expenditure required to settle the obligation. They are discounted to present value using rates set by HM Treasury (3.64%, 4.22% and 5.32% for short-term, medium-term and long-term cash flows respectively), where the effect is material.

Litigation

For litigation provisions, the likelihood of the outcome and the estimated amount due are calculated by legal professionals, using their professional judgement and expert knowledge of the case providing a range of values with the most likely estimate of the amount payable being provided for. Where legal cases relate to contract disputes, commercial professionals are also involved in the calculation of the likelihood and value. Further information on the inherent uncertainties in the litigation provision is included at Note 13.

Civil Service Injury Benefits Scheme

HMPPS is required to pay benefits to staff who are members of the PCSPS, who are injured in connection with their employment, under the Civil Service Injury Benefits Scheme. Benefits are paid only in respect of loss of earning capacity, and a provision is made for expected future costs. The Government Actuary's Department provides HMPPS with annuity rates each year covering whole of life (for total liability value), one year, and two to five years (for cash flow values). These assumptions take the time value of money into account.

Injury benefit provisions are discounted using the HM Treasury post-employment benefits real discount rate of 2.95% (2024-25: 2.40%).

In calculating the provision, assumptions are made around life expectancy and the discount rate, as prescribed by HM Treasury, used in the calculation. Further detail is included at Note 1.20 and Note 13.

Dilapidation

The dilapidations provision reflects an estimate of the future expenditure required to return office space and other leased facilities to their original condition at the end of the lease term.

The provision is calculated using the assumed repairing level for each location, which is stipulated in the lease terms. A cost of repair per square metre is determined by our contracted surveyors, Cushman and Wakefield, and applied to the area for each lease at the specified level. The repair rates for each level are reviewed bi-annually and updated as required.

The provision is calculated on the assumption that HMPPS will occupy the space until the end of each lease agreement with no intention to exercise any break options, unless there is a clear plan to terminate the lease early.

Further detail on assumptions is included at Note 13.

1.19 Value Added Tax

Most of HMPPS' activities fall outside the scope of VAT. Accordingly, output tax is not usually charged and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or capitalised as part of non-current assets. Where output tax is charged or input tax is recoverable, amounts are stated net of VAT.

1.20 Critical accounting estimates and judgements

HMPPS makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revaluation and impairment of non-current assets

Subsequent to initial recognition, land and buildings (including dwellings) are recorded at current EUV based on professional valuations performed at 31 March each year by the Valuation Office Agency, an independent body, in accordance with the RICS Appraisal and Valuation Manual. For EUV buildings a new Commercial and Industrial Property Capital Price Index (CoPCaPI) has been created by VOA for application by public sector bodies. This has been adopted by HMPPS for the EUV properties. Buildings that are specialised, such as the prisons, are valued at DRC to a modern equivalent basis.

This modern equivalent is assumed to be in the same location with the same internal area as the existing property. The 'beacon' sets the cost to build a new modern equivalent asset and was updated in 2025-26 based on the cost data from HMP Millsike. The revised beacon cost has been applied to all of the prisons physically inspected. However, a factor has been applied to the older prisons to reduce the DRC and remove increases relating to the high specification of a new build. The change in beacon values has caused the total valuation of specialist buildings physically inspected in year to increase more than they would have under the old beacons and this will continue over the remaining four years of the quinquennial cycle as the remaining properties are moved onto the new beacon basis when they are physically inspected. Substantially all other buildings are measured at current value determined from market-based evidence. Each property is valued annually, with 25% of valuations physically inspected in 2025-26. The remaining 75% of properties are valued by the application of appropriate indices (see Note 1.9). This ensures that the carrying values are not materially different from those that would be determined at the end of the reporting period.

Land associated with buildings valued to DRC has been assessed to current value and interpreted as EUV, having regard to the cost of purchasing a notional replacement site in the same locality, equally suitable for the existing use and of the same size, with normally the same physical and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use. Where the use is too specialised to categorise in market terms, regard has been given to the range of uses prevailing in the locality of the actual site.

All assets other than land, buildings, intangible assets and assets under construction are ordinarily revalued at each reporting date using the Producer Price Index prepared by the Office for National Statistics.

LGPS assets and liabilities

The present value of the net pension position depends on several actuarially derived assumptions about inflation, salary and pension trends, discount factors and mortality rates. The estimated assets and liabilities are subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. Sensitivity analysis in relation to the key assumptions used in the calculation of the gross pension liability is provided in Note 18 along with details of the assumptions underlying the application of IFRIC 14.

The pension position for 2025-26 has been calculated using suitable assumptions that have been selected and validated for use by the scheme actuary. All assumptions remain under constant review. As the economic climate changes and more information becomes available, assumptions are reconsidered. More detail is reflected in Note 18.

Provisions for liabilities and charges

The recognition and measurement of provisions rely on the application of professional judgement, historical experience and other factors expected to influence future events. Provision balances which contain regular, homogeneous transactions are often derived from complex financial models. Estimates and assumptions applied in these models are continually reviewed. Where the likelihood of a liability crystallising is deemed probable and can be measured with reasonable certainty, a provision is recognised. Further information is set out in Note 1.18 and Note 13.

Critical judgements in applying HMPPS accounting policies

Service concession arrangements

The classification of arrangements as service concession arrangements requires HMPPS to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure. Where HMPPS is judged to control the infrastructure, the contract assets are reflected in the SoFP. Further information is set out in Note 1.15 and Note 14.

2. Statement of operating costs by operating segment

Information on expenditure by directorate, based on the management information reported to the HAB, is presented in the financial performance section of this annual report (page 16), including a summary reconciliation to the SoCNE.

As HMPPS is not within the scope of IFRS 8 Operating Segments, the statement of operating costs by operating segment previously included within the financial statements is no longer required.

3. Income

	2025-26	2024-25
	£'000	£'000
(a) Income from contracts with customers		
External sales of prison industries	6,293	7,297
Retail prison shop income	84,024	82,623
In-cell TV income	1,936	1,855
Healthcare funding	67,509	75,886
Provision of immigration detention	3,233	3,521
Youth remand income	33,565	37,027
Education funding	11,857	11,359
Electronic monitoring services	12,397	15,357
Estates recharges	200	22
Other income	28,013	21,351
Total income from contracts with customers	249,027	256,298
(b) Other operating income		
European Social Fund and other European funding	39,177	44,918
Rental income	462	614
Capital grant in kind	-	220
Total other operating income	39,639	45,752
Total operating income	288,666	302,050

Income from contracts with customers includes sales to prisoners through the prison shop, healthcare funding and youth remand income.

Income in respect of services rendered is recovered in line with the related service level agreement on a full cost basis.

4. Expenditure

4a Staff numbers and related costs

Staff numbers and further details of related costs, including exit packages, are reported in the remuneration and staff report from page 86.

