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5 February 2025

Dear Convener

I am writing to update the Committee on the construction of HMP Glasgow. The Scottish Prison Service (SPS) has now signed the Stage 2 construction contract with Kier Construction and work on site will now move from advance works to main construction, with construction completion scheduled for 2028.

In terms of cost and scale, HMP Glasgow will be the largest prisons project constructed since devolution. It will have a transformative impact on rehabilitation and that impact will be felt by families and the wider community and provide an environment which is fit for purpose, meeting the needs of all who live and work there. While HMP Barlinnie can only provide activities to a small proportion of the population at any given time, limiting the ability to support and rehabilitate those in custody, HMP Glasgow will provide a full regime for everyone living within the prison. The use of technology will free up staff time to allow for more positive engagement time with those living in HMP Glasgow, while the range of activities and opportunities available will maximise their use of time during the day.

HMP Glasgow will have a design capacity of 1344, which will add 357 places to the overall prison estate. It will also ensure people are accommodated in a way which supports them and their rehabilitative journey, reducing their risk of reoffending, and helping build safer communities.

The HMP Glasgow design is based around small communities living together and supporting each other. The design is trauma-informed and uses light and space to support good mental health and wellbeing. The cells are larger than those in earlier prison builds, in line with international standards recommended by the Committee for Prevention of Torture and National Preventative Mechanism and are future proofed for the ageing prison population, with the ability to accommodate more wheelchair users.

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No fossil fuels will be burnt on site for the running of HMP Glasgow. The establishment is all electric, including for heating, hot water, and the powering of support services. It fully supports net zero ambitions and is part of the Scottish Futures Trust Net Zero in Public Buildings Standards.

During construction, the project will generate up to £450 million of spending in the local economy. The design and construction contractor has committed to providing a range of community benefits, particularly in terms of employment, including apprenticeships, training, and work placements for ex-offenders. This includes commitment to targeting and supporting local suppliers and Small to Medium-Sized Enterprises (SME), maximising local employment, local spend, and £200,000 spend with social enterprises and supported businesses. The spend with SMEs is targeted at 40% of the contract value. In addition, work led by the SPS Project Team and Kier Construction will focus on lasting legacy through community engagement and joint outcomes for the prison and neighbouring community driven by operational production, a community café facility and the development of an operational model which supports individuals as part of a community.

Time-scales and cost

The HMP Glasgow project is a long standing commitment and it has taken time to ensure the right site and the right plan for HMP Glasgow is in place, for staff and people in custody, and for the city. An initial consideration was rebuilding on the current site, but that was not feasible due the size of the population of HMP Barlinnie and the level of disruption the building work would bring. The current site was chosen due to being within Glasgow City, its size, and suitability. Following work to assess the site and gain planning permission, the site was purchased in late 2020. The project to construct HMP Glasgow on this site commenced in 2021. Over the past months SPS have engaged in a process of scrutiny and due diligence to ensure the price from the contractor represents market value and the programme for construction is optimal. The Stage 2 construction contract is now signed with construction completion scheduled for 2028.

The cost of the construction contract is £683.8m (ex VAT), which brings the total project cost to £998.4m. This is a significant increase from the previous 2019 estimate which calculated that the project would cost at £400m. This estimate was restated in the Infrastructure Investment Plan in 2022. As I explained to the Committee in 2023, the price will most likely rise from this figure. Below I set out the reasons for this increase and some comparisons with similar projects.

Cost increases are happening across the wider construction industry as a whole. The construction industry sector has faced significant price rises from labour and material shortages as a result of Brexit, the Covid pandemic, and the war in Ukraine, which has led to increased inflation in the cost of all major capital projects of any nature here in Scotland, wider UK and indeed globally.

A National Audit Office report¹ on *Increasing the capacity of the prison estate to meet demand* published on 4 December 2024 notes:

“The start of the 2022 war in Ukraine put pressure on supply chains for construction, and some suppliers have subsequently collapsed. Inflation in the construction sector has

¹ <https://www.nao.org.uk/reports/increasing-the-capacity-of-the-prison-estate-to-meet-demand/>

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been particularly high, with MoJ estimating around 40% price rises between January 2020 and February 2024” (p9).

Since October 2019, the Department for Business and Trade Construction Materials Price Index for other new work is showing a 40% increase to November 2024; this includes an increase of 26% in gravel, sand, clays and kaolin, 31% in concrete reinforcing bars, 63% in pre-cast concrete and 19% in fabricated structural steel. The Office of National Statistics reports a 35% increase the number of vacancies in the construction industry over the same period, driving an increase in the price of labour.²

The UK’s high rate of inflation experienced over the past few years has caused steep rises in the tender price index and building cost index since 2021. Coupled with the current volume of public sector new build works, including those being undertaken by the UK Ministry of Justice, there is a potential UK supply and demand challenge. There is also recognition that large-scale infrastructure projects can have a disproportionate impact on smaller sub-contractors in the supply chain, which can impact on pricing. We understand the construction industry is currently risk averse, leading to higher prices, due to insolvencies within the industry. The recent insolvency of a major contractor has resulted in reduced spare capacity within the remaining major contractors.

This sort of cost increase is not unique to prisons but is affecting most major capital projects. As part of the due diligence and scrutiny of the price, the SPS commissioned two independent cost consultants to compare the price with similar recent builds in England and Wales. This benchmarking analysis showed that the price of this contract is typical for the industry and comparable with other large-scale prison projects across the UK.

The report by the National Audit Office (referred to above) notes:

“The total expected cost of the [prison expansion] portfolio has also increased by between 80% and 93%. HMPPS now estimates it will cost between £9.4 billion and £10.1 billion to deliver its portfolio, an increase of between £4.2 billion and £4.9 billion compared with its approved estimated funding of £5.2 billion as at the 2021 spending review. This includes delivery of a slightly higher number of places (20,995) than its original commitment to deliver 20,000 places (see paragraph 1.13). HMPPS will require further funding to deliver the portfolio. The predicted cost increases and causes for these vary across projects from 0% to 259%” (p.19).

The report also shows that four new prisons currently being built in England and Wales are forecast to cost more than double that of HMP Five Wells and HMP Fosse Way which opened in 2022 and 2023 respectively. The price per place has risen to between £610,000 and £840,000 in England and Wales - the price per place of HMP Glasgow sits in the middle of this range at £740,000.

Conclusion

I am pleased we have reached this significant milestone in replacing HMP Barlinnie. HMP Glasgow is essential for ensuring a modern prison system for the long term. While I can appreciate concerns around the cost increase compared to earlier estimates, the extensive

² The full statistics can be found at the following websites:
[Building Materials and Components statistics - data.gov.uk](https://data.gov.uk)
[VACS02: Vacancies by industry - Office for National Statistics](https://www.gov.uk/government/statistics/vacs02-vacancies-by-industry)
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due diligence undertaken on the price has demonstrated that it is in line with similar prison builds elsewhere in the UK.

Replacing HMP Barlinnie is making an investment in a safer Scotland. It will ensure we can better support rehabilitation and reduce reoffending, and improve the lives and condition of people living and working there as well as ensuring we can better support rehabilitation and reduce reoffending.

Yours sincerely



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