

NORTHERN IRELAND PRISON SERVICE
ANNUAL REPORT AND ACCOUNTS 2020-21

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Northern Ireland Prison Service
Annual Report and Accounts
For the year ended 31 March 2021

*Laid before the Northern Ireland Assembly
under Section 11(3)(c) of the Government Resources
and Accounts Act (Northern Ireland) 2001
by the Department of Justice*

on

7 July 2021



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PERFORMANCE REPORT

OVERVIEW

The purpose of the overview is to provide sufficient information to ensure that the remit and purpose of the Agency is understood. The overview includes:

- a statement from the Director General providing his perspective on the performance of the Agency over the period;
- a statement of the purpose and activities of the Agency;
- the key issues and risks that could affect the Agency in delivering its objectives; and
- a performance summary.

FOREWORD BY ACCOUNTING OFFICER

In presenting this Report I do so with thankfulness and pride. To say it has been an unprecedented year fails to capture the scale of the challenge we as a Prison Service faced as the pandemic took hold of our society.

I am thankful that only four prisoners in our general population have tested positive for Covid-19; no one in our care was hospitalised because of Covid; and no one lost their life. We have not locked prisoners in their cells, but rather we put in place a landing based regime that kept individuals out of their cells and allowed association within a safe landing based bubble. This is in sharp contrast to what has happened in prisons across the World where prisoners have been locked for up to 23 hours per day and many have died because of Covid.

Working with the Justice Minister we put in place a very clear strategy focused on implementing measures aimed at keeping Covid out of our prisons and prisoners out of their cells. I am very proud of what has been achieved by prison staff working alongside our partners, particularly those from the South Eastern Health and Social Care Trust. The hard work and determination of all prison staff should not be underestimated, they are undoubtedly amongst the unsung heroes of this pandemic. It is also right to acknowledge the cooperation we have received from those in our care and their families, the past year has been a very difficult one for all of us.

During the year approximately 3,000 individuals have been committed to, or to put it another way have entered, our prisons. Our average daily population was 1,461, and throughout the year we were required, because of age or an underlying medical condition, to shield a significant number of individuals.

FOREWORD BY ACCOUNTING OFFICER (CONTINUED)

To protect staff and prisoners we immediately put in place an extensive range of health and safety measures, we opened quarantine units to accommodate the new entrants and we introduced, on 23 April 2020, virtual visits to compensate for the suspension of in-person visits on 23 March. Central to rehabilitation is our family strategy and therefore we were determined to ensure family contact could be maintained. During the year we facilitated almost 50,000 virtual visits including visits for the first time on Christmas Day. Virtual visits were quickly followed by virtual learning delivered by our educational partners.

I was grateful to the Minister for approving a Temporary Early Release Scheme which enabled us to manage our population particularly during those days when up to 16% of our staff were required to self-isolate. 395 individuals who satisfied the very strict criteria the Minister put in place were released up to three months early.

To help control transmission we also placed every prisoner in a single cell thus eradicating the practice of individuals sharing cells. This was a very significant and welcome development.

During the year staff and prisoners stepped forward to try and support wider society. The men at Magilligan worked hard to manufacture scrubs for health workers when it was challenging to get personal protective equipment (PPE), the women at Hydebank made tray bakes and buns for hardworking nurses and doctors in the Ulster Hospital, and the men at Maghaberry helped raise funds for a number of struggling charities who had seen their income fall because of the lockdowns. Such contributions are important because they underpin the reality that our prisons and those who live and work in them are a part of the community and not apart from it.

As an organisation we have learnt much over the past year, but while it is important to look back, it is more important to look forward. Consequently, in the context of the most up-to-date scientific advice and guidance, we have put in place an ambitious and challenging recovery pathway. As the community vaccination programme is rolled out in our prisons, so we will implement our recovery plan.

In a few months we will bring to a close our Prisons 2020 Continuous Improvement Programme. Prisons 2020 has been an incredibly challenging and rewarding journey that undoubtedly prepared us for the demands of the past year. Prison staff, along with our partners from the statutory, voluntary and community sectors, have confronted everything that has come their way with confidence, competence and compassion and for that they deserve our gratitude and praise.

Later this year we hope to consult on our new programme, Prisons 25 x 25. The underpinning theme will remain one of continuous learning and improvement as we continue, on behalf of the community we serve, to support and challenge those in our care to change.

RONNIE ARMOUR
Director General and Accounting Officer
Northern Ireland Prison Service

STATEMENT OF PURPOSE AND ACTIVITIES

History and statutory background

NIPS was established as an Executive Agency of the Northern Ireland Office in April 1995 under the Government's Next Steps Initiative.

On 12 April 2010 an amendment to Schedule 3 of the Northern Ireland Act 1998 devolved justice functions in Northern Ireland to the Northern Ireland Assembly and the Department of Justice (DoJ) came into existence as a new Northern Ireland Department. From this date, NIPS became an Executive Agency of DoJ.

The Annual Report and Accounts of NIPS for the year ended 31 March 2021 will be laid in the Northern Ireland Assembly.

NIPS is responsible for the operation and delivery of services within the Northern Ireland prison system with the main statutory duties set out in the Prison Act (Northern Ireland) 1953.

Statement of purpose

As part of our journey towards reform, NIPS has redefined and refocused its statement of purpose as, "making the community safer by supporting and challenging people to change".

Vision

NIPS vision is that our Service will:

- achieve better outcomes for people in our care;
- deliver safe, secure and decent custody;
- develop a highly skilled and professional workforce;
- work in partnership with stakeholders;
- develop a fit for purpose estate;
- deliver stable and controlled finances; and
- promote public confidence.

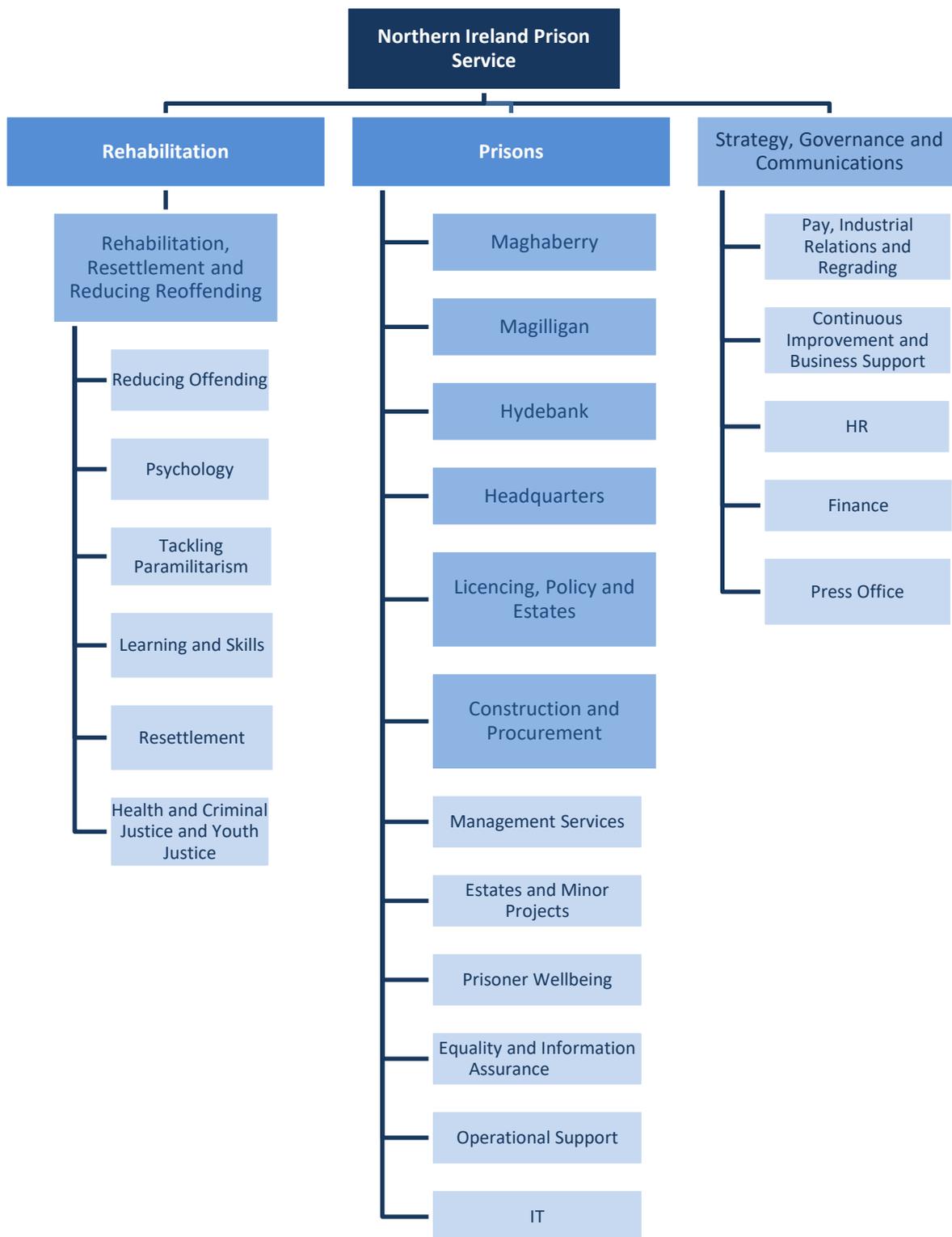
Strategic aims

NIPS has also identified three strategic aims, which support delivery against this core purpose. These are:

- safe, secure and decent custody;
- reform and modernise to create an effective and efficient Service; and
- reduce the risk of reoffending.

Organisational structure

The organisational structure of NIPS is as follows:



Key risks and issues

NIPS strategic risks are regularly reviewed and scrutinised by the Prison Service Management Board (PSMB) and by the Audit and Risk Committee. A summary of the organisation's top risks can be found below.

NIPS managed these risks through well-established governance structures and by putting mitigations in place as early as possible to minimise the risk. Each risk was pro-actively managed with a view to minimising impact and this made a significant contribution to the ability of NIPS to meet the objectives set for this year.

Safety and security

A significant operational failure by NIPS results in escape, significant security breach, serious prison incident, loss of accommodation; and release in error.

Stability of workforce

Failure to effectively plan to ensure operational staffing levels meet the needs of the organisation would lead to negative impacts on current staff and people in our care. It would also limit our ability to deliver rehabilitation and reduce the risk of reoffending.

Health and social care

Health Services failing to meet the needs of the prison population including vulnerable people in our care could lead to deaths in custody or increased levels of self-harm.

Prison estate

Risk regarding capital and resource commitment to support the future of an ageing prison estate.

Industrial relations

Risk posed by relations with Staff Associations which would disrupt operational delivery.

Staff retention

The number of staff leaving under medical retirement and injury on duty is increasing. This impacts the Service in a number of ways including more regular recruitment campaigns and impact on resources. The Department of Finance is currently consulting on the future provision for injury on duty.

Response and recovery to Covid-19 pandemic

Ensure adequate structures and processes are in place to deliver recovery from the pandemic. The pandemic has impacted all areas of the Service.

Equality of delivery of services to different groups in society

All prisoners have equal access to services provided within the prison. To promote good relations and eliminate discrimination NIPS Prison Establishments each have an Equality & Diversity (E&D) Committee chaired by the Deputy Governor and supported by an E&D coordinator at Senior Officer Grade. Meetings are held monthly to monitor the equality of provision of services to all prisoners. Attendees include Headquarters, Residence, Safer Custody, Equality, Chaplaincy, Probation, Start 360, Independent Monitoring Board, Health and the Criminal Justice Inspectorate (CJI). Prisoner Forums meet in advance of the main meeting to raise any issues prisoners may have. In addition to issues raised by Prisoner Representatives, statistical reports are reviewed and examined for any anomalies in decision making relating to the provision of services, discipline, drug testing, searches, complaints, adjudications etc. all broken down by Section 75 group. Governors are asked to investigate and explain any apparent anomalies.

There is a complaints procedure for prisoners and NIPS is also subject to oversight and scrutiny by the Prisoner Ombudsman, CJI, The Red Cross, Equality Commission, Human Rights Commission, Independent Monitoring Board and the United Nations Conventions around Human Rights amongst others who investigate and raise issues around equality and the provision of services. Any issues raised by these bodies are investigated and addressed as necessary.