	2025-26	2024-25
	£'000	£'000
Permanent staff – wages and salaries	2,703,711	2,537,983
Permanent staff – social security costs	366,061	274,955
Permanent staff – pension costs	595,148	602,211
Agency staff costs	43,043	38,249
Departures and severance payments	27,584	27,347
Inward secondments	5,000	4,756
Sub-total	3,740,547	3,485,501
Recoveries in respect of outward secondments	(4,924)	(6,178)
Total net costs	3,735,623	3,479,323

4b Purchase of goods and services

	2025-26	2024-25
	£'000	£'000
PFI prison service charges and privately operated prison charges	632,123	587,507
Service concession arrangement charges for prisoner escorting and custody services	183,354	169,572
Electronic monitoring	110,834	106,841
Contracted probation services	93,854	99,219
Accommodation, maintenance and utilities	805,682	781,256
Offender-related costs	586,094	538,843
Offender learning	159,166	175,066
Secure children's homes	36,556	32,318
Secure training centres	25,701	25,348
IT services and telecommunications	52,038	62,262
Training and other staff-related costs	29,643	29,634
Travel, subsistence and hospitality	48,922	48,658
Professional services	51,101	48,488
Communications, office supplies and services	21,314	20,002
Compensation costs	40,733	30,818
Other costs	59,073	44,978
Total purchase of goods and services	2,936,188	2,800,810

Offender-related costs include offender food, clothing, cleaning equipment, prisoner earnings and prison shop cost of sales.

4c Depreciation, amortisation and impairment charges

		2025-26	2024-25
	Notes	£'000	£'000
Depreciation – property, plant and equipment	5	450,022	457,027
Depreciation – right of use assets	7	23,812	25,500
Amortisation – intangible assets	6	15,731	14,504
Impairment charge/(reversal) – property, plant and equipment	5	6,200	216,227
Impairment charge/(reversal) – right of use assets	7	175	14,278
Impairment charge/(reversal) – intangible assets	6	4,817	–
Impairment charge/(reversal) – assets held for sale	8	(1)	–
Impairment charge/(reversal) – trade and other receivables	10	(655)	1,009
Total depreciation, amortisation and impairment charges		500,101	728,545

4d Notional expenditure

	2025-26	2024-25
	£'000	£'000
MoJ overhead recharges	568,163	492,637
Net (profit)/loss on disposal of assets	(648)	(399)
Capital grant in kind	–	–
External auditor's remuneration	520	450
Total other non-cash expenditure	568,035	492,688

MoJ overhead recharges

The MoJ overhead recharges represent the costs of services shared with the MoJ including estates, service transformation (including digital technology), finance, HR, communications, analytical services, shared services, and commercial and contract management. Recharges are apportioned based on appropriate cost drivers, such as headcount, floor space usage, or direct expenditure, to ensure a fair and transparent allocation aligned with operational resource consumption. Not included in these recharges is £18.1 million (2024-25: £20.6 million) relating to services provided by the MoJ. Although these costs are initially recorded by HMPPS, they are subsequently transferred through the SoCTE to the MoJ and are therefore not included in HMPPS expenditure in the SoCNE.

External auditor's remuneration

The costs of the audit performed by the National Audit Office on behalf of the Comptroller and Auditor General are recognised as a non-cash charge. During the year, HMPPS did not purchase any non-audit services. The cost for the audit of the HMPPS annual report and accounts for 2025-26 was £520,000 (2024-25: £450,000).

4e Finance expense

		2025-26	2024-25
	Notes	£'000	£'000
Interest on LGPS pensions	18	24,054	24,068
Unwinding of discount on provisions	13	251	(240)
Total non-cash finance expense		24,305	23,828
Finance charge on PFI	14c	7,197	8,232
Finance charge on right of use assets	7	3,429	1,538
Other finance charge		7	56
Total cash finance expense		10,633	9,826
Total finance expense		34,938	33,654

5. Property, plant and equipment

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2025-26								
Cost or valuation								
At 1 April 2025	1,112,941	8,427,148	13,641	326,957	526,588	21,627	1,868,089	12,296,991
Additions	–	2,443	–	38,955	25,419	283	1,763,238	1,830,338
Disposals	–	(485)	–	(44,786)	(49,580)	(19)	–	(94,870)
Transfers	–	–	–	–	91	–	1,334	1,425
Reclassifications	–	523,955	–	14,923	5,914	–	(555,303)	(10,511)
Impairments	214	10,535	–	–	–	–	(16,949)	(6,200)
Revaluations	30,515	(67,800)	(245)	24,822	58,533	3,125	–	48,950
At 31 March 2026	1,143,670	8,895,796	13,396	360,871	566,965	25,016	3,060,409	14,066,123
Depreciation								
At 1 April 2025	–	(11)	(12)	(208,462)	(371,191)	(17,340)	–	(597,016)
Charged in year	–	(370,083)	(555)	(36,813)	(41,377)	(1,194)	–	(450,022)
Disposals	–	–	–	44,786	49,064	19	–	93,869
Transfers	–	–	–	–	(91)	–	–	(91)
Reclassifications	–	(58)	–	–	–	–	–	(58)
Impairments	–	–	–	–	–	–	–	–
Revaluations	–	370,073	566	(15,646)	(44,623)	(2,666)	–	307,704
At 31 March 2026	–	(79)	(1)	(216,135)	(408,218)	(21,181)	–	(645,614)
Carrying value								
At 31 March 2026	1,143,670	8,895,717	13,395	144,736	158,747	3,835	3,060,409	13,420,509
At 31 March 2025	1,112,941	8,427,137	13,629	118,495	155,397	4,287	1,868,089	11,699,975

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
2025-26	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset financing:								
Owned	989,400	6,579,794	13,395	144,736	135,658	3,835	3,060,409	10,927,227
On-balance sheet (SoFP) PFI and other service concession arrangement contracts	154,270	2,315,923	–	–	23,089	–	–	2,493,282
At 31 March 2026	1,143,670	8,895,717	13,395	144,736	158,747	3,835	3,060,409	13,420,509

Non-operational assets

Included in the carrying values above are five non-operational sites with a combined value of £4.3 million (31 March 2025: six non-operational sites with a combined value of £4.4 million). These sites are vacant, but do not yet meet the criteria for classification as assets held for sale.

Valuation, estimation uncertainty and critical accounting estimates and assumptions

Further detail on valuation and estimation uncertainty can be found at Note 1.9 and on critical accounting estimates and assumptions at Note 1.20.

Reclassification as assets held for sale

Properties with a total carrying value of £(0.7) million were reclassified to assets held for sale in 2025-26 (2024-25: £13.4 million).

The 2025-26 transfer relates to a reclassification of impairment associated with individual assets recategorised as assets held for sale in the prior year, with no impact on net book value or the SoCNE.

Property, plant and equipment (continued)

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
2024-25	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
Balance at 1 April 2024	1,083,092	7,990,647	27,003	270,584	513,778	21,077	1,767,842	11,674,023
Additions	700	2,538	–	41,931	21,182	18	1,171,847	1,238,216
Disposals	(1,409)	(258)	(885)	(1,289)	(16,406)	–	–	(20,247)
Transfers	(3,950)	(24,134)	–	–	(96)	–	(13,777)	(41,957)
Reclassifications	322	1,000,602	(12,780)	16,733	11,108	532	(1,035,096)	(18,579)
Impairments	(1,379)	(190,242)	–	(1,335)	(3,010)	–	(22,727)	(218,693)
Revaluations	35,565	(352,005)	303	333	32	–	–	(315,772)
At 31 March 2025	1,112,941	8,427,148	13,641	326,957	526,588	21,627	1,868,089	12,296,991
Depreciation								
At 1 April 2024	–	–	(7)	(165,948)	(347,765)	(16,224)	–	(529,944)
Charged in year	–	(370,158)	(511)	(43,582)	(41,660)	(1,116)	–	(457,027)
Disposals	–	–	–	909	15,982	–	–	16,891
Transfers	–	66	–	–	–	–	–	66
Reclassifications	–	73	2	–	1	–	–	76
Impairments	–	–	–	209	2,257	–	–	2,466
Revaluations	–	370,008	504	(50)	(6)	–	–	370,456
At 31 March 2025	–	(11)	(12)	(208,462)	(371,191)	(17,340)	–	(597,016)
Carrying value								
At 31 March 2025	1,112,941	8,427,137	13,629	118,495	155,397	4,287	1,868,089	11,699,975
At 31 March 2024	1,083,092	7,990,647	26,996	104,636	166,013	4,853	1,767,842	11,144,079

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
2024-25	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset financing:								
Owned	958,671	6,236,809	13,629	118,495	124,784	4,287	1,868,089	9,324,764
On-balance sheet (SoFP) PFI and other service concession arrangement contracts	154,270	2,190,328	–	–	30,613	–	–	2,375,211
At 31 March 2025	1,112,941	8,427,137	13,629	118,495	155,397	4,287	1,868,089	11,699,975

6. Intangible assets

	Software	Licences	Payments on account and assets under construction	Total
2025-26	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2025	265,033	21,776	10,903	297,712
Additions	969	332	10,272	11,573
Disposals	(62,976)	(2,411)	–	(65,387)
Reclassifications	13,539	–	(6,449)	7,090
Revaluations	37	–	–	37
Transfers	–	–	16,087	16,087
Impairments	–	–	(4,817)	(4,817)
At 31 March 2026	216,602	19,697	25,996	262,295
Amortisation				
At 1 April 2025	(195,109)	(20,626)	–	(215,735)
Charged in year	(15,383)	(348)	–	(15,731)
Disposals	62,976	2,411	–	65,387
Reclassifications	–	–	–	–
Revaluations	(2)	–	–	(2)
Transfers	–	–	–	–
At 31 March 2026	(147,518)	(18,563)	–	(166,081)
Carrying value				
At 31 March 2026	69,084	1,134	25,996	96,214
At 31 March 2025	69,924	1,150	10,903	81,977
Asset financing				
Owned	69,084	1,134	25,996	96,214
At 31 March 2026	69,084	1,134	25,996	96,214

At 31 March 2026 and 31 March 2025, there were no individually material intangible assets.

Intangible assets (continued)

	Software	Licences	Payments on account and assets under construction	Total
2024-25	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2024	235,486	21,504	21,704	278,694
Additions	6,259	–	5,102	11,361
Disposals	(6,829)	–	–	(6,829)
Reclassifications	29,841	272	(25,038)	5,075
Revaluations	276	–	–	276
Transfers	–	–	9,135	9,135
Impairments	–	–	–	–
At 31 March 2025	265,033	21,776	10,903	297,712
Amortisation				
At 1 April 2024	(188,281)	(19,765)	–	(208,046)
Charged in year	(13,643)	(861)	–	(14,504)
Disposals	6,829	–	–	6,829
Reclassifications	–	–	–	–
Revaluations	(14)	–	–	(14)
Transfers	–	–	–	–
At 31 March 2025	(195,109)	(20,626)	–	(215,735)
Carrying value				
At 31 March 2025	69,924	1,150	10,903	81,977
At 1 April 2024	47,205	1,739	21,704	70,648
Asset financing				
Owned	69,924	1,150	10,903	81,977
At 31 March 2025	69,924	1,150	10,903	81,977

7. Leases

Right of use lease asset	2025-26			2024-25		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£'000		£'000	£'000		£'000
Cost or valuation						
At 1 April	193,400	10,101	203,501	226,176	3,943	230,119
Additions	3,419	–	3,419	37	–	37
Disposals	(1,481)	–	(1,481)	(5,797)	–	(5,797)
Remeasurements	16,114	–	16,114	(6,840)	6,158	(682)
Reclassifications	4,154	–	4,154	–	–	–
Revaluations	(509)	–	(509)	(5,898)	–	(5,898)
Impairments	(175)	–	(175)	(14,278)	–	(14,278)
Transfers	–	–	–	–	–	–
At 31 March	214,922	10,101	225,023	193,400	10,101	203,501
Depreciation						
At 1 April	(80,913)	(2,144)	(83,057)	(65,922)	(246)	(66,168)
Charged in year	(21,377)	(2,435)	(23,812)	(23,602)	(1,898)	(25,500)
Disposals	1,481	–	1,481	5,797	–	5,797
Reclassifications	(12)	–	(12)	–	–	–
Revaluations	147	–	147	2,814	–	2,814
Transfers	–	–	–	–	–	–
At 31 March	(100,674)	(4,579)	(105,253)	(80,913)	(2,144)	(83,057)
Net right of use assets	114,248	5,522	119,770	112,487	7,957	120,444

Lease liabilities

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below. The cash flows and balances are presented net of irrecoverable VAT.

	31 March 2026			31 March 2025		
	Gross £'000	Interest £'000	Net £'000	Gross £'000	Interest £'000	Net £'000
Buildings						
Amounts falling due:						
Not later than one year	25,132	(2,982)	22,150	22,844	(2,062)	20,782
Later than one year but not later than five years	71,394	(7,229)	64,165	68,000	(5,204)	62,796
Later than five years	41,493	(2,764)	38,729	46,327	(2,648)	43,679
	138,019	(12,975)	125,044	137,171	(9,914)	127,257
Less: unaccrued interest	(12,975)			(9,914)		
Balance at 31 March	125,044			127,257		
Current			22,150			20,782
Non-current			102,894			106,475
			125,044			127,257
	31 March 2026			31 March 2025		
	Gross £'000	Interest £'000	Net £'000	Gross £'000	Interest £'000	Net £'000
Other						
Amounts falling due:						
Not later than one year	1,900	(196)	1,704	2,091	(310)	1,781
Later than one year but not later than five years	3,192	(90)	3,102	5,923	(286)	5,637
Later than five years	–	–	–	–	–	–
	5,092	(286)	4,806	8,014	(596)	7,418
Less: unaccrued interest	(286)			(596)		
Balance at 31 March	4,806			7,418		
Current			1,704			1,781
Non-current			3,102			5,637
			4,806			7,418

Amounts recognised in the Statement of Comprehensive Net Expenditure

	31 March 2026	31 March 2025
	£'000	£'000
Depreciation charge	23,812	25,500
Interest expense	3,429	1,538
Short-term leases	–	19
Low value asset leases (excluding short-term leases)	–	9
Licenses not capitalised	–	689
Total	27,241	27,755

Amounts recognised in the Statement of Cash Flows

	31 March 2026	31 March 2025
	£'000	£'000
Interest expense	3,429	1,538
Repayment of principal on leases	23,515	25,057
Total	26,944	26,595

8. Assets held for sale

	31 March 2026	31 March 2025
	£'000	£'000
Cost or valuation		
At 1 April	9,898	2,490
Reclassifications	(663)	13,428
Disposals	(1,764)	(5,441)
Impairments	1	–
Revaluations	(2,228)	(579)
At 31 March	5,244	9,898

HMPPS has committed to a plan to sell various surplus properties, which are to be sold for commercial use and domestic dwellings. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification as an asset held for sale.