On receipt of the 2018 CJI Maghaberry Inspection Report recommendation to investigate the poorer outcomes experienced by Catholic prisoners in key areas, the Director General commissioned a research report from Queen's University Belfast. The resulting report found no significant difference between Catholics and Protestants when all factors including individual, societal and prison related variables are considered in relation to adjudication charges, guilty adjudications, PREPS (Progressive Regime Earned Privileges Scheme) regime level and SPAR (Supporting People at Risk) involvement. In relation to submission of complaints, religion was found to be a significant factor in a participant's likelihood of submitting complaints with Protestants having a lower likelihood of submitting complaints than Catholics. This report led to the development of a plan to universally apply these findings within the NIPS operational environment.

NIPS holds a number of events annually in all Establishments and provides training for prisoners and staff to raise awareness, foster good relations and provide a better understanding and appreciation of equality and diversity issues. These events and training support people to change in new and innovative ways.

NIPS is an Equal Opportunities employer, where all eligible persons have equal opportunity for employment and advancement in the Service based on their ability, qualifications and aptitude for the work. In addition, NIPS applies the recruitment principles as set out in the Recruitment Policy and Procedures Manual of the Northern Ireland Civil Service (NICS), appointing candidates based on merit through fair and open competition. All panel members sitting on interview panels complete Recruitment and Selection training, which includes raising awareness of unconscious bias. In addition, in order to maintain and promote a diverse and inclusive workforce, the NICS, including NIPS have in place a range of policies and procedures, as well as the use of Positive Action Advertising Statements to encourage applications from underrepresented groups, and the provision of support for reasonable adjustments required as a result of Disability Discrimination Act requirements.

PERFORMANCE SUMMARY AND FORWARD LOOK

PERFORMANCE SUMMARY

Covid-19

The Covid-19 pandemic presented a considerable and unique challenge for the Service. From March 2020 the senior leadership has focused on ensuring all parts of the organisation were given the necessary support to keep our staff, and the people in our care, safe.

Under the leadership of the Director General, a number of structures were put in place to ensure robust governance and effective decision making.

Throughout 2020-21 NIPS Senior Management Team, including Governing Governors (Senior Governors responsible for operations at each establishment), has taken proportionate decisions in response to the pandemic including:

- the temporary suspension of in-person visits;
- quarantine and isolation arrangements;
- on-landing regimes;
- restricting access to all but prison and healthcare staff (with exceptions agreed by the Governor);
- testing for people in our care, staff and their families; and
- the suspension of pre-release testing.

Recovery planning was instigated on 3 July 2020 and is being managed in a proportionate and timely way focusing on the safety of those working, visiting and living in our Establishments. The Senior Team continue to meet every three weeks (or by exception) to review the measures that have been introduced. Advice and guidance of the Northern Ireland Executive, Public Health Agency (PHA) and South Eastern Health and Social Care Trust (SEHSCT) were key factors in any decisions taken to mitigate the risk.

Following the announcement by the Executive introducing restrictions across Northern Ireland on 16 October 2020, NIPS re-introduced a number of measures to mitigate the risk of the virus in our prisons including the suspension of in-person visits and allowing access to the Establishments only to those deemed as essential. This is to be reviewed in line with the timetable set out by the Executive.

NIPS has well-established and embedded arrangements for testing staff, and to 'Contact Trace' close contacts of staff and people in our care who test positive. Staff are also provided with information on an ongoing basis about the steps they should take to reduce the risks of infection from Covid-19.

As of 28 June 2021, 154 operational staff had tested as positive for Covid-19, as well as 7 people in committal quarantine and 4 people in our general prisoner population. A further 3 people in custody tested positive while in-patients in an outside hospital and 1 individual tested positive in police custody prior to committal.

Covid-19 (continued)

Over the course of the year NIPS was allocated £9.784m funding for Covid-19 (£7.195m from the Executive and £2.589m from the Department). This was required to put in place a number of safety measures to mitigate the risk of the virus entering and/or spreading in our prisons. A total of £7.602m was actually spent on Covid-19 related measures during the year as follows:

- additional pay and allowances - £5.080m;
- personal protective equipment (PPE) - £1.277m; and
- other measures to keep prisoners out of their cells and ensure their safety - £1.245m.

Criminal Justice Inspectorate***Review of Care and Supervision Units***

Towards the end of 2020 the use of Care and Supervision Units (CSUs) became topical, through reporting by an online news service and as a result of questions from Assembly Members.

To ensure that public confidence in the work of the Prison Service was not undermined, the Justice Minister asked the Chief Inspector of CJI to undertake a focused review of the operation of CSUs. The Chief Inspector agreed to take this review forward and Terms of Reference for the review were issued in January 2021 by CJI.

NIPS officials liaised with CJI in their preparatory work for the review and also in facilitating fieldwork and stakeholder engagement. A review team consisting of CJI, the Regulation and Quality Improvement Authority (RQIA) and the Education and Training Inspectorate (ETI) completed a week of fieldwork in each of the three Establishments in February.

The Chief Inspector, Jacqui Durkin, wrote to the Minister in April 2021 providing an update on progress towards the completion of the review and at that stage the process of evidence gathering and analysis was ongoing. The report from this review was originally anticipated in June, however the Chief Inspector has now advised that a later publication date in September is expected.

People at risk In our care

NIPS has continued to work with our healthcare partners and a wide range of voluntary and community organisations to provide support to the people in our care. SPAR Evolution - our approach was developed and delivered jointly with our healthcare partners, to support people who are at risk from suicide and/or serious self-harm. It has been embedded across the organisation and has resulted in a significant reduction in incidents of self-harm, allowing people to be supported in a way that meets their specific needs.

We are working with the SEHSCT and other organisations who work within our prisons to develop the Towards Zero Suicide concept. A pilot of safety plans for the people in our care began in Maghaberry in November 2020 and following evaluation, consideration will be given on how this can be implemented wider. Safety and support teams in all Establishments have worked closely with the mental health teams within the SEHSCT to ensure support for those in our care with mental health issues. An extensive array of interventions including wellbeing hubs, animals and bees, horticulture, peer support, therapeutic gardens, cookery classes and other activity is available across the estate.

During the pandemic significant work has been done in conjunction with the SEHSCT, PHA and Health and Social Care Board to provide activities focussed on wellbeing for the people in our care. This has included specific input for people who are going through quarantine on committal or because they have symptoms or have tested positive for Covid-19.

Continuous development

Prisons 2020

In July 2018, NIPS launched 'Prisons 2020: The Way Forward'. The aim of Prisons 2020 is to ensure NIPS is structured and resourced to provide an efficient, effective, modern and affordable service which is focused on the development of our staff and is capable of rehabilitating those placed in our care.

NIPS will deliver our business through four key strands:

- Our People - by developing, supporting and motivating our staff;
- Our Services - by focusing on the work we and our partners do;
- Our Infrastructure - by ensuring we develop our estate and use of technology to facilitate rehabilitation; and
- Our Partnerships - by developing and enhancing our partnerships across the public, private, community and voluntary sectors.

Underpinning the strategic overview are delivery plans, developed annually, which set out the actions which will be taken to work towards our strategic vision and the clear milestones to be achieved. During 2020-21 NIPS continued to deliver the Year 3 of the Prisons 2020 programme in a complex and challenging environment. Due to the ongoing pandemic, and with the agreement of the Prison Service Management Board (PSMB), Year 3 has been extended to autumn 2021.

Continuous development (continued)

Capital estates programme

In December 2018 NIPS issued Estates 2020, a discussion document setting out an alternative delivery plan for the redevelopment of the prison estate from that previously set out in the 2013 Strategy. Discussions concluded in February 2019 with general support indicated for the alternative delivery plan. Estates 2020 will deliver a fit for purpose prison estate which supports new ways of working by providing:

- a fit for purpose family focussed Visits and Welcome Centre in Maghaberry Prison. NIPS submitted the revised Outline Business Case 1 (OBC1), which includes the alternative delivery model from Estates 2020 as the preferred option, to the Department's Financial Services Division (FSD) in February 2020. NIPS continues to work with colleagues in FSD to obtain approval for the expenditure;
- a discrete new Female Facility at Hydebank Wood - the new Female Facility will provide: an open, therapeutic environment, a new Visits and Welcome Centre, a new Female Reception, single en-suite accommodation, a new Independent Living Unit (ILU), a new prison kitchen, a new health centre and a new sports centre. NIPS submitted the revised OBC1, which includes the alternative delivery model from Estates 2020 as the preferred option, to FSD in September 2020 and continues to work with colleagues in FSD to obtain approval for the expenditure;
- the redevelopment of Magilligan Prison, to include a new 240 Accommodation Block, Independent Living Units for 40 prisoners, a new Welcome and Visits Centre, a new Energy Centre and a new Administration Block. The OBC1 for the Redevelopment of Magilligan Prison is at an advanced stage and will be submitted to FSD by the end of July 2021; and
- an upgrade to the Incoming Power supply to Magilligan Prison by autumn 2021.

Approximately 100 minor works projects totalling £8.5 million were completed during the year. Examples of work over the past year include:

- refurbishment and upgrade of the Dog Section offices in Magilligan;
- upgrade of the welding workshop in Maghaberry;
- provision of domestic and living facilities for wheelchair users in Burren House;
- upgrade of the Learning and Skills workshop roof and façade in Hydebank Wood;
- fitting of pill hatches in Ash, Beech and Cedar House cell doors in Hydebank Wood; and
- continuation of infrastructure programmes which include:
 - boiler-houses, plantrooms and lighting systems throughout the prison estate which have delivered significant reductions in the use of fossil fuels and carbon emissions as well as savings in energy consumptions and strengthening the resilience of heating infrastructure;
 - other mechanical and engineering assets including fire and water mains systems, food lifts, air conditioning units, ventilation systems; and
 - specialist security systems, including CCTV, access controls and alarms.

Continuous development (continued)**Capital estates programme (continued)**

The Central Procurement Unit (CPU) is a branch within NIPS, responsible for all non-construction procurement within NIPS. CPU manages around 95 contracts with annual spend in the region of £13 million. In addition to this, over the past year the Team has worked tirelessly, under extreme pressure and in an extremely competitive market, to secure and maintain a reliable supply chain for the provision of quality PPE that meets the standards set by the World Health Organisation.

NIPS Health and Safety staff have worked tirelessly through the pandemic to keep staff safe and NIPS operational. Examples of the work undertaken includes the following;

- completion of Covid-19 Risk Assessments on work areas throughout the prison estate. Assessments remain under review;
- co-ordination and collation of home working risk assessments; and
- assistance with the recovery plans for the reintroduction of partner agencies and regimes in each Establishment.

Continuous development (continued)

Digitalisation

During the year significant progress has been made on a range of digitalisation projects including:

- installation of 360 in-cell computers in Davis House was completed successfully and the Prisoner Portal system went live for the first 90 inmates in August 2020. This has now expanded and there are currently 270 inmates using the application. Roll out to the remaining 90 inmates in A wing Davis House will continue once Covid-19 restrictions on access are relaxed. The Prisoner Portal system is a self-service portal for inmates to enable them to perform basic functions. Meal ordering and tuckshop ordering are the first two services successfully implemented in 2020;
- automated movements for inmates using biometric and a pass card has been successfully implemented in Davis House, Maghaberry in August 2020 to record and enable the entrance and exit of inmates to and from the house. There are also stations in Learning and Skills, Workshops and the Main gym. NIPS intend on making this technology available on all sites in the next several years;
- the rollout of PRISM (Prisoner Records Information System) functionality on Tablet technology is well advanced and has been introduced for staff in Magilligan, Hydebank and Maghaberry. The Applications currently on offer include PDU (Prisoner Development Unit), PDU 1 : Committal Interview, PDU 5 : Needs Profile, PDU 7 : Prisoner Development Plan, Health and Safety, SPAR Evolution project and PREPS (which has just been implemented in Hydebank);
- installation of computers in courthouses for use by staff in Prisoner Escorting and Court Custody Services - nine courthouses have been completed and it is now intended to continue these installations to provide an IT solution for the remainder;
- Virtual Visits capability was established in early April 2020 across all Establishments to enable domestic visits to continue virtually when in-person visits were suspended due to Covid-19 restrictions. This has since been expanded to include the accommodation of professional visits through this service. This functionality was extended to include Virtual Learning capability across the estate enabling educational classes to continue virtually; and
- over 50,000 virtual meetings (visits and learning) have been held since the implementation and as a result of this success NIPS will continue to offer the use of this technology after the current restrictions are lifted.