9. Inventories

	31 March 2026	31 March 2025
	£'000	£'000
Raw materials	28,448	32,453
Work-in-progress	2,347	2,287
Finished goods	2,152	2,248
	32,947	36,988
Consumables	29,200	33,475
Total inventories	62,147	70,463

10. Trade and other receivables

	31 March 2026	31 March 2025
	£'000	£'000
Trade receivables	25,150	28,414
Other receivables	22,835	21,145
VAT receivables	47,820	40,914
Intra-departmental receivables	5,186	11,332
Prepayments	5,340	6,722
Accrued income	21,337	24,518
Total trade and other receivables	127,668	133,045

11. Cash and cash equivalents

	31 March 2026	31 March 2025
	£'000	£'000
Balance at 1 April	59,201	61,308
Net change in cash and cash equivalents	(2,471)	(2,107)
Balance at 31 March	56,730	59,201
The following balances at 31 March were held at:		
Government Banking Service	55,204	57,487
Commercial banks and cash in hand	1,526	1,714
Cash at bank and in hand	56,730	59,201

At 31 March 2026, all bank accounts were held with the Government Banking Service.

Third party monies

At 31 March 2026, HMPPS held cash of £13.5 million (£13.7 million at 31 March 2025) on behalf of offenders. As this cash belongs to third parties, the balance is not included in the SoFP in these accounts.

12. Trade and other payables

12a Amounts falling due within one year

	31 March 2026	31 March 2025
	£'000	£'000
Trade payables	67,574	60,439
Taxation and social security	71,091	61,156
Other payables	70,531	73,281
Intra-departmental payables	123,061	128,031
Accruals	709,964	523,379
Deferred income	14,258	54,554
Total	1,056,479	900,840

The significant increase in accruals is driven mainly by the stage of completion of capital expansion projects and the accrual of a 2025-26 pay award paid post-year end.

12b Amounts falling due after more than one year

	31 March 2026	31 March 2025
	£'000	£'000
Local authority loan balances	197	238
Total	197	238

13. Provisions for liabilities and charges

				31 March 2026	31 March 2025
	Leasehold property dilapidations	Injury Benefits Scheme	Litigation and other provisions	Total	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	54,613	105,932	50,304	210,849	221,272
Provided in year	2,018	2,393	48,585	52,996	42,380
Provisions not required written back	(833)	(2,037)	(10,559)	(13,429)	(16,866)
Provisions utilised in year	(859)	(6,886)	(24,378)	(32,123)	(35,697)
Unwinding of discount	-	-	251	251	(240)
Balance at 31 March	54,939	99,402	64,203	218,544	210,849

Analysis of expected timing of discounted cash flows

				31 March 2026	31 March 2025
	Leasehold property dilapidations	Injury Benefits Scheme	Litigation and other provisions	Total	Total
	£'000	£'000	£'000	£'000	£'000
Not later than one year	12,013	6,751	10,919	29,683	26,122
Later than one year but not later than five years	9,613	24,300	41,423	75,336	72,408
Later than five years	33,313	68,351	11,861	113,525	112,319
Balance at 31 March	54,939	99,402	64,203	218,544	210,849

Leasehold property dilapidations

Dilapidation costs are an estimate of the expenditure required to return vacated leased properties to their original condition. The movement in year is as a result of:

- updated information relating to property vacations
- new properties leased during the year
- leases terminated during the year
- changes in square metre (SQM) rate assumptions

The key assumption used in calculating the dilapidation provision is the rate per square metre for each of the three assumed lease types which are set by building surveyors. These are reviewed and updated biannually, using their expert knowledge to reflect changes in the rate.

For sensitivity purposes, we have calculated the percentage change in value of the dilapidation provision based on various changes in the square metre rate.

% change in SQM rate	Change in dilapidation value (£000)	Change in dilapidation %
+5%	1,789	3%
-5%	(1,789)	(3%)

Civil Service Injury Benefits Scheme provisions

From 1 April 1998, HMPPS is required to pay benefits under the Civil Service Injury Benefits Scheme. The scheme pays benefits to any PCS member who suffers disease or injury, which is wholly or partially attributable to the nature of the duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum of 85% of pensionable earnings.

One of the key assumptions used in calculating the provision is the discount rate used to place a present value on projected future cash flows. The discount rates are prescribed by HM Treasury and are therefore outside the formal control of HMPPS.

The Injury Benefits Scheme provision is sensitive to the change in discount rate which takes the time value of money into account in the annuity rates used in the calculation. The discount rate is one factor used in the calculation of an annuity rate, along with others such as life expectancy. There was an increase in the discount rate prescribed by HM Treasury, from 2.40% to 2.95%, which in turn decreased the annuity rate used in the calculation. This has decreased the provision by £6.7 million.

Mortality assumptions are derived by the Government Actuary's Department in line with the population within the Injury Benefits Scheme membership. For sensitivity purposes, we estimate that a one-year decrease in life expectancy results in the annuity rate being slightly lower, with the reduction of up to 0.5. For 2025-26, a one-year decrease in member life expectancy would decrease the liability by £2.6 million or 2%.

Litigation and other provisions

Litigation provisions of £63.6 million (31 March 2025: £50.3 million) comprise legal claims against HMPPS and reflect all known claims where legal advice indicates that it is more likely than not that the claim will be successful, and the amount of the claim can be reliably estimated.⁶⁴

Legal claims which are likely to succeed with a lesser degree of certainty or cannot be estimated reliably are disclosed as contingent liabilities in Note 17.

Provisions for seven cases which have resulted in annuities arising from litigation are discounted using the HM Treasury rates as payments are due over a number of years – more than 20 years in some cases. The change in the discount rate prescribed by HM Treasury does not have a material effect on the litigation provision balance given the low number of annuity cases.

Other general litigation provisions are not discounted, on the basis that the potential discounting on claims that could continue for longer than 12 months is uncertain and is not material.

The nature of these claims results in inherent uncertainty in the estimation assumptions used to provide for such cases. The significant estimations and judgements required for the calculation of this provision are the likely finding in each litigation case, the timeframe in which it is likely to be resolved, and the value of any compensation which will be due to the claimant. In order to manage the risk inherent in these judgements, cases are reviewed frequently and on an individual basis to ensure that legal experts can attribute specific scenarios to those evidenced in each case. They use their expertise to provide timeframes on settling each claim, but this is a best estimate and progress on each claim may differ as new evidence becomes available and values change to reflect this.

As a result, we do not consider there to be any meaningful sensitivity analysis that would provide further insight on the above claims as there are no common underlying assumptions across the claims.

⁶⁴ Opening and closing balances include the life-cycle value for annuities, which is separate from the extracted litigation provisions total.

14. Commitments under PFI contracts and other service concession arrangements

14a On-balance sheet (SoFP) PFI contracts and other service concession arrangements at 31 March 2026

Project name	Contract start date	Duration (years)	Description
PFI contracts			
HMP Rye Hill	January 2001	25	Design, build, finance and operate a 600-place category B prison HMP Rye Hill at Onley, near Rugby. Contract has been extended by 2 years until January 2028
HMP Dovegate	July 2001	25	Design, build, finance and operate a 1,060-place category B prison and therapeutic community facility at HMP Dovegate, Marchington
HMP Bronzefield	June 2004	25	Design, build, finance and operate a 500-place category B prison at Ashford in Middlesex
HMP Peterborough	March 2005	25	Design, build, finance and operate an 840-place category B prison at Peterborough in Cambridgeshire
HMP Thameside	March 2012	25	Design, build, finance and operate a 900-place category B prison at Woolwich in London
Oakhill Secure Training Centre	May 2004	25	Design, construct and manage a secure training centre, located in Oakhill, Milton Keynes
Prison Escort Custody Service	August 2020	10	The supply and running of prison vans and escorts
Other service concession arrangements			
HMP Doncaster	October 2011	15	Manage and maintain a 1,145-place category B prison at Doncaster in South Yorkshire
HMP Oakwood	April 2012	15	Manage and maintain a 2,100-place category C prison at Featherstone in the West Midlands
HMP Northumberland	December 2013	15	Manage and maintain a 1,348-place category C prison at Morpeth in Northumberland
HMP Five Wells	February 2022	10	Manage and maintain a 1,680-place category C prison at Wellingborough in Northampton
HMP and YOI Parc	December 2022	10	Manage and maintain a 1,652-place category B prison and 60-place YOI at Bridgend in South Wales
HMP Fosse Way	May 2023	10	Manage and maintain a 1,715-place category C prison at HMP Fosse Way in Leicester
HMP Altcourse	June 2023	10	Manage and maintain a 1,164-place category B prison located in Liverpool
HMP Ashfield	November 2024	10	Manage and maintain a 400-place category B prison at Pucklechurch in South Gloucestershire
HMP Millsike	April 2025	10	Manage and maintain a 1,468-place category C prison at Full Sutton near York
HMP Forest Bank	January 2026	10	Manage and maintain a 1,460-place category B prison located in Salford, Greater Manchester

14b Commitments under PFI and other service concession contracts

Details of the imputed finance lease charges under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2026	31 March 2025
	£'000	£'000
Rentals due not later than one year	25,652	28,098
Rentals due later than one year but not later than five years	84,367	82,309
Rentals due later than five years	50,858	78,569
	160,877	188,976
Less interest element	(33,121)	(40,310)
Present value of obligations	127,756	148,666

The present value of liabilities under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2026	31 March 2025
	£'000	£'000
Rentals due not later than one year	19,314	20,911
Rentals due later than one year and not later than five years	67,176	77,527
Rentals due later than five years	41,266	50,228
Present value of obligations	127,756	148,666

Details of the minimum service charge under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2026	31 March 2025
	£'000	£'000
Not later than one year	783,504	801,412
Later than one year but not later than five years	1,684,611	2,080,788
Later than five years	253,710	353,348
Total service element	2,721,825	3,235,548

Future commitments are estimates based on assumptions, using the best information available. The service concession arrangement for HMP Dovegate is due to commence in July 2026 so while it is not included in the table at 14a, the future service charges are included in the table above.

14c Charge to the Consolidated Statement of Comprehensive Net Expenditure

The total amount charged in the SoCNE in respect of on-balance sheet (SoFP) PFI and other service concession arrangements transactions was £815.7 million for the year to 31 March 2026 (2024-25: £771.9 million). Of this total the service element was £808.5 million (2024-25: £763.7 million) and the interest charges were £7.2 million (2024-25: £8.2 million).

15. Other financial commitments

HMPPS has entered into non-cancellable contracts for which we have a financial commitment which are not included elsewhere within these accounts.

	31 March 2026	31 March 2025
	£'000	£'000
Not later than one year	101,355	34,943
Later than one year but not later than five years	–	14,199
Later than five years	–	–
Total other financial commitments	101,355	49,142

16. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not included in these financial statements is as follows:

	31 March 2026	31 March 2025
	£'000	£'000
Property, plant and equipment	2,359,096	1,671,287
Total capital commitments	2,359,096	1,671,287

The main cause of the significant year-on-year movement in capital commitments is the different stages of construction of prison builds at each year end.

17. Contingent liabilities

HMPPS faces claims amounting to £66.4 million (31 March 2025: £69.1 million) for injury to staff, prisoners and the public and for third-party contract disputes where the likelihood of a liability arising is deemed possible but not likely or not reliably measurable. Other claims where it is more likely than not that a liability will arise have been provided for in the accounts, (see Note 13). In addition, there are a number of litigation claims that are in the process of being assessed. As a result, they are currently deemed unquantifiable.

Remote contingent liabilities reported to Parliament are disclosed in the accountability report on page 111.

18. Pensions

Staff costs in Note 4(a) include the cost of pension contributions made by HMPPS.

25 individuals retired early on ill health grounds (2024-25: 15). The total additional accrued pension liabilities in the year amounted to £0.3 million (2024-25: £0.1 million).

Principal Civil Service Pension Scheme

The PCSPS and the Civil Servants and Others Pension Scheme – known as ‘alpha’ – are unfunded, multi-employer defined benefit schemes. HMPPS is unable to identify its share of the underlying assets and liabilities. Civil Service pension schemes are accounted for as defined contribution plans as a result. The scheme actuary last valued the PCSPS at 31 March 2024. Details can be found at www.civilservicepensionscheme.org.uk

For the year to 31 March 2026, employer contributions of £490.2 million were payable to the PCSPS (2024-25: £472.7 million) at a rate of 28.97% (2024-25: 28.97%) of pensionable pay.

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2025-26 to be paid when the member retires and not the benefits paid during this period to existing pensioners. As a result of the 2024 valuation, the employer contribution rate from 1 April 2027 to 31 March 2031 will be at 22.32% of pensionable pay (2020 valuation: 1 April 2024 to 31 March 2027 at 28.97% of pensionable pay).

Partnership pension accounts

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employer contributions of £1.3 million (2024-25: £1.4 million) were paid to one or more of the panels of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2024-25: 8% to 14.75%) of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0.05 million, 0.5% of pensionable pay, (2024-25: £0.05 million, 0.5%) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. There were contributions due of £0.1 million, and no contributions prepaid to the partnership pension providers at 31 March 2026.

National Employment Savings Trust (NEST) Defined Contribution Pension Scheme

Under the government’s policy of ‘workplace pensions’, all workers who meet the minimum requirements for auto-enrolment must be enrolled into a pension scheme by their employer.

The NEST Defined Contribution Scheme is offered to individuals working in HMPPS who are not civil servants and are therefore not eligible to join the Civil Service Pension Scheme (public sector prisons and HQ prison staff) or the LGPS (Probation Service staff). This covers those working on a sessional or fee-paid basis who are on a contract of services and not a contract of employment.

The NEST scheme is run by the NEST Corporation, a non-departmental public body. It is accountable to Parliament through the Department for Work and Pensions and is independent of government in its day-to-day decisions.