EU Exit

During 2020-21 NIPS continued to work closely with DoJ and other partner agencies to plan for and mitigate against any potential implications when the UK left the European Union. The UK and EU agreed a deal to define their future relationship which came into effect on 31 December 2020 and the UK officially left the EU on 31 January 2021. There have been no significant impacts to prisons as a result of EU Exit. There was no expenditure required in 2020-21 in respect of the precautionary planning.

FORWARD LOOK

Moving into 2021-22, our initial focus will be on the recovery phase of the Covid-19 pandemic.

As an operational organisation we will continue to deliver our business in line with our four key objectives:

- Maintaining the safety and wellbeing of people in our care;
- Improving health within the Justice system;
- Improving outcomes for people in our care through enhancing opportunities to address individual needs; and
- Modernising the NI Prison Service to transform the delivery of services to people in our care.

Due to the Covid-19 pandemic the Prison Service Management Board agreed to extend the final year of our continuous improvement programme, Prisons 2020, to October 2021.

In tandem to the completion of Prisons 2020, we will also begin work on the next phase of our continuous improvement programme.

PERFORMANCE ANALYSIS

OBJECTIVES AND TARGETS FOR 2020-21

The draft Programme for Government (PfG) outlines the major societal outcomes the Executive is seeking to achieve and focuses on the need for significant changes in approach and behaviour if delivery is to be achieved.

The Department of Justice is leading on Outcome Seven:

“We have a safe community where we respect the law and each other”.

Underpinning Outcome Seven are three indicators, namely:

- Indicator 1 - Reduce Crime;
- Indicator 38 - Increase effectiveness of the Justice System; and
- Indicator 39 - Reduce Reoffending.

The Reducing Offending Directorate (ROD), which includes the Northern Ireland Prison Service, is leading on Indicator 39: have a safe community where we respect the law, and each other. Central to the approach of the Department is a focus on ‘Problem Solving Justice’.

Our three prisons are very much communities within the community and therefore many of the other PfG indicators are applicable to those in our care. For example:

- Indicator 3 - Increase healthy life expectancy;
- Indicator 5 - Improve the quality of the healthcare experience;
- Indicator 6 - Improve mental health; and
- Indicator 11 - Improve educational outcomes.

REVIEW OF PERFORMANCE 2020-21

Performance against Key Performance Targets

The NIPS Business Plan for 2020-21, produced at the beginning of the year, set out Key Performance Targets (KPTs) to measure the Service's performance. These were developed in line with the NIPS Continuous Improvement Programme, Prisons 2020.

Due to the challenges presented by the pandemic, the Prison Service Management Board took the decision to extend Prisons 2020 Year Three targets beyond this accounting year to autumn 2021. However considerable progress has been made against each target. In particular the KPTs on SPAR evolution, the review on outcomes for specific prisoner groups, and restorative justice, while 'partially achieved' in this accounting year, are on target to be 'achieved' by autumn 2021.

Details of performance are set out in the table below:

Key Performance Targets	Comment	Year-end Status
1. To ensure the safe operation of custodial environments		
<ul style="list-style-type: none"> Review and adapt prison operating regimes in light of public health advice and changes to the situation with Covid-19. 	<p>NIPS has followed the advice of the Public Health Agency and worked closely with the South Eastern HSC Trust to implement an extensive range of precautionary measures. These included the suspension of in-person visits and forms of temporary release, significantly restricting access to Establishments, and the introduction of house based routines to support social distancing.</p> <p>Further to these specific measures there are robust arrangements in place for the isolation of individuals committed to custody or who become symptomatic. NIPS also has well developed and embedded procedures for prisoners and staff to be tested for Covid-19. Prisons also have very extensive arrangements for the supply and appropriate use of personal protective equipment and for handwashing. All of this work has been supported by regular communication about the risks of infection and how these can be mitigated.</p>	Achieved

Key Performance Targets	Comment	Year-end Status
2. Maintaining the safety and wellbeing of people in our care		
<ul style="list-style-type: none"> • Deliver a new Drugs Strategy and Action Plan within the NI Prison Service including scoping the potential for a pilot Drugs Recovery Unit in Maghaberry and implementation of a supply reduction infrastructure at each prison Establishment. 	<p>The specification and business case for the Drug Recovery Unit for Maghaberry are complete and pending further consultation with South Eastern HSC Trust prior to progression of procurement.</p> <p>Work on the implementation of supply reduction infrastructure has progressed and remains ongoing. This includes but is not limited to in each Establishment; the development of a high security staff search, the roll out of itemisers (digital trace detection), the introduction of intelligence analysts, the introduction of an intelligence analysis digital program, the introduction of digital mobile phone detectors and the research and introduction of x-ray body scanners.</p>	Partially achieved
<ul style="list-style-type: none"> • Supporting “at risk” people in our care by embedding the SPAR Evolution (Supporting People At Risk) programme across the organisation, conducting an evaluation of the programme and enhancing provision to support early intervention mental wellbeing. 	<p>SPAR Evolution has been implemented service wide. The baseline year is 2017. Figures for 2018, 2019 and 2020 will form the basis of the evaluation, along with input from staff and prisoners. The evaluation will be delivered by 30 September 2021.</p>	Partially achieved
<ul style="list-style-type: none"> • Work across government to further develop and implement actions in support of improved health (including mental health) within the justice system including: <ul style="list-style-type: none"> ○ the implementation of recommendations within NIAO Mental Health in the Criminal Justice System to be completed; ○ the implementation of the joint DoH/DoJ Improving Health within Justice strategy and action plan; and ○ the progression of initiatives within the Executive Mental Wellbeing, Resilience and Suicide Prevention Working Group and DoH led Mental Health Strategy. 	<p>Substantial progress has been made in respect of the implementation of recommendations within the NIAO Report on Mental Health in the Criminal Justice System. As at 31 March 2021, recommendations one and two are complete, while recommendation three is partially complete. In support of this remaining action, we plan to scope the potential for capture of improved outcomes for offenders with mental health issues from the Department’s reform initiatives in the next reporting year. In addition, the scope to pilot a mental health court will be progressed during the latter part of the 2021-22 year.</p> <p>In the region of 78% of the actions set out within the joint DoH/DoJ Improving Health within Justice Strategy and Action Plan are reported as on track for completion, complete, or embedded in business as usual activities.</p> <p>The Department has fully supported the work of the Executive Working Group on Mental Wellbeing, Resilience and Suicide Prevention and engaged in the work led by the Department of Health in order to develop a new Mental Health Strategy for 2021 and beyond.</p>	Partially achieved

Key Performance Targets	Comment	Year-end Status
3. Improving outcomes for people in our care through enhancing opportunities to address individual needs		
<ul style="list-style-type: none"> Review and make recommendations for focused pathways aimed at improving outcomes for specific groups of prisoners including: short-sentence prisoners, foreign nationals, older persons and female prisoners and implement all accepted recommendations by March 2021. 	<p>Reviews of the existing supports available to short sentence prisoners, foreign nationals and older persons in their journey through custody have been completed and agreed recommendations have been implemented, with ongoing work on other recommendations. Through the implementation of these recommendations these groups will have improved pathways to support their rehabilitation and resettlement.</p> <p>The needs of females are being addressed through the strategy to support and challenge women and girls in contact with the justice system.</p>	Partially achieved
<ul style="list-style-type: none"> Launch a consultation on a justice-wide strategy to support and challenge women (and girls) in contact with the justice system. 	<p>The consultation closed on 11 September 2020 with 41 responses.</p> <p>A summary of the findings was reported to the Minister in January 2021 and to the Justice Committee in March 2021 with a Strategy and Action Plan to be published in September 2021.</p>	Partially achieved

Key Performance Targets	Comment	Year-end Status
4. Development of an Adult Restorative Justice Strategy		
<ul style="list-style-type: none"> Complete a consultation on the Adult Restorative Justice Strategy and publish an Action Plan and implementation timeframe. 	<p>The consultation closed on 11 September 2020 with 41 responses.</p> <p>A summary of the findings was reported to the Minister in January 2021 and to the Justice Committee in March 2021 with a Strategy and Action Plan to be published in September 2021.</p>	Partially achieved

Key Performance Targets	Comment	Year-end Status
5. Modernising the NI Prison to transform the delivery of services to people in our care		
<ul style="list-style-type: none"> Progress delivery of the NIPS Estates Strategy through the completion of OBCs and submission to the DoJ for a new female facility 2020 and new Visitors Centre at Maghaberry that takes account of Covid-19 implications. 	<p>Work is at an advanced stage to develop the individual OBCs for the projects contained within Estates 2020.</p> <ul style="list-style-type: none"> New Female Facility - NIPS submitted the revised OBC1 (which includes the alternative delivery model from Estates 2020 as the preferred option) to DoJ's Financial Services Division (FSD) in September 2020 and continues to work with colleagues in FSD to obtain approval for the expenditure; New Welcome and Visits Centre at Maghaberry - the OBC1 was submitted to FSD in February 2020. NIPS continues to work with colleagues in FSD to obtain approval for the expenditure; and Redevelopment of Magilligan - The development of the revised OBC1 is near completion and will be submitted to FSD by the end of July 2021. The majority of the work to upgrade the incoming power supply to Magilligan Prison will be completed by summer 2021. 	Achieved
<ul style="list-style-type: none"> Deliver Year 3 of the Prisons 2020 Continuous Improvement Programme by including harnessing new opportunities emerging from the emergency response to Covid-19. 	<p>Work is continuing on the delivery of the Year 3 programme, with a particular focus on maximising new opportunities such as virtual visits and virtual learning methods.</p> <p>In light of the demands posed by managing our ongoing Covid response, it was agreed that the programme would be extended until the end of October 2021.</p>	Partially achieved

Key Performance Targets	Comment	Year-end Status
6. Supporting the effective delivery of front-line operational services		
<ul style="list-style-type: none"> Undertake a review of the support available to former Prison Officers and report findings and recommendations. 	<p>An independent review was completed with a report on support service for retired prison officers being published by the Justice Minister in January 2021. The report contained six recommendations which are being taken forward as part of an implementation group chaired by NIPS Director General.</p>	Achieved

Financial Review

The net expenditure of the Agency for 2020-21 is compared to the previous two financial years in the table below:

	2020-21 £000	2019-20 £000	2018-19 £000
Total operating income	3,322	2,971	2,685
Staff costs	78,323	70,536	64,403
Purchase of goods and services	33,240	30,649	30,324
Depreciation and impairment charges	15,598	12,200	12,015
Provision expense	253	8,151	4,045
Grants	2,073	2,296	2,172
Total operating expenditure	129,487	123,832	112,959
Net operating expenditure	126,165	120,861	110,274
Finance expense	1,392	1,747	1,242
Net expenditure for the year	127,557	122,608	111,516

Non-current assets

Non-Current Asset expenditure movements are detailed in Notes 8 and 9 to the financial statements. Capital expenditure in 2020-21 totalled £11.2m (2019-20: £18.5m). Further details are contained in the Performance Summary.

Financial position

The total net assets of the Agency at 31 March 2021 were £185.3m (2019-20: £197.5m).

Cash flow

As detailed in the Statement of Cash Flows, the Agency's Net Assembly draw down in 2020-21 was £124.6m (2019-20: £127.9m) and the net decrease in Cash and cash equivalents in the year was £0.47m (2019-20: increase £2.8m).