Pension contributions are based on a pensionable pay range of between £6,240 and £50,270 (2024-25: £6,240 and £50,270). A minimum pension contribution is not mandatory for pensionable pay below £6,240 (2024-25: £6,240). Minimum contributions for 2025-26 were 8% in total: 3% by employers and 4% by employees, with 1% through tax relief from government (2024-25: 3% by employers and 4% by employees, with 1% through tax relief from government). For the year to 31 March 2026, employer contributions of £0.03 million were paid (2024-25: £0.03 million).

Local Government Pension Scheme

Past employees of the Probation Trusts, and LGPS probation staff who transferred to CRS providers, to the former Community Rehabilitation Companies and to the Probation Service, are covered by the provisions of LGPS via one pension fund, GMPF, administered by their local authority council, Tameside Metropolitan Borough Council. The assets and liabilities from the former Probation Trusts' own pension funds were transferred to GMPF. The total pension obligation will continue to be the responsibility of HMPPS and will be reported in the HMPPS annual report and accounts.

The LGPS is a statutory scheme primarily governed by the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. These are subject to amendment over time. The LGPS is a funded, multi-employer defined benefit scheme. HMPPS recognises an LGPS pension scheme liability in these accounts, in accordance with IAS 19.

A liability arises as employees earn their future entitlement to payments when they retire. The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The contribution rates reflect benefits as they are accrued and reflect the past experience of the schemes.

The LGPS provides benefits on a 'final salary' basis, up to 31 March 2014, at a normal retirement age of 65. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay for every year of total membership is payable on retirement. Benefits accrued at the rate of 1/60th of pensionable salary for service from 1 April 2008 to 31 March 2014 with no automatic lump sum.

From 1 April 2014, the scheme provides benefits on a career average revalued earnings (CARE) basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service.

The scheme permits employees to take a lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 12.5% of pensionable earnings. Member contributions changed from 1 April 2014 and benefits accrued from this date are on a career average revalued earnings basis, with protections in place for those members in the scheme before the changes took effect.

Following the 2025 triennial valuation, the probation employer contribution rate for the period 1 April 2026 to 31 March 2029 is 18.5%. For the year to 31 March 2026, HMPPS paid employer contributions of £200.9 million to GMPF, relating to current probation staff, at 26.5% (2024-25: £192.9 million at 26.5%).

The pension position as at 31 March 2026, as detailed below, is based on the actuarial report from Hymans Robertson LLP, the independent actuary for GMPF, in compliance with IAS 19. There were no plan curtailments or settlements during the year. The transfer of Ashley House Approved Premises into HMPPS on 1 April 2025 has resulted in the transfer of LGPS assets and obligations for the active, deferred and pensioner members into GMPF. This is shown as a business combination in the table on page 164.

Full details of GMPF's investment strategy statement and funding strategy statement, including its annual report and financial statements, and responsibilities of the GMPF Management Panel can be found on the GMPF website: www.gmpf.org.uk

Tameside Metropolitan Borough Council is the administering authority of GMPF.

A number of assumptions are made as part of the actuarial valuation process, and the major assumptions are set out in the table on page 164.

The assumptions underlying the calculation of the net pension position as at 31 March 2026 are used for accounting purposes as required under IAS 19.

Risks associated with the fund in relation to accounting

The net pension position, as at 31 March 2026, is shown in the disclosure below. This reflects the appropriate assumptions, and all assumptions remain under constant review. As the economic climate changes and more information becomes available, assumptions will be updated to reflect this.

HMPPS is only liable for the pension obligations due to GMPF relating to Probation Service employees (and ultimately the CRS employees under the Secretary of State for Justice Pension Guarantee, referred to in Note 1.17). HMPPS is not liable for pension obligations of other employers that participate in the LGPS with GMPF.

Should HMPPS move to another pension fund or pension scheme, an exit payment to cover the pension liability due would be determined by GMPF and their actuary. However, there are no plans to move to another pension fund or pension scheme.

Discount rate

The discount rate is the most significant financial assumption for assessing pension obligations. An increase in the discount rate results in a decrease in the value of the pension liability for accounting purposes and vice versa. The discount rate used in these financial statements, as required by IAS 19, is based on the market yields of high-quality corporate bonds valued as at the reporting date of 31 March. Hymans' corporate bond yield curve is based on the constituents of the iBoxx AA corporate bond index. The discount rate assumptions set by the actuary are considered appropriate. The increase in the discount rate compared to last year has resulted in a further reduction in the pension obligations, the impact of which is discussed further below in 'Accounting for a net pension surplus and asset ceiling restriction'.

Inflation

The inflation assumption is the second most significant financial assumption for assessing pension obligations and typically drives the assumption for salary growth and pension increases (to the extent they are inflation linked).

A higher inflation assumption will lead to an increase in pension liabilities. The government announced that the measure of Retail Price Index will change from 2030 to be in line with the Consumer Price Index, including housing costs. This has been allowed for when deriving the inflation assumption. Market-derived Consumer Price Index inflation has risen over the year, which has led to a 0.25% increase in this assumption for 2025-26.

Mortality

The baseline mortality assumptions are based on analysis carried out by longevity experts Club Vita. Future life expectancy predictions use their continuous mortality investigation (CMI) model. For 2025-26, the CMI 2025 model has been used, which uses more up-to-date longevity data. This has resulted in a reduction in obligations.

Risk mitigation strategies

The GMPF Management Panel carries out a similar role to the trustees of a pension scheme. They are key decision makers for:

- investment strategy
- monitoring investment activity and performance
- overseeing administrative activities
- guidance to officers in exercising delegated powers
- reviewing governance arrangements

Each local council within Greater Manchester is represented on the Management Panel, along with the MoJ. There have been no concerns raised by the MoJ to date on GMPF's investment or funding strategy or asset performance.

Virgin Media v NTL Pension Trustees judgement

Following last year's Court of Appeal judgement in Virgin Media Limited v NTL Pension Trustees Limited, on 5 June 2025 the government announced it would introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.⁶⁵

The LGPS will therefore work with its advisers to understand whether a review of historic Section 37 confirmations is required and if necessary, undertake such a review.

McCloud judgement

The December 2018 McCloud judgement found that transitional arrangements put in place during the reform of firefighters' and judges' pension schemes was discriminatory on grounds of age. The government has confirmed this ruling also applies to the LGPS. For the 2022 valuation, McCloud liabilities were included as set out in the Department for Levelling Up, Housing and Communities' 2022 valuation letter. A further government response was made on 6 April 2023 in relation to McCloud and the amendments to the statutory underpin.⁶⁶ The actuary has advised that no further adjustment to the cost in the pension obligation is required for 2025-26. Further information on the McCloud judgement can be found at www.civilservicepensionscheme.org.uk/memberhub/remedy-hub/

Accounting for a net pension surplus and asset ceiling restriction

The net pension position at 31 March 2026 was a net surplus of £1,955 million, before any adjustment for the asset ceiling restriction (31 March 2025: £1,710 million), as set out in the actuary report provided by Hymans, under IAS 19.

IAS 19 requires that the discount rate is determined by reference to market yields at the end of the reporting period, on high-quality AA corporate bonds of a currency and duration consistent with the currency and duration of the benefit obligations. The discount rate at 31 March 2026 is higher compared to the previous year, reflecting a higher yield on high-quality corporate bonds and significantly reducing the pension obligation.

Under the requirements of *IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, the agency is required to consider whether it is appropriate to limit the amount of net pension surplus in the financial statements which was determined under IAS 19 if the full economic benefit cannot be obtained. IAS 19 provides a definition of an asset ceiling for these purposes as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, with the lower of the surplus and the asset ceiling being recognised. IFRIC 14 provides further guidance on calculating figures for an asset ceiling with reference to minimum funding requirements.

A refund would only be available to the agency on exiting the scheme. However, participation in the current pension scheme is dictated by statute meaning an exit would rely on the occurrence of an uncertain future event not wholly within the agency's control – that is, an act of Parliament. Therefore, the agency does not have an unconditional right to a refund of the surplus.

65 Department for Work and Pensions (2025), Retrospective actuarial confirmation of benefit changes, available at: <https://www.gov.uk/government/news/retrospective-actuarial-confirmation-of-benefit-changes>

66 Department for Levelling Up, Housing and Communities (2023), Amendments to the Local Government Pension Scheme statutory underpin: government response, available at: <https://www.gov.uk/government/consultations/local-government-pension-scheme-amendments-to-the-statutory-underpin/outcome/amendments-to-the-local-government-pension-scheme-statutory-underpin-government-response>

The appropriate method is therefore to consider the economic benefit available as a contribution reduction. The agency has concluded that primary contributions to the scheme (2026-27: 17.2%, 2025-26: 18.1%), those related to ill health retirements (2026-27: 2.5%, 2025-26: 4.3%) and the negative secondary contribution rate of -1.2% due to being fully funded following the 2025 valuation (2025-26: no negative rate) establish a minimum funding requirement for future contributions under IFRIC 14. The economic benefit available as a reduction in future contributions is calculated as the sum of:

- (a) any amount that reduces future minimum funding requirement contributions for future service because the entity made a prepayment
- (b) the estimated future service cost less the estimated minimum funding requirement contributions that would be required for future service in those periods if there were no prepayment as described in (a)

In determining this, the agency made a number of judgements.

- We consider it appropriate to treat the current service charge and the primary contributions as continuing in perpetuity as there is no intention to cease operations of the Probation Service, or to change the pension scheme available to employees of the service.
- We consider it appropriate to treat the negative secondary contribution rate over the standard funding time horizon of a 20-year period.
- The additional contributions to meet ill health retirement costs are discretionary with the rate set as part of the triennial valuation. While we would anticipate continuing to fund early retirement on the grounds of ill health via this mechanism, the financial commitment only exists for the three-year period covered by the valuation. In calculating minimum funding requirements under IFRIC 14, we therefore judge the appropriate period over which to include the ill health retirement contributions to be the three years committed to as a result of the 2025 valuation.
- Given the new rates set by the actuary as part of the 2025 valuation were agreed before the end of the financial year, we consider it appropriate to use these in the calculation rather than the rates in force during 2025-26. This is due to the nature of the asset ceiling calculation being forward looking.
- We do not consider that the economic benefit available as a reduction in future contributions can be meaningfully used if negative. This figure will therefore be taken as the maximum of the calculated figure and nil in the calculation of the asset ceiling.
- The 2025 triennial valuation resulted in a contribution rate of -1.2% being set by the actuaries in relation to past service. This is based on a funding time horizon of 20 years and reflects the fact that the HMPPS share of the pension fund is now fully funded. IFRIC 14 requires that, to the extent that the contributions payable will not be available after they are paid into the plan, the entity shall recognise a liability when the obligation arises. Given the negative rate, we consider that this represents an opportunity to reduce primary contributions and it has therefore been included in the calculation of the minimum funding requirement as discussed above. The contribution rate relating to past service in 2024-25 was 4.1% and was therefore considered separately as an obligation relating to past service.

Annuity rates for these three time periods were provided by the scheme's actuary using the same assumptions as the IAS 19 calculation as described below.

We consider it appropriate to restrict the net asset relative to funding obligations by use of the asset ceiling. This means that the asset ceiling is applied to the net surplus excluding the unfunded liabilities figure of £23.9 million. These unfunded liabilities are then added back to the closing liability position.

Having applied IFRIC 14 in line with the above facts and judgements, based on the present value of expected reductions in future contributions to the plan, the IAS 19 funded surplus of £1,955 million was reduced to a liability of nil. The closing position including unfunded liabilities is therefore £23.9 million. The table below summarises the effect of the valuation under IFRIC 14.

	31 March 2026	31 March 2025
	£'000	£'000
IAS 19 total closing assets	6,524,766	5,898,595
IAS 19 total closing liabilities	(4,569,904)	(4,188,973)
Net IAS 19 closing surplus/(deficit)	1,954,862	1,709,622
As IAS 19 shows a surplus, valuation basis adopts IFRIC 14:		
Estimated benefit available as reduction in future contributions	–	–
Minimum funding requirement relating to past service	–	(447,409)
IAS 19 unfunded liabilities	(23,850)	(24,836)
IFRIC 14 closing surplus/(deficit)	(23,850)	(472,245)
Effect of the asset ceiling	(1,978,712)	(2,181,867)

The major assumptions used by the LGPS actuary were:

	31 March 2026	31 March 2025
	%	%
Rate of increase in salaries	4.50	3.55
Rate of increase for pensions in payment and deferred pensions	3.00	2.75
Discount rate	6.20	5.80

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% per year for both males and females (2024-25: life expectancy was based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting on 2021 and 2020 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% per year). Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female
Current pensioners	21.6 years	24.3 years
Future pensioners*	22.2 years	25.7 years

*Figures assume members aged 45 as at the last formal valuation date.

Movements in the LGPS defined benefit obligation during the year:

	31 March 2026				31 March 2025			
	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Plan assets	5,898,595	–	–	5,898,595	5,618,264	–	–	5,618,264
Funded liabilities	–	(4,164,137)	–	(4,164,137)	–	(4,757,518)	–	(4,757,518)
Unfunded liabilities	–	(24,836)	–	(24,836)	–	(29,613)	–	(29,613)
Effect of the asset ceiling	–	–	(2,181,867)	(2,181,867)	–	–	(1,360,638)	(1,360,638)
Opening balance at 1 April	5,898,595	(4,188,973)	(2,181,867)	(472,245)	5,618,264	(4,787,131)	(1,360,638)	(529,505)
Current service costs	–	(90,355)	–	(90,355)	–	(123,523)	–	(123,523)
Past service costs (including curtailments)	–	(454)	–	(454)	–	(4,147)	–	(4,147)
Total current and past service costs	–	(90,809)	–	(90,809)	–	(127,670)	–	(127,670)
Net interest (cost) income	342,844	(240,439)	(126,459)	(24,054)	273,527	(231,604)	(65,991)	(24,068)
Net effect of business combinations and disposals	1,327	(1,341)	–	(14)	–	–	–	–
Remeasurements								
Gain from change in financial assumptions	–	80,272	–	80,272	–	758,309	–	758,309
Gain from change in demographic assumptions	–	4,929	–	4,929	–	8,395	–	8,395
Experience gains/(losses)	(15,860)	(315,075)	–	(330,935)	–	45,976	–	45,976
Returns on plan assets, excluding amounts included in net interest	275,203	–	–	275,203	(44,645)	–	–	(44,645)