Financial risk

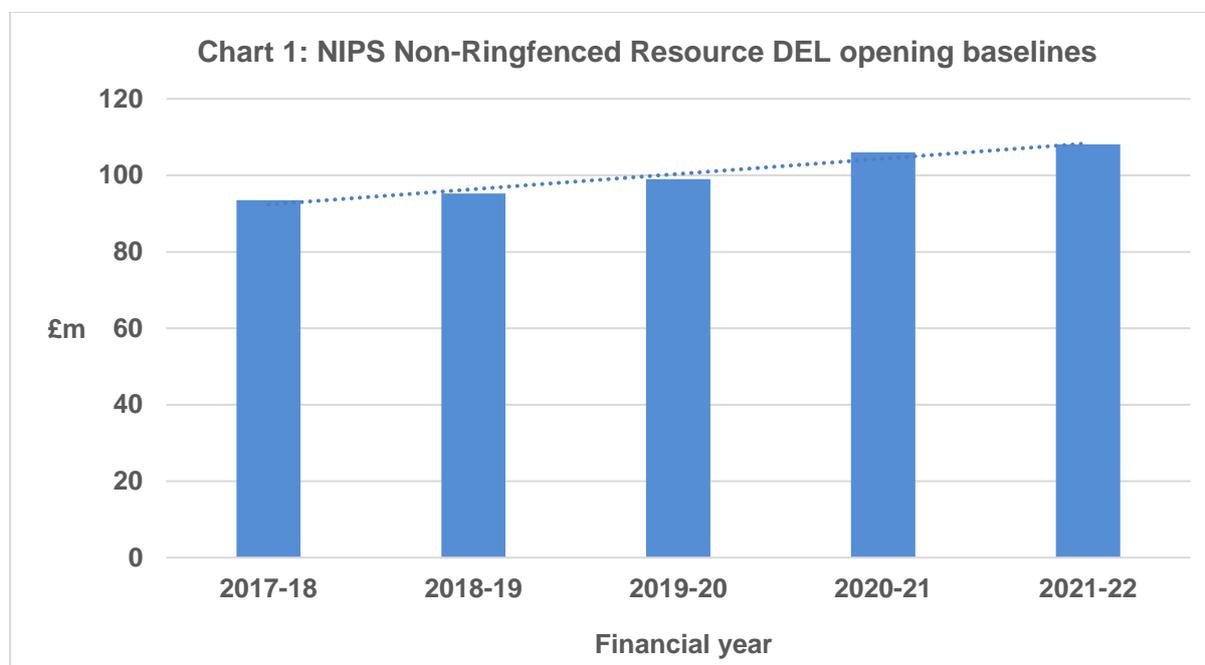
The Agency relies on the Department of Justice for funding and the risk to this funding is low. The Agency accounts for all transactions in sterling and has no borrowings. As such, the Agency is not exposed to any exchange rate or liquidity risk.

Cost per Prisoner Place

The Cost per Prisoner Place (CPPP), which excludes exceptional payments and the cost of the Prisoner Escorting and Court Custody Services, was £44,956 in 2020-21 (2019-20: £43,029).

Long-term expenditure trends

The chart below shows the movement in the Agency's opening baseline for non-ringfenced Resource Departmental Expenditure Limit (DEL) over the period 2017-18 to 2021-22. This budget pays for programme delivery and running costs excluding non-cash charges for depreciation and impairment of assets.



2020-21 financial year

On 31 March 2020, the Finance Minister set out the 2020-21 budgets for Northern Ireland departments which have been agreed by the Executive.

The Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a flat cash allocation (2019-20 opening baseline);
- £29.7m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- £22.5m was provided towards pressures identified by the Department;
- £5.0m contribution towards Legacy costs; and
- £10.7m of funding for EU Exit costs.

In setting 2019-20 budgets, the NI Prison Service allocation was increased by 2.7%

Long-term expenditure trends (continued)

2021-22 financial year

On 1 April 2021 the Finance Minister set out the 2021-22 budget for Northern Ireland departments which have been agreed by the Executive.

The Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a flat cash allocation (2020-21 opening baseline);
- £31.2m of additional security funding for the PSNI;
- £10.7m of funding for EU Exit costs;
- £7.7m of Covid-19 allocation;
- £4.2m contribution towards Legacy costs; and
- £0.7m of Technical Adjustments.

In setting 2021-22 budgets, the NI Prison Service received a flat cash allocation and in addition to baseline, NIPS also received £1.9m of Covid-19 funding in its opening budget allocation.

Auditors

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The C&AG is head of the Northern Ireland Audit Office (NIAO) and reports his findings to the Assembly. The C&AG and his staff are wholly independent of the Agency.

The notional audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of these financial statements, was £36,000 (2019-20: £33,000).

The C&AG may also undertake other statutory activities that are not related to the audit of the Service's financial statements such as Value for Money (VFM) reports. The C&AG published his VFM report on Injury on duty schemes for officers in PSNI and NIPS on 10 March 2020. The Department of Justice has established a Strategic Group to take forward this work which includes representatives from NIPS, PSNI and Civil Service Pensions (DoF). Sub-groups have been working through the recommendations and regularly report back to the Strategic Group on progress.

Payment of suppliers

The Agency's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

The Agency has achieved 94.0% (2019-20: 94.9%) of payments to suppliers within 10 working days and 97.3% (2019-20: 97.6%) of payments to suppliers within 30 days following receipt of a properly rendered invoice.

Human rights

NIPS staff have a statutory duty to respect, protect and fulfil people's human rights when delivering services. The Northern Ireland Human Rights Commission (NIHRC) interactive guide to Human Rights is available to NIPS staff to ensure they have knowledge of human rights law and standards and the core principles through which human rights are realised. The training is designed to increase human rights knowledge and strengthen the culture of human rights awareness and good practice within NIPS. 75 new recruits and staff have received Human Rights and Equality and Diversity (E&D) training during 2020-21.

Anti-corruption and anti-bribery

NIPS is committed to the values of probity and accountability which foster a positive organisational culture. It is also committed to the elimination of any fraud within the NIPS, to the rigorous investigation of any prima facie case, and, where fraud or other criminal acts are proven, to ensure that wrongdoers are dealt with appropriately. NIPS will take proportionate steps to recover any assets lost as a result of fraud, corruption or theft. NIPS has a zero tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

Energy and environmental management

NIPS is committed to ensuring that sustainable and cost efficient services are applied across its operations and through its supply chain. NIPS have continued to manage and support our environmental commitments through the following schemes.

Key sustainability actions taken in 2020-21

Ref	Area	Comment
1	Sustainability Steering Group	NIPS operates a Sustainability Steering Group which offers decisions and direction on sustainable development initiatives across the service.
2	Use of an Energy Monitoring & Targeting (M&T) System	NIPS operates an M&T system which is managed on a daily basis to provide a best practice approach to the oversight and delivery of energy management.
3	Building Management System (BMS)	BMS systems operate across all our sites to improve the control of heating and help reduce energy consumption and CO ² emissions. A new updated BMS system installed in Hydebank in 2019 has helped to reduce consumption during the year by over 10%. A new updated BMS is planned for installation in Magilligan during 2021-22.
4	LED Lighting Programme	The roll-out of replacement LED lighting has continued during the year across the prison estate. NIPS have applied for grant assistance from Power NI to help cover the capital outlay of lighting upgrades.
5	Boilerhouse and Plantroom upgrade programme	To strengthen resilience of heating and hot water infrastructure and reduce energy consumption NIPS has embarked on an annual plantroom upgrade programme. In the last three years 28 boiler houses and plantrooms have been refurbished. During the year plant and equipment in an additional two boiler houses were replaced.
6	Incorporation of Buy Social clauses within contracts	We have been adopting the use of Buy Social clauses within our contracts to offer employment opportunities and apprenticeship schemes.
7	Establishment of recycling centres on each site	Recycling initiatives occur at the prisons. Compactors and balers have been installed at all sites and recycling initiatives help to reduce the amount of waste that would otherwise be sent to landfill.

Ref	Area	Comment
8	Reduce waste sent to landfill	Food waste is segregated and collected separately from each site. This reduces the volume of waste sent to landfill. The food waste is put through an anaerobic digester - by the contractor - to generate heat/electricity.
9	Incorporation of BREEAM standard for all new build projects.	Since 2010 all major new accommodation blocks have achieved BREEAM Excellent rating (Quoile/Shimna/Davis). All future new builds over 1,000 m ² aim to achieve BREEAM rating of 'excellent'. All future major refurbishment projects over 1,000 m ² aim to achieve at least a BREEAM rating of 'Very Good'.
10	Biodiversity	A local management plan is in operation at Maghaberry to ensure conditions are tailored to encourage the continued growth of the breeding lapwing population over the Area of Special Scientific Interest

During the course of the financial year the environmental performance of the NIPS Estate has been shown below:

Supply Metric	% change from 2019-20 to 2020-21 per m2
Fossil Fuels	Down by 11%
Electricity	Down by 7%
Water	Up by 3%
CO ² emissions	Down by 12%
Waste collections	Down by 17%

PERFORMANCE REPORT

Ronnie Armour

Ronnie Armour
Accounting Officer
29 June 2021

ACCOUNTABILITY REPORT

The Accountability section of the Annual Report outlines how the Agency meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

i - Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the Agency's governance structures and how they support the achievement of its objectives.

The Corporate Governance Report includes:

- Directors' Report;
- Non-Executive Members' Report;
- Statement of Accounting Officer's responsibilities; and
- Governance Statement.

ii - Remuneration and Staff Report

This section sets out the Agency's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors as salary and pension entitlements.

In addition the report provides information relating to remuneration and staff that the Assembly and other users see as key to accountability.

iii - Assembly Accountability and Audit Report

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- Assembly accountability disclosures; and
- Certificate and Report of the Comptroller and Auditor General to the Assembly.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Management Board

NIPS is headed by the Director General who is supported by a Management Board consisting of two Executive Directors, two Non-Executive Members and the Head of Strategy and Governance. The Service's Management Board is responsible for the strategic and business management of the Agency's operations.

At 31 March 2021, the Management Board was as follows:

- Ronnie Armour - Director General;
- Austin Treacy - Acting Director of Prisons;
- Paul Doran - Director of Rehabilitation;
- Brendan Giffen - Head of Strategy and Governance;
- Claire Keatinge - Non-Executive Member; and
- Sarah Wakfer - Non-Executive Member.

Appointments to the Management Board (except for the Non-Executive Members) are made in accordance with the Civil Service Commission's general regulations. Details of the salary and benefits of the Management Board Members are disclosed in the Remuneration Report.

Register of interests

A register of interests is maintained by the Service. There were no significant interests declared by Board Members which may conflict with their management responsibilities.

Reportable loss of data

There were no reportable losses of data during 2020-21.

Complaints procedure

When appropriate, the Service follows Departmental procedures in respect of complaints made by members of the general public. During 2020-21 no complaints were raised through Departmental procedures. Complaints made by prisoners and their families are initially dealt with internally but, if required, may be escalated to the Prisoner Ombudsman. There were no complaints which did not fall into one of these categories.

Whistleblowing

The Department's Whistleblowing policy, which includes the Service, is designed to reassure staff that it is safe and acceptable to speak up should they have a concern about malpractice. The procedures provide arrangements in order that concerns can be addressed at an early stage and in a fair and proper way. The Head of Internal Audit is a named contact in the policy and is involved in conducting independent investigations into issues raised under the policy.

NON-EXECUTIVE MEMBERS' REPORT

During 2020-21 the Northern Ireland Prison Service (NIPS) has been focussed on efficient and effective delivery of its services, on delivery of its continuous improvement plan Prisons 2020 and on good governance. The focus of NIPS is on its mission of making Northern Ireland a safer place by reducing reoffending.

Appointed through the Department of Justice, NIPS has two Non-Executive Members (NEMs). The NEMs for the reporting period were:

- Claire Keatinge; and
- Sarah Wakfer.

The NEMs are members of the Prison Service Management Board (PSMB) and the NIPS Audit and Risk Committee (ARC). NIPS also has an Independent Committee Member, appointed by the Permanent Secretary, who provides additional financial expertise, and is a member of the ARC only. The Independent Committee Member was:

- Colm O'Hagan.

Prison Service Management Board (PSMB)

Throughout the year, NEMs have provided independent and external judgement to the work of the PSMB. The NEMs have contributed positively to the good governance of NIPS by offering independent, constructive support and challenge across PSMB business. NEMs have supported the scrutiny of all aspects of NIPS strategy, policy and service delivery for effectiveness and efficiency.

PSMB would normally meet regularly in different NIPS Establishments. Due to the Covid-19 pandemic PSMB meetings have had to take place virtually. Meetings still took place at six week intervals and members were kept up to date with important information throughout the course of the year.

In January 2020, a PSMB Effectiveness Workshop took place which reviewed the responsibilities of the Board, and explored areas for development. A number of decisions were made that will enhance the existing reporting and governance arrangements of PSMB. This collaborative and open approach was welcomed by the NEMs. Work on these areas continues to progress.

NON-EXECUTIVE MEMBERS' REPORT (CONTINUED)

Audit and Risk Committee (ARC)

The ARC is appointed by the PSMB to support the Director General of NIPS in his role as Accounting Officer in monitoring the corporate governance and control systems (including financial reporting) in NIPS. The primary function of the ARC is to test and challenge the assurances which the Board and Accounting Officer have identified as meeting their assurance needs. ARC advises on the way these assurances are developed, and on the management priorities and approaches. The ARC is advisory and has no executive powers.

ARC was chaired by Claire Keatinge during the reporting period.

ARC formally considered its own effectiveness through undertaking a self-assessment review in line with the guidance from the National Audit Office (NAO). This self-assessment was brought to the ARC in 2019 and areas for action were agreed and progressed.

ARC has carried out its work in line with its terms of reference, including having a focus on:

- Internal Audit strategy and schedule for the forthcoming year;
- reviewing the overall assurance framework and considering assurances provided in year;
- considering findings from the Northern Ireland Audit Office's 'Report to Those Charged with Governance';
- External Audit strategy and schedule for the coming year; and
- review of previous year's recommendations made by Internal and External Audit, and progress on actions taken.

ARC has provided clear and effective scrutiny, challenge and support to NIPS throughout 2020-21.

The NEMs and Independent Committee member of ARC would like to thank the Director General of NIPS, NIPS staff, Internal Audit and the Northern Ireland Audit Office for their cooperative and efficient support for their roles and work throughout the year, particularly during the very challenging pandemic.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) has directed the NIPS 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 the NIPS 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 DoF, 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 financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer for the Department of Justice has designated the Director General as Accounting Officer of NIPS.

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 NIPS' assets, are set out in the Accounting Officer's Memorandum, issued by DoF and published in Managing Public Money Northern Ireland.

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 NIPS auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT

1. Scope of responsibility

As the designated Accounting Officer for the Agency, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI). I am accountable for the effective, efficient and economic use of resources provided to the Agency; for the regularity and propriety of its expenditure; and for ensuring that the requirements of MPMNI are met.

In addition to my role as Accounting Officer and Director General for NIPS, I hold the role of Director, Reducing Offending. Reducing Offending Directorate is one of the four Directorates within DoJ Core Department, and has a sponsorship role for both NIPS and the Youth Justice Agency. I am a member of the Department's Board, held to account by the Departmental Accounting Officer (Chair of the Departmental Board), which takes the form of regular reports to the Department, as well as regular bi-lateral discussions with the Departmental Accounting Officer.

2. Purpose of the governance framework

MPMNI summarises the purpose of the Governance Statement as being to record the stewardship of the organisation to supplement the accounts, providing a sense of how successfully it has coped with the challenge it faces. The Agency's governance framework consists of the Board operating framework, the risk management framework, financial management systems and supporting policies and procedures. The governance framework delivers the systems and processes as well as the culture and values by which the Agency is directed and managed. It sets out how the Agency monitors the achievement of its strategic objectives and considers whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The Agency's governance framework is set out in the next section of this Governance Statement.

There is also a risk management system in place which is designed to identify the Agency's risk appetite and prioritise the risks to the achievement of Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised, their potential impact and to manage them effectively. The system of internal control has been in place in the Agency throughout the year ended 31 March 2021 and up to the date of approval of the accounts.

3. Governance framework

The governance framework supports me in my role as Accounting Officer. The framework provides detail on NIPS approach to ensure the proper and effective governance and management of its affairs, outlining NIPS governance and accountability arrangements, both external and internal. NIPS complied with the Corporate Governance Code during 2020-21. A copy of the framework can be accessed on NIPS website under Publications/Corporate Documents.

The key organisational structures which support the delivery of effective governance are the:

- Prison Service Management Board (PSMB);
- Audit and Risk Committee (ARC);
- Operational Management Board; and
- Finance Committee.

NIPS regularly reviews its framework and is satisfied it has a robust framework that is compliant with relevant guidance issued by DoF.

There are two mechanisms in place to monitor the potential conflicts of interest of NIPS Board Members:

- Note 21 to the Accounts details Related Party Transactions; and
- Board Members are asked to declare any potential conflicts of interest to items on the agenda at the start of each PSMB and ARC meeting.

There were no conflicts of interest declared in the 2020-21 year.

3. Governance framework (continued)

Prison Service Management Board (PSMB)

PSMB brings together the strategic and operational leadership of NIPS. The Board is chaired by the Director General and consists of two Non-Executive Members. It is the top management structure in NIPS and its main role is to provide advice to the Director General; lead on the development and implementation of policy and strategy; challenge decisions made by the Executive Team; monitor NIPS performance and to provide overall assurance to the Director General on NIPS affairs.

The Board works to a scheduled Forward Work Programme with key items scheduled at each meeting and recurring issues scheduled on a quarterly basis. A feature of the Board is its focus on exception reporting and monthly 'progress and challenge' reports from Executive Directors, each of which highlights quickly and efficiently the key issues from the previous month, allowing the Board to focus their attention on the key issues and request further information on topics of concern. The information received is considered to be of a high standard and allows the Board to be kept informed of any issues that it needs to be aware of to support decision making and drive improvement. The Board provides an effective challenge function for the senior team as it reviews performance, governance and risk with independent members providing challenge and guidance when required.

PSMB met on eight occasions during 2020-21; attendance by members is shown in the table below.

Member	Attendance
Director General - Ronnie Armour	8
Acting Director of Prisons - Austin Treacy	8
Director of Rehabilitation - Paul Doran	8
Head of Strategy and Governance - Brendan Giffen	7
Non-Executive Member - Claire Keatinge	8
Non-Executive Member - Sarah Wakfer	8

Among matters considered by the Board during 2020-21 were:

- strategic and business planning;
- performance;
- financial planning and management, with particular regard to budget pressures; and
- human resource management, including staffing levels and sickness absence.

3. Governance framework (continued)

Audit and Risk Committee (ARC)

ARC is appointed by the Board and its members are two Non-Executive Members and an Independent Board Member. Claire Keatinge and Sarah Wakfer remain as a Non-Executive Members with Colm O'Hagan as the Independent Board Member. The Committee is assisted by attendees from relevant NIPS business areas as required.

The primary function of the Committee is to test and challenge the assurances which the Board and the Accounting Officer have identified as meeting their needs, the way in which these assurances are developed and the management priorities and approaches on which the assurances are premised. In addition, ARC ensures that recommendations are implemented by reviewing the actions taken by management in response to the Northern Ireland Audit Office's 'Report to Those Charged with Governance'.

ARC met four times during 2020-21; attendance by members is shown in the table below.

Member	Attendance
Non-Executive Member - Claire Keatinge	4
Non-Executive Member - Sarah Wakfer	4
Independent Board Member - Colm O'Hagan	3

Key matters considered during 2020-21 included:

- review of the Corporate Risk Register;
- in depth review of recommendations arising from Internal Audit reports;
- review of the draft Annual Report and Accounts; and
- updates from Internal Audit and the NIAO.

A review of ARC effectiveness is carried out on an annual basis through a short questionnaire to members.

3. Governance framework (continued)

Operational Management Board (OMB)

The Operational Management Board provides the governance mechanism to ensure that the operational responsibilities of NIPS are effectively delivered, and that implementation and delivery remains effectively aligned to the overarching corporate vision, priorities, values and behaviours.

OMB met on 10 occasions during 2020-21; attendance by members is shown in the table below.

Member	Attendance
Acting Director of Prisons (Chair) - Austin Treacy	8
Governor, Maghaberry - David Kennedy	10
Governor, Magilligan - Richard Taylor	9
Governor, Hydebank Wood - Gary Milling	10
Head of Prisoner Escorting and Court Custody Services (PECCS) - Alan Platt	10
Director of Rehabilitation - Paul Doran	10
Deputy Director - Operational Management - David Eagleson	8
Deputy Director of Operations and Security - Gary Alcock or Mark Waterson	10
Head of Licensing and Legislation and Estates - Alan Smyth	9
Head of Strategy and Governance - Brendan Giffen	5
Head of Wellbeing - Julie Anderson	8
Head of Operational Support - Gavin Greenlees	9

3. Governance framework (continued)

Finance Committee

The Finance Committee is an Executive Committee chaired by the Director General and supported by the Department's Financial Services Division (FSD). Its purpose is to discuss and scrutinise key strategic finance plans and financial issues impacting on NIPS. Among the matters considered by the Committee during 2020-21 were:

- review of in-year financial position;
- challenge and quality assure business issues with financial consequences;
- scrutinise strategic financial plans in the face of financial and operational difficulties and to test the robustness of those plans and proposals with shared service partners from FSD;
- review and challenge capital proposals and priorities and agree adjustments as necessary within affordability constraints;
- oversee progress on finance projects which are of significant strategic importance and which impact on NIPS ability to meet its targets; and
- the improvement of financial planning, monitoring and reporting within NIPS.

During 2020-21 the Finance Committee met eleven times. Members attended as follows.

Member	Attendance
Director General - Ronnie Armour	11
Acting Director of Prisons - Austin Treacy	8
Director of Rehabilitation - Paul Doran	8
Head of Strategy and Governance - Brendan Giffen	11

4. Risk management and internal control

The management of risk is controlled by the Agency's Prison Service Management Board (PSMB) and Audit and Risk Committee. It is the responsibility of the PSMB to identify and control the risks faced by the Agency in order to minimise any potential issues. The Agency's Risk Register has been reviewed and reformatted to link with the Department's Corporate Risk Register. This has resulted in a uniform approach across the Department in how we present and manage risk. Risk management forms a central element of the NIPS internal control framework and is also embedded within the business planning process.

The NIPS Corporate Risk Register 2020-21 consisted of seven risks. PSMB took the approach of reviewing and addressing in depth one risk per meeting while providing continuous assessment to the risk register as a whole. Underpinning this, each Establishment and Branch had their own 2020-21 risk register, continually reviewed and formally updated quarterly. Risks are managed locally to a level appropriate to their authority and duties, with the most serious being escalated to PSMB. I am content that the methods in place to monitor risk have proved effective in identifying risks as they arise, quickly and efficiently.

A key element of the Agency's risk and control framework is a professionally led Internal Audit function that works to Government Internal Audit Standards. It reviews the overall arrangements for managing risk, provides assurance, and reports any matters of concern to the Audit and Risk Committee. Assurance is also obtained from the Northern Ireland Audit Office who present their report to the Audit and Risk Committee following the statutory audit of the Agency's Annual Report and Accounts.

There are a number of other sources from which I draw assurance on the system of internal control. These include the work of the following independent bodies:

- Criminal Justice Inspection Northern Ireland (CJINI) - an independent statutory Inspectorate with responsibility for inspecting all aspects of the Criminal Justice System in Northern Ireland, apart from the judiciary;
- Prisoner Ombudsman - investigates complaints from prisoners, deaths in NIPS custody and complaints from visitors to prisoners;
- Her Majesty's Inspectorate of Prisons - independent scrutiny of the conditions for and treatment of prisoners and promoting the concept of 'healthy prisons' in which staff work effectively to support prisoners and detainees to reduce reoffending or achieve other agreed outcomes; and
- Independent Monitoring Board - independent members monitor the day to day life in prison and ensure that proper standards of care and decency are maintained.

5. Review of effectiveness of the governance framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework. I have been advised throughout the year on the effectiveness of the system of internal control by PSMB and Audit and Risk Committee and from reports by executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework. I have also ensured the effective management of financial resources by following financial management practices and guidance issued by DoJ/DoF.

My review of the effectiveness of the system of internal control has been informed by the reports produced by Internal Audit. During 2020-21 there was a total of eight separate audits in the overall NIPS Internal Audit Plan. Provision was also made should any whistleblowing investigations arise throughout the year. The key areas reviewed included Payroll and Allowances, Government Procurement Card - HQ and Establishments, Procedure and Contract Management - PPE Direct Award Contracts, and Offender Services Funding Agreements Follow-up.

The audit of Attendance Management - Operational Staff was postponed at the request of NIPS Senior Management as issues relating to this were recently debated in the Assembly and the Minister has announced a review into support services for operational staff. Internal Audit has included this area in the plan for 2021-22. Due to the current impact of the Covid-19 pandemic Internal Audit has had to postpone the audits of Central Detailing Units and Establishment Cafes as these require on-site visits which are not permissible at present. These have also been included in the plan for 2021-22.

Sufficient audit work has however been completed to enable assurance to be reported in the Head of Internal Audit's Annual Assurance Report and Opinion for 2020-21 as this is based on a cumulative assurance over the past three years. The overall assurance rating provided by Internal Audit for 2020-21 was satisfactory. However as part of a follow up audit on a Behaviour and Discipline report from 2018-19 there remains a limited assurance rating. The work relating to the Priority One recommendation is being progressed and will be completed in 2021-22.

From audits in the 2020-21 plan there has been one Internal Audit recommendation made (Priority Three) and accepted by management out of a total of one made to date. The overall acceptance rate is 100% against the performance target of 90%.

No Ministerial Directions were given to NIPS during 2019-20 or 2020-21.

6. Budget position

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. This will be followed by the 2021-22 Main Estimates and the associated Budget (No. 2) Bill before the summer recess which will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive's 2021-22 Final Budget.