	31 March 2026				31 March 2025			
	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gain/(loss) from change in the effect of asset ceiling under IFRIC 14	–	–	329,614	329,614	–	–	(755,238)	(755,238)
Total remeasurements	259,343	(229,874)	329,614	359,083	(44,645)	812,680	(755,238)	12,797
Cash flows								
Participants' contributions	47,800	(47,800)	–	–	45,994	(45,994)	–	–
Employer contributions	200,927	–	–	200,927	192,852	–	–	192,852
Contributions in respect of unfunded benefits	3,262	–	–	3,262	3,349	–	–	3,349
Benefit payments	(226,070)	226,070	–	–	(187,397)	187,397	–	–
Unfunded benefit paid	(3,262)	3,262	–	–	(3,349)	3,349	–	–
Closing balance at 31 March	6,524,766	(4,569,904)	(1,978,712)	(23,850)	5,898,595	(4,188,973)	(2,181,867)	(472,245)
Plan assets	6,524,766	–	–	6,524,766	5,898,595	–	–	5,898,595
Funded liabilities	–	(4,546,054)	–	(4,546,054)	–	(4,164,137)	–	(4,164,137)
Unfunded liabilities	–	(23,850)	–	(23,850)	–	(24,836)	–	(24,836)
Effect of the asset ceiling	–	–	(1,978,712)	(1,978,712)	–	–	(2,181,867)	(2,181,867)
Closing balance at 31 March	6,524,766	(4,569,904)	(1,978,712)	(23,850)	5,898,595	(4,188,973)	(2,181,867)	(472,245)

The plan assets in the LGPS were:

	Quoted price (in active markets)	Quoted price (not in active markets)	Value at 31 March 2026	Value as a percentage of total scheme assets at 31 March 2026	Value at 31 March 2025	Value as a percentage of total scheme assets at 31 March 2025
	£'000	£'000	£'000	%	£'000	%
Equity securities	2,490,855	–	2,490,855	38	2,236,454	38
Debt securities	690,991	–	690,991	11	691,947	12
Private equity	–	351,254	351,254	5	371,364	6
Property	–	391,205	391,205	6	307,784	5
Investment funds and unit trusts	1,092,752	1,286,063	2,378,815	37	2,111,331	36
Cash and cash equivalents	221,646	–	221,646	3	179,715	3
Total plan assets	4,496,244	2,028,522	6,524,766	100	5,898,595	100

Assets with a quoted price in active markets

Assets with a quoted price in an active market are valued at their market value or observable bid price quotations.

Private equity and investment funds and unit trusts without a quoted price in active markets

Due to the lack of a readily comparable market, the pensions scheme instructs investment managers to value unquoted equity, infrastructure and special opportunities portfolios in accordance with IFRS. The valuation basis may be any of quoted market prices, broker or dealer quotations, transaction price, third-party transaction price, applying earnings multiples of comparable public companies to projected future cash flows, third-party independent appraisals or pricing models. Many factors feed into the valuation including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. There is inherent estimation uncertainty in these valuations due to the nature of these calculations. The risk is reduced through the use of experts and ongoing review of the suitability of the estimates and assumptions made in the calculations.

Property

Investment properties are valued on the basis of open market value and market rent in accordance with the RICS Appraisal and Valuation Manual by chartered surveyors engaged by the pension scheme. Valuations were performed as at 31 December 2025 and subsequently adjusted for transactions undertaken between 1 January and 31 March 2026. While there is inherent estimation uncertainty, this is reduced by using independent experts with the relevant experience and qualifications to perform the valuations.

Sensitivity analysis

The actuary's assessment of the impact on LGPS pension liabilities of increases and reductions in key actuarial assumptions is below:

	31 March 2026		31 March 2025	
	Approximate monetary amount	Approximate increase to employer liability	Approximate monetary amount	Approximate increase to employer liability
	£000	%	£000	%
0.1% decrease in real discount rate	72,725	2	73,985	2
0.1% increase in the salary increase rate	3,174	–	3,144	–
0.1% increase in the pension increase rate	69,461	2	72,897	2

The principal demographic assumption is the mortality assumption (member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the employer's defined benefit obligation by around 3% to 5%. In practice, the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (improvements to survival rates predominantly apply at younger or older ages). For 2025-26, a one-year increase in member life expectancy would increase the liability by 4% or £183 million (2024-25: 4% or £168 million).

19. Financial instruments

Categories of financial instrument

Details of receivables, cash balances and payables can be found in Notes 10, 11 and 12.

Receivables comprise trade receivables, other receivables and accrued income that have fixed or determinable payments that are not quoted in an active market.

Receivables are assessed at each SoFP date and impaired where recoverability is in doubt.

HMPPS holds share investments of £0.32 million (31 March 2025: £0.25 million) in milk companies due to the milk-producing prison farms run by HMPPS at HMP Usk. They are held as financial assets at fair value through profit and loss. Fair value is equal to market value at the reporting date, and the movement in the value of assets is recognised immediately in the SoCNE, as income or as an expense.

HMPPS has financial liabilities comprising PFI liabilities, finance lease liabilities, trade payables, other payables and accruals.

Financial liabilities are measured initially at fair value. Where the effect is material, estimated cash flows of financial liabilities are discounted.

Credit risk

HMPPS is exposed to minimal credit risk as loans and receivables are comprised of trade and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor and is equal to the total amount of these outstanding. HMPPS manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship. HMPPS has no collateral to mitigate against credit risk.

Interest rate risk

HMPPS is not exposed to significant interest rate risk. Most of the cash balances carry nil or fixed interest rates.

Liquidity risk

HMPPS' financial liabilities are trade payables, other payables, accruals and finance leases. It is unlikely that HMPPS will encounter difficulty in meeting its obligations associated with these liabilities, as it is financed by the MoJ, whose resources and capital are voted annually by Parliament.

Foreign currency risk

HMPPS undertakes few foreign currency transactions and is not exposed to significant exchange rate risk.

20. Related party transactions

HMPPS is an executive agency of the MoJ, which is regarded as a related party. During the year HMPPS has had material transactions with the MoJ and other entities for which the MoJ is regarded as the parent entity.

HMPPS has also had material transactions with a number of other government departments and central government bodies. The most significant of these transactions have been with HM Revenue and Customs, Home Office, Department for Work and Pensions and Cabinet Office: Civil Superannuation.

In accordance with the requirements of the FReM, these transactions have not been reported.

No board member, key manager or other related party has undertaken any material transactions with HMPPS during the year. Compensation paid to management, including taxable benefits, is disclosed in the remuneration and staff report.

21. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the certificate and report of the Comptroller and Auditor General.

Annex A – Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater.

	Number
Number of existing engagements as of 31 March 2026	8
Of which:	
Number that have existed for less than one year at time of reporting	5
Number that have existed for between one and two years at time of reporting	-
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	1
Number that have existed for four or more years at time of reporting	1

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater.

	Number
Number of temporary off-payroll workers engaged during the year ended 31 March 2026	12
Of which:	
Not subject to off-payroll legislation	9
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	3
Number of engagements reassessed for compliance or assurance purposes during the year	1
Of which: Number of engagements that saw a change to IR35 status following review	-

For any off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026.

	Number
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	-
Total number of individuals on payroll and off payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year – includes both on-payroll and off-payroll engagements	14



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