7. Significant internal control issues

Effective governance arrangements and senior oversight are maintained to ensure appropriate and timely responses to such issues that arise. The following issues were noted for 2020-21:

Deaths in custody

During this year there have been five deaths in custody, two of which are likely to have been natural causes and three of which were likely to have been self-inflicted. The cause of death in each instance has not been confirmed pending Coroner's Inquests taking place. The Prisoner Ombudsman's Office was notified following each death in custody and their investigations into the circumstances are ongoing. The NIPS extends its sympathy to the families of those who have died.

Reports by the Northern Ireland Audit Office

The C&AG undertakes other statutory activities that are not related to the audit of the Service's financial statements such as Value for Money (VFM) reports. The C&AG published his VFM report on Injury on duty schemes for officers in PSNI and NIPS on 10 March 2020. The Department of Justice has established a Strategic Group to take forward this work which includes representatives from NIPS, PSNI and Civil Service Pensions (DoF). An action plan is in place, setting out how each of the recommendations will be addressed.

8. Accounting Officer statement on assurance

NIPS has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity, and by Internal Audit operating to Government Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering the Agency's systems over time. The Head of Internal Audit provides me with an Annual Report and her professional opinion on the level of assurance that she can provide based on the work done. The Head of Internal Audit forms her professional opinion on the basis of the Internal Audit work completed over a three year period and she has provided overall satisfactory assurance.

NIPS has maintained a framework of control to ensure that there are sufficient control processes in place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control. I am therefore 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 the Agency in delivering its statutory duties and to meet the aims and objectives set by the Minister, 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 Northern Ireland.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

Remuneration policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised but not yet paid.

The pay of SCS is based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

Service contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that 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 Commissioners for Northern Ireland can be found at www.nicscommissioners.org.

Claire Keatinge was appointed as a Non-Executive Member on 1 November 2017 for a period of three years and this was renewed on 1 November 2020 for a further three years.

Sarah Wakfer was appointed as a Non-Executive Member on 1 July 2019 for a period of three years.

The remuneration of the Non-Executive Members was determined by the Director General, taking account of guidance issued by The Executive Office on the appointment of independent Non-Executive Members.

Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the Agency.

[Audited information]

Single total figure of remuneration				
2020-21				
Board Member	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total
	£000	£000	£000	£000
Ronnie Armour Director General	100-105	-	70	170-175
Austin Treacy Acting Director of Prisons	85-90	-	9	95-100
Paul Doran Director of Rehabilitation	80-85	-	39	115-120
Brendan Giffen Head of Strategy and Governance	65-70	-	44	110-115
Claire Keatinge Non-Executive Member	10-15	0.3	-	10-15
Sarah Wakfer Non-Executive Member	5-10	-	-	5-10

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) 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 increase or decreases due to a transfer of pension rights.

Remuneration and pension entitlements (continued)

[Audited information]

Single total figure of remuneration				
2019-20				
Board Member	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total
	£000	£000	£000	£000
Ronnie Armour Director General	95-100	-	51	150-155
Austin Treacy Acting Director of Prisons	80-85	-	(2)	80-85
Paul Doran Director of Rehabilitation	75-80	-	29	105-110
Brendan Giffen Head of Strategy and Governance	60-65	-	33	95-100
Claire Keatinge Non-Executive Member	10-15	3.2	-	15-20
Sarah Wakfer Non-Executive Member (from 1 July 2019)	0-5 (full year equivalent 10-15)	0.2	-	0-5
Dale Ashford Non-Executive Member (until 30 June 2019)	0-5 (full year equivalent 10-15)	0.1	-	0-5

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) 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 increase or decreases due to a transfer of pension rights.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefits in kind shown above are in respect of travel and subsistence expenses incurred on Agency business. In line with revised guidance from HMRC for Non-Executive Members (NEMs) with effect from 1 April 2019, expenditure on benefits in kind has been grossed up for individual NEMs and PAYE/NIC rules applied in line with normal payroll procedures.

Pay multiples

[Audited information]

	2020-21	2019-20
Band of highest paid director's total remuneration*	£95-100,000	£90-95,000
Median total remuneration*	£29,134	£28,537
Ratio	3.35	3.24

* Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind but excludes severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in NIPS in the financial year 2020-21 was £95-100,000 (2019-20: £90-95,000). This was 3.35 times (2019-20: 3.24 times) the median remuneration of the workforce, which was £29,134 (2019-20: £28,537). The above remuneration band of the highest paid Director is lower than the banded salary included in his single total figure of remuneration due to the inclusion of salary arrears in the latter.

In 2020-21, no employees (2019-20: None) received remuneration in excess of the highest paid Director.

Remuneration ranged from £19,000 to £95-100,000 (2019-20: £18,000 to £90-95,000).

Pension entitlements*[Audited information]*

Board Member	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20 Restated*	Real increase in CETV
	£000	£000	£000	£000	£000
Ronnie Armour Director General	50-55 plus lump sum 115-120	2.5-5 plus lump sum 2.5-5	1,017	929	52
Austin Treacy Acting Director of Prisons	45-50 plus lump sum 135-140	0-2.5 plus lump sum 0-2.5	951	962	8
Paul Doran Director of Rehabilitation	40-45 plus lump sum 65-70	0-2.5 plus lump sum 0-2.5	813	*756	46
Brendan Giffen Head of Strategy and Governance	20-25 plus lump sum 40-45	0-2.5 plus lump sum 0-2.5	382	*338	29

* Additional information available has resulted in changes to CETV figures previously reported.

No pension benefits are provided to the Non-Executive Members.

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the NICS pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at:

<https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

Northern Ireland Civil Service (NICS) Pension Schemes (continued)

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match 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).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 to 31 March 2022 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution Rate - all members
From	To	
£0	£24,199.99	4.60%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

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 CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office

There were no compensation benefits paid by the Agency to any senior staff members during the financial year (2019-20: £Nil).

STAFF REPORT**Staff costs***[Audited information]*

	Permanently employed staff	Others	2020-21 Total	2019-20 *Restated Total
	£000	£000	£000	£000
Wages and salaries	57,467	49	57,516	51,860
Social security costs	6,323	-	6,323	5,457
Other pension costs	14,671	-	14,671	13,322
Total costs	78,461	49	78,510	70,639

Of which:

	Note	2020-21 Total	2019-20 *Restated Total
		£000	£000
Admin staff costs	5	6,117	5,829
Programme staff costs	6	72,206	64,707
Total admin and programme staff costs	3	78,323	70,536
Capital projects		187	103
Total costs		78,510	70,639

* 2019-20 figures have been restated to include staff salaries which were capitalised during the year

The NICS main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

Staff costs (continued)

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £14,618,528 were payable to the NICS pension arrangements (2019-20: £13,287,486) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £12,347 (2019-20: £13,263) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £526, 0.5% (2019-20: £554, 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

9 person (2019-20: 39 persons) retired early on ill health grounds; the total accrued pension liabilities in the year amounted to £11,654 (2019-20: £3,816).

Average number of persons employed

[Audited information]

The average number of whole-time equivalent persons employed during the year was as follows:

			2020-21	2019-20
	Permanently employed staff	Others	Total	Total
Operational staff	1,378	2	1,380	1,335
Administration staff	166	-	166	156
Staff engaged on capital projects	10	-	10	7
Total number of staff	1,554	2	1,556	1,498

Staff composition

The table below provides a gender breakdown of all operational and non-operational staff at 31 March 2021:

	Female staff	Male staff	Total staff
Prison Service Management Board	2	4	6
Senior Civil Service	-	4	4
Staff	647	1,004	1,651

Management of sickness absence

The NICS HR Handbook contains a section on Sickness Absence which provides a framework for the management of staff who are absent for work due to illness. Long term sickness absence (absences of 20 working days or more) accounts for the majority of sickness absence in NIPS. All reasonable action is taken to support staff to achieve a return to work at the earliest possible time and to support their colleagues who are providing service delivery in their absence.

Sickness absence levels across NIPS continues to be high and the true effects of the worldwide Covid pandemic on attendance at work are yet to be explained. Figures supplied by the Northern Ireland Statistics and Research Agency for 2020-21 note that this was 16.4 days per employee, compared to the previous year which was 2019-20 18.7 days. This level of absence has had a significant impact on the prison regime. However, sickness absence management has been and continues to be proactively addressed by the NICS Employee Relations Team and HR Business Partner in conjunction with Governors. The various interventions in place to support staff through any difficulties they may experience are widely publicised throughout the prison Establishments and fully utilised by staff with some positive results, although this remains a challenging issue.

Occupational support

Occupational Support for NIPS staff is provided by the centralised Welfare Support Service in DoF. NIPS staff have access to a team of dedicated welfare officers and continue to receive an independent and confidential service as before.

Employee wellbeing

NIPS launched the Prisons WELL programme in March 2019 which aims to support staff wellbeing across four key strands: Support; Prevent; Inform; Assist. The focus for the first year of the programme was to improve staff awareness about the wide range of services they have access to. During year 2 plans were in place for series of roadshows and staff events however this needed to be paused due to COVID. In response to the pandemic, the WELL team focused on providing online support through a range of virtual sessions including Yoga, Mindfulness and Fitness and sharing themed communications each month on different topics.

In July 2020, the Justice Minister commissioned an independent review of the support services provided for operational staff. In January 2021, a series of recommendations were published and accepted by NIPS senior management. These include the establishment of employee wellbeing hubs at each prison site, the creation of a smartphone app to provide out of hours access to support services and the introduction of a new Critical Incident Stress Management programme. An Implementation Board is in place and a commitment has been given to deliver all of the recommendations during 2021/22.

NIPS also has a formal agreement in place with the Police Rehabilitation and Retraining Trust (PRRT) to provide physiotherapy and psychological services to Prison Officers who are absent from work through illness. Referrals to PRRT are made following assessment by the Occupational Health Service.

STAFF POLICIES

Employment, training and advancement of disabled persons

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

Equality and diversity

The NIPS Equality and Diversity (E&D) Co-ordinator has continued to act as the liaison and point of contact between the Service, DoJ, Equality Commission NI and CJINI to ensure consistency of approach around policy development and Equality Screening and Consultation. In co-ordination with the E&D Governors and Committees in the Establishments, work has been progressing to address and implement the actions from the Department's E&D and Disability Action plans, NI Human Rights Commission, NI Equality Commission, and the recommendations of the CJINI Inspection of the Implementation of Section 75 of the Northern Ireland Act 1998. NIPS has contributed to all of the relevant returns during the period on a range of UN Conventions and Inspections.

Although restrictions associated with the pandemic are likely to apply for some time going forward a timetable of events for 2021-22 has recently been agreed which will see a range of events going forward at each of the Establishments.

The past year has seen an unprecedented period for everyone due to coronavirus and the necessary measures taken to prevent its transmission within our prisons and community. For NIPS to continue with its delivery of training especially Initial Induction for New Entrants, it used smaller classes, introduced sanitizing areas but postponed the physical presence of external providers. As the year progressed, the ability to use a digital platform for training was developed and certain sessions were able to be delivered.

Equality and diversity (continued)

Equality and Diversity (E&D) training has been provided to all new entrants throughout the past year as part of their initial induction training. This induction training, which is underpinned by the Ulster University, encompasses best practice and knowledge whilst the E&D and Dignity at Work (DAW) sessions references a number of recent case studies.

E&D and DAW awareness has also been provided to NIPS Equality and Diversity Co-ordinators and Senior Officers during 2020. In addition, new Senior Officer Development Programmes were delivered in November 2020 and January 2021 to newly promoted staff including those in our Prisoner Escort and Court Custody Services (PECCS) that included these sessions. A range of supplementary sessions have been developed to further enhance this learning that include Promoting Cultural Diversity and e-learning provision for Unconscious Bias, Supporting Vulnerable People etc.

The Prison Service College (PSC) held a number of discussions with Home Office Immigration Officers and DoJ Modern Slavery and Human Trafficking Co-ordinator in 2020. It was planned to deliver a number of sessions to specific individuals in all Establishments during October 2020 but it was postponed due to a change in NI's measures to combat coronavirus. In March 2021, with coronavirus measures easing, the PSC provided a number of training sessions for officers from all three establishments and Prisoner Escort and Court Custody Services on Modern Slavery and Human Trafficking. The training includes a presentation from a Home Office Immigration Officer and the DoJ Modern Slavery and Human Trafficking Co-ordinator via a mix of remote and classroom sessions. The training also includes awareness of the indicators that someone may have been the victim of slavery or trafficking and how to refer a potential victim to the National Referral Mechanism which addresses a CJINI recommendation. The PSC is currently planning additional sessions to further increase awareness in this area.

PSC has facilitated the following associated training: Autism Training, Deaf Awareness, Makaton, Emergency First Aid and First Aid at Work, Suicide Awareness, Mental Health Awareness, Safeguarding and Managing Vulnerable People, Disability Awareness, Supporting People at Risk Training and Applied Suicide Intervention Skills Training.

Equality, diversity and inclusion - NICS perspective

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The [NICS People Strategy](#) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS commitment to equality of opportunity is outlined in its [Equality, Diversity and Inclusion Policy](#).

As part of the NICS efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of [NICS human resource statistics](#).

The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS [Article 55 and Gender Reviews](#). The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at [Department of Justice](#).

Learning and development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICS HR - this is the NICS centralised human resources function which falls under the responsibility of the Department of Finance. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

NIPS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs. It is NIPS policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

Staff information

Senior leaders regularly visit each prison as part of engagement with a cross-section of staff. The staff intranet continues to be available to all, including operational staff on the landings, and was further developed as part of the wider NICS work. This is in addition to the normal day to day engagement between managers and staff.

Formal Whitley structures facilitate communication between staff and their representatives, the meetings are:

- local Whitley meetings in each Establishment chaired by the Governor;
- quarterly Headquarters meetings chaired by the Director of Prisons; and
- annual Whitley Council chaired by the Director General of NIPS.

There is also informal engagement with both trade unions and staff via a range of communication and engagement strategies, which facilitate staff engagement with senior management.

Whitley meetings continued to be held remotely due to the ongoing pandemic.

Staff engagement survey

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For the DoJ there were 3,378 (2019: 3,343) staff invited to complete the survey, of which 1,091 individuals participated, including temporary/agency workers (2019: 1,366); a response rate of 31.3% (2019: 41.4%) excluding temporary/agency workers. Due to the short timeframe for completion of the 2020 survey it was not possible to put in place the necessary arrangements to allow full participation by NIPS operational staff which impacted on response rates. The Employee Engagement Index (EEI) is the weighted average of responses to the five employee engagement questions, and it ranges from 0% to 100%. DoJ responses indicated an Employee Engagement Index of 55% (2019: 51%), compared to the NICS average of 57% (2019: 51%). Details of the Benchmark Scores can be accessed at www.finance-ni.gov.uk/publications/nics-people-survey-results.

Staff turnover

Based on information provided by NISRA (Northern Ireland Statistics and Research Agency) the level of staff turnover for 2020-21 was as follows:

	Departmental Turnover Rate	General Turnover Rate
NI Prison Service	4.1%	3.6%

The Turnover Rate % is calculated as the number of leavers within the year divided by the average number of staff in post over the year. The definitions employed for Turnover are: 'Departmental Turnover' (staff leaving the NI Civil Service or a particular department) and 'General Turnover' (staff leaving the NI Civil Service as a whole). 2020-21 is the first financial year that disclosures for staff turnover are required by FReM and comparative information for 2019-20 is not available.

Expenditure on consultancy

NIPS incurred £5,000 expenditure on consultancy during 2020-21 (2019-20: £3,763).

Off-payroll engagements

There were no off-payroll engagements requiring disclosure during 2020-21 (2019-20: Nil).

Reporting of Civil Service and other compensation schemes - exit packages

There were no exit packages requiring disclosure during 2020-21 (2019-20: Nil).

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

ASSEMBLY ACCOUNTABILITY DISCLOSURES

[Audited information]

Losses

The total value of losses did not exceed £250,000 and therefore no disclosure is required.

Special payments

Included in the provision note (Note 16) are special payments. Amounts utilised during the year included 80 compensation payments (2019-20: 166) totalling £1,028,321 (2019-20: £1,107,935).

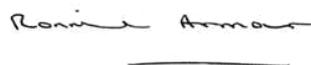
Remote contingent liabilities

[Audited information]

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Agency is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. The Agency has no such liabilities.

Note 20 provides further details regarding the contingent liabilities that are included within the financial statements.

ACCOUNTABILITY REPORT



Ronnie Armour
Accounting Officer
29 June 2021

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Prison Service for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Prison Service's affairs as at 31 March 2021 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly 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 (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Northern Ireland Prison Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Prison Service'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 the Northern Ireland Prison Service'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.

The going concern basis of accounting for Northern Ireland Prison Service is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report 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.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Prison Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the NI Prison Service'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 the Northern Ireland Prison Service will not continue to be provided in the future.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

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 (Northern Ireland) 2001.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Prison Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered include the Prison Act (Northern Ireland) 1953 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010;
- making enquires of management and those charged with governance on the Northern Ireland Prison Service's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Prison Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the area of posting unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

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

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

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

5 July 2021

FINANCIAL STATEMENTS**Statement of Comprehensive Net Expenditure****For the year ended 31 March 2021**

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2020-21 £000	2019-20 £000
Revenue from contracts with customers	3	(3,280)	(2,869)
Other operating income	3	(42)	(102)
Total operating income		(3,322)	(2,971)
Staff costs	3	78,323	70,536
Purchase of goods and services	3	33,240	30,649
Depreciation and impairment charges	3	15,598	12,200
Provision expense	3	253	8,151
Grants	3	2,073	2,296
Total operating expenditure		129,487	123,832
Net operating expenditure		126,165	120,861
Finance expense	3	1,392	1,747
Net expenditure for the year		127,557	122,608
Other comprehensive net expenditure			
Items that will not be reclassified to Net operating expenditure:			
- Net (gain) on revaluation of property, plant and equipment	8	(41)	(10,882)
- Net (gain) on revaluation of intangibles	9	(14)	(30)
- Actuarial loss on provisions	16	12,278	16,078
Comprehensive net expenditure for the year		139,780	127,774

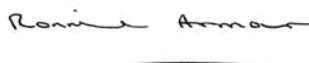
The notes on pages 66 to 97 form part of these Accounts.

Statement of Financial Position

As at 31 March 2021

This statement presents the financial position of NIPS. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	8	302,675	307,708
Intangible assets	9	2,725	2,078
Trade and other receivables	14	21	22
Financial assets	10	12	10
Total non-current assets		305,433	309,818
Current assets			
Inventories	12	1,178	1,193
Trade and other receivables	14	2,271	1,788
Financial assets	10	6	8
Cash and cash equivalents	13	295	870
Total current assets		3,750	3,859
Total assets		309,183	313,677
Current liabilities			
Trade and other payables	15	(25,057)	(25,544)
Provisions	16	(6,833)	(4,689)
Total current liabilities		(31,890)	(30,233)
Total assets less current liabilities		277,293	283,444
Non-current liabilities			
Provisions	16	(92,030)	(85,906)
Total non-current liabilities		(92,030)	(85,906)
Total assets less total liabilities		185,263	197,538
Taxpayers' equity and other reserves:			
General fund		104,781	112,795
Revaluation reserve		80,482	84,743
Total equity		185,263	197,538



Ronnie Armour
Accounting Officer

29 June 2021

The notes on pages 66 to 97 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Agency during the reporting period. The statement shows how the Agency generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Agency. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Agency's future public service delivery.

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net expenditure for the year		(127,557)	(122,608)
Adjustments for non-cash transactions	4	20,125	25,012
(Increase) in trade and other receivables	14	(482)	(16)
Decrease in inventories	12	15	147
(Decrease) in trade and other payables	15	(378)	(3,554)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(383)	6,505
Use of provisions	16	(5,649)	(5,547)
Net cash outflow from operating activities		(114,309)	(100,061)
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,738)	(24,409)
Purchase of intangible assets		(1,089)	(608)
Proceeds of disposal of assets		30	15
Repayments from and loans to other bodies	10	(1)	7
Net cash outflow from investing activities		(10,798)	(24,995)
Cash flows from financing activities			
Net Assembly Funding - drawn down		124,618	127,882
Net financing		124,618	127,882
Net increase/(decrease) in cash and cash equivalents before adjustment for receipts and payments to Consolidated Fund		(489)	2,826
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		32	29
Payments of amounts due to the Consolidated Fund		(9)	(67)
Net increase/(decrease) in cash and cash equivalents after adjustments for receipts and payments to the Consolidated Fund		(466)	2,788
Cash and cash equivalents at the beginning of the period	13	(50)	(2,838)
Cash and cash equivalents at the end of the period	13	(516)	(50)

The notes on pages 66 to 97 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

This statement shows the movement in the year on the different reserves held analysed into General Fund Reserves (those reserves that reflect a contribution from the Consolidated Fund) and the Revaluation Reserve (which reflects the change in asset values that have not been recognised as income or expenditure). The General Fund represents the total assets less liabilities, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2019		116,848	77,678	194,526
Net Assembly Funding		127,882	-	127,882
Comprehensive net expenditure for the year		(138,686)	10,912	(127,774)
Auditors Remuneration	5	33	-	33
Other notionals	5	2,871	-	2,871
Transfers between reserves		3,847	(3,847)	-
Balance at 31 March 2020		112,795	84,743	197,538
Net Assembly Funding		124,618	-	124,618
Comprehensive net expenditure for the year		(139,835)	55	(139,780)
Auditors Remuneration	5	36	-	36
Other notionals	5	2,851	-	2,851
Transfers between reserves		4,316	(4,316)	-
Balance at 31 March 2021		104,781	80,482	185,263

The notes on pages 66 to 97 form part of these Accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of NIPS for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIPS are described below. They have been applied consistently in dealing with items considered material to the financial statements.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories and the revaluation of financial instruments which are recorded in the Statement of Financial Position at their fair value, being the carrying amount discounted to present value at the effective rate of interest of 3.7%.

The accounts are stated in sterling, which is the Agency's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

1.2 Property, plant and equipment

Freehold Land and Buildings on the NIPS estate are capitalised where title is held by the Agency. Land and Buildings are subject to professional valuation at least once every five years and revalued using Land and Property Services indices in intervening years.

Property, plant and equipment, other than land and buildings, are carried at current cost using indices compiled by the Office for National Statistics. The standard threshold for capitalisation is £1,000. Lower thresholds apply to certain types of IT equipment.

Expenditure on office furniture and equipment is classified as capital expenditure if the purchase cost of an individual item is over the standard threshold of £1,000. An exception to this is if, as the result of a refurbishment or the establishment of a new office or project, a pool of new office furniture or equipment is purchased with individual items costing less than £1,000 but the total purchase costs are more than £1,000.

Properties regarded by NIPS as operational are valued on the basis of existing use, or where this could not be assessed because there is no market value for the property, its depreciated replacement cost. Properties regarded by NIPS as non-operational are valued on the basis of open market value.

1.3 Intangible assets

Purchased computer software licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred. Intangible assets are stated at their market value. Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets concerned.

1.4 Depreciation and amortisation

Freehold land is not depreciated. NIPS has depreciated separately identified components of its buildings assets according to the useful life of that component, with individual lives applied to each component.

Component	Definition
Building structure	Substructure, frame, upper floors, roof, stairs, external walls, windows and external doors, internal walls and partitions, internal doors, floors/wall/ceiling finishes.
Engineering systems	Sanitary appliances, services equipment, disposal installation, water installation, heat source, space heating and air treatment, ventilation systems, electrical, gas, lift and protective installations.
Equipment and security installations	CCTV, access control, alarm systems, control rooms including all associated Information and Communications Technology hardware and software; fixed furniture, fittings, equipment and appliances.
External works	Roads, footpaths, drainage, fences, gates, boundary walls, street furniture, landscaping and external lighting.

Provision for depreciation and amortisation is made to write-off the cost of property, plant and equipment and intangible assets on a straight-line basis over the expected useful lives of the assets concerned. Land, assets under construction or assets awaiting disposal are not depreciated. The overall expected useful lives of assets are as follows:

Asset category	Useful Life
Buildings	up to 80 years
Plant and Equipment	2 - 40 years
Furniture and Office Equipment	3 - 40 years
Information Technology and Software	1 - 15 years
Vehicles	5 - 20 years

1.5 Realised element of depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment. An element of the depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on revaluation and is transferred from the Revaluation Reserve to the General Fund.

1.6 Inventories

Inventories are valued on a First in First Out (FIFO) basis.

1.7 Financial instruments

Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current and Current Financial Assets. The carrying value has been discounted at a rate of 3.7%. NIPS does not hold any other financial instruments.

1.8 Pension costs

Employees of the Agency are covered by the provisions of the NICS pension arrangements.

The NICS pension arrangements are defined benefit schemes which are unfunded. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS pension arrangements. In respect of defined contribution schemes, the Agency recognises the contributions payable for the year.

1.9 Early retirement costs

NIPS is required to meet the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pension age. NIPS accounts in full for this cost when the applications for early retirement have been approved and the individuals have been notified.

1.10 Employee benefits

Under IAS 19 an employing entity should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for the service. NIPS has therefore recognised both annual and flexi leave entitlements that have been earned by the year end but not yet taken. These are included in Current Liabilities and in Staff Costs for both administration and programme staff across the service.

1.11 Voluntary Early Retirement (VER) Scheme

The cost of severance payments to staff leaving the organisation under the Voluntary Early Retirement Scheme are included within Programme costs. The cost of staff working on the administration of the scheme are included within staff costs.

1.12 Provision for liabilities and charges

NIPS provides for legal and constructive obligations, which are of uncertain timing or amount, at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the estimated cash flows are discounted.

1.13 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, NIPS discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.14 Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure as incurred.

1.15 Grants

Grants payable to third parties are charged to the Statement of Comprehensive Net Expenditure as the recipient carries out the activity that creates entitlement.

1.16 Value Added Tax (VAT)

The majority of the activities of NIPS are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment. Where output tax is charged or input VAT is recoverable the amounts are stated net of VAT.

1.17 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by DoF.

1.18 Notional costs

Some of the costs directly related to the running of NIPS are borne by other Government Departments or organisations. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

1.19 Insurance

Except where there is a statutory requirement to do so, NIPS does not take out general insurance. Instead expenditure in connection with uninsured risks is charged as incurred.

1.20 Third-party assets

NIPS holds, as custodian, certain assets belonging to third parties. These assets consist of cash held in respect of a Prisoners' Amenity Fund administered by each prison Establishment and used for the welfare and benefit of all prisoners. Also included are cash amounts belonging to prisoners in the Prisoners' Personal Cash (PPC) accounts, held in the NIPS bank account. PPC balances are disclosed at Note 23 but not elsewhere in these accounts since neither NIPS nor the Government more generally has a direct beneficial interest in them.

1.21 Related party transactions

NIPS is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence NIPS or to be controlled or influenced by NIPS. Disclosure of these transactions allows readers to assess the extent to which the NIPS financial position and income and expenditure may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

1.22 Operating income

Operating income is income that relates directly to the operating activities of NIPS. This includes income from Trading Activities in relation to prisoners and staff catering and is shown gross on the face of the Statement of Comprehensive Net Expenditure and in Note 7 with related costs and expenses shown separately in Notes 5 and 6 of these financial statements.

1.23 Income

Financing

NIPS is primarily resourced by funds approved by the Assembly through the annual Supply process. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Agency is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Agency: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods and services

Revenue from the sale of goods is recognised either:

- at the point in time when the customer obtains control of the goods, which is generally at the time of delivery; or
- over time as the services are rendered based on either a fixed price or an agreed rate.

Other operating income

Other operating income is income which relates directly to the operating activities of the Agency. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the FReM, is treated as operating income.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

1.24 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the NIPS accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property, plant and equipment

Depreciation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.4.

(ii) Impairment of property, plant and equipment

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

(iii) Injury on duty awards life expectancy assumption

Benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to NIPS are payable to former employees for life. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards and also on the estimated life expectancy of these pensioners. The injury awards were valued under International Accounting Standard (IAS) 19 Employee Benefits by Government Actuary's Department (GAD). IAS 19 requires the employer to value the expected injury awards for active members, who are currently uninjured but who may become injured in the future, and include the value in the Statement of Accounts.

(iv) Litigation provisions

The litigation provision relates to legal claims against NIPS by staff, prisoners and third parties for injuries and other damages including fair employment and industrial tribunal cases. The provisions are based upon the assessment of the likely damages and legal costs payable, with reference to legal experts and in consideration of settlements in cases of a similar nature were it is probable that the claim will be successful. NIPS also carry out an objective exercise to compare estimates to actual settlements in current and previous years and will adjust the provisions in line with these findings on an annual basis.

Other than depreciation, provisions and employee benefits, no material accounting estimates or judgements were made by NIPS in preparing these accounts.

1.25 Accounting standards, interpretations and amendments to published standards and FReM - issued and effective in 2020-21 for the first time

NIPS has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for accounting periods beginning on or after 1 April 2020 or later periods, but which NIPS has not adopted early. NIPS considers that these are not relevant or material to its operations.

1.26 Accounting standards, interpretations and amendments to published standards not yet effective

NIPS has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for accounting periods beginning on or after 1 April 2021 or later periods, but which NIPS has not adopted early. Other than as outlined below, NIPS considers that these Standards are not relevant or material to its operations.

Standard	IFRS 16 <i>Leases</i> (replaces IAS 17 <i>Leases and related interpretations</i>)
Effective date	January 2019 (EU endorsed 31 October 2017)
FReM application	2022-23
Description of revision	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
Comments	<p>IFRS 16 <i>Leases</i> replaces IAS 17 <i>Leases</i> and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.</p> <p>NIPS considers that this Standard is not likely to have a material impact on its liabilities or Statement of Comprehensive Net Expenditure.</p>

1.27 Financial reporting - future developments

NIPS has considered the accounting initiatives identified by HM Treasury covering amendments or interpretations from the 2018-20 Annual improvement cycle, and projects where standards, amendments or interpretations are in development. NIPS considers that these changes are not relevant or material to its operations.

2. Statement of Operating Expenditure by Operating Segment

2020-21	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Gross expenditure	52,229	23,417	16,940	38,293	130,879
Income	(1,989)	(943)	(345)	(45)	(3,322)
Net expenditure	50,240	22,474	16,595	38,248	127,557

2019-20	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Gross expenditure	45,194	21,281	15,050	44,054	125,579
Income	(1,521)	(882)	(383)	(185)	(2,971)
Net expenditure	43,673	20,399	14,667	43,869	122,608

In line with the requirements of IFRS 8, NIPS has reported on Income, Gross and Net Expenditure by geographical segment as pertains to each operational Establishment and is consistent with the management approach and internal reporting structures existing within the Service.

The 'Others' segment reported above includes Headquarter Functions, Prisoner Escorting and Court Custody Service, Offenders Services, Central Stores, Establishment Training and Learning and Skills.

3. Summary of information for Statement of Comprehensive Net Expenditure

2020-21	Note	Administration £000	Programme £000	Total £000
Revenue from contracts with customers	7	-	(3,280)	(3,280)
Other operating income	7	-	(42)	(42)
Total operating income		-	(3,322)	(3,322)
Staff costs	5, 6	6,117	72,206	78,323
Purchase of goods and services	5, 6	5,241	27,999	33,240
Depreciation and impairment charges	5, 6	-	15,598	15,598
Provision expense	6	-	253	253
Grants	6	-	2,073	2,073
Total operating expenditure		11,358	118,129	129,487
Net operating expenditure		11,358	114,807	126,165
Finance expense	5, 6	-	1,392	1,392
Net expenditure for the year		11,358	116,199	127,557
2019-20				
	Note	Administration £000	Programme £000	Total £000
Revenue from contracts with customers	7	-	(2,869)	(2,869)
Other operating income	7	-	(102)	(102)
Total operating income		-	(2,971)	(2,971)
Staff costs	5, 6	5,829	64,707	70,536
Purchase of goods and services	5, 6	5,231	25,418	30,649
Depreciation and impairment charges	5, 6	-	12,200	12,200
Provision expense	6	-	8,151	8,151
Grants	6	-	2,296	2,296
Total operating expenditure		11,060	112,772	123,832
Net operating expenditure		11,060	109,801	120,861
Finance expense	5, 6	-	1,747	1,747
Net expenditure for the year		11,060	111,548	122,608

4. Non-cash costs

2020-21		Administration	Programme	Total
	Note	£000	£000	£000
Purchase of goods and services	5, 6	2,887	(1)	2,886
Depreciation and impairment	5, 6	-	15,598	15,598
Provision expense	6	-	253	253
Finance expense	5, 6	-	1,388	1,388
Total		2,887	17,238	20,125

2019-20		Administration	Programme	Total
	Note	£000	£000	£000
Purchase of goods and services	5, 6	2,904	10	2,914
Depreciation and impairment	5, 6	-	12,200	12,200
Provision expense	6	-	8,151	8,151
Finance expense	5, 6	-	1,747	1,747
Total		2,904	22,108	25,012

5. Other administrative expenditure

	2020-21	2019-20
Note	£000	£000
Staff costs*		
Wages and salaries	4,242	4,144
Social security costs	502	462
Other pension costs	1,373	1,223
	6,117	5,829
Purchase of goods and services		
Accommodation costs, maintenance and utilities	347	366
IT, communications and office services	1,051	934
Consumables, equipment and transport costs	5	2
Contracted out and managed services	280	219
Professional and consultancy costs	41	80
Rentals under operating leases	190	174
Staff related costs	385	548
Other costs	55	4
	2,354	2,327
Non-cash items:		
Auditors' remuneration	36	33
Notional charges	2,851	2,871
	2,887	2,904
	5,241	5,231
Total administrative expenditure	11,358	11,060

* Further analysis of Staff costs is located in the Staff Report within the Accountability Report.

6. Programme expenditure

	Note	2020-21 £000	2019-20 £000
Staff costs*			
Wages and salaries		53,141	47,642
Social security costs		5,807	4,987
Other pension costs		13,258	12,078
		72,206	64,707
Purchase of goods and services			
Accommodation costs, maintenance and utilities		11,332	9,451
IT, communications and office services		355	403
Consumables, equipment and transport costs		1,930	796
Contracted out and managed services		104	80
Professional and consultancy costs		939	1,027
Prisoner costs		12,281	12,052
Rentals under operating leases		92	35
Staff related costs		1,188	1,352
Other costs		(221)	212
		28,000	25,408
Non-cash items:			
(Profit)/loss on disposal of non-current assets	8, 9	(1)	10
		(1)	10
		27,999	25,418
Depreciation and impairment charges			
Depreciation	8	15,094	12,251
Amortisation	9	452	425
Revaluation and impairment released to SoCNE	11	52	(476)
		15,598	12,200
Provisions expense			
Provisions: provided for in year	16	4,201	11,148
Provisions: written back in year	16	(3,948)	(2,997)
		253	8,151
Grants			
		2,073	2,296
Finance expense			
Interest payable and similar charges		4	-
Interest charges (non-cash)		1	1
Borrowing costs on provisions (non-cash)	16	1,387	1,746
		1,392	1,747
Total programme expenditure			
		119,521	114,519

* Further analysis of Staff costs is located in the Staff Report within the Accountability Report.

7. Income

	2020-21 £000	2019-20 £000
Administration income	-	-
Programme income:		
<i>Revenue from contracts with customers</i>		
Sale of goods and services	3,280	2,869
<i>Other operating income</i>		
Other non-trading income	12	5
Grant income	30	97
Notional income	-	-
	42	102
Total operating income	3,322	2,971

Income can be further analysed as follows:

2020-21	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	1,985	943	338	14	3,280
Other operating income	4	-	7	31	42
Net expenditure	1,989	943	345	45	3,322
2019-20	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	1,518	882	382	87	2,869
Other operating income	4	-	-	98	102
Net expenditure	1,522	882	382	185	2,971

8. Property, plant and equipment

2020-21

	Land £000	Buildings £000	Vehicles, Plant & Machinery £000	Information Technology £000	Assets Under Construct -ion £000	Total £000
Cost or valuation						
At 1 April 2020	4,345	323,260	16,346	2,341	19,005	365,297
Additions	-	103	1,343	212	8,441	10,099
Disposals	-	(83)	(1,565)	(3)	-	(1,651)
Transfers and reclassifications	-	9,420	35	68	(9,519)	4
Revaluation charged to SoCNE	-	-	(1)	-	-	(1)
Revaluations	-	-	84	6	-	90
At 31 March 2021	4,345	332,700	16,242	2,624	17,927	373,838
Depreciation						
At 1 April 2020	-	46,293	10,841	455	-	57,589
Charged in year	-	13,577	1,083	434	-	15,094
Disposals	-	(83)	(1,534)	(3)	-	(1,620)
Transfers and reclassifications	-	-	-	-	-	-
Revaluation charged to SoCNE	-	51	-	-	-	51
Revaluations	-	-	47	2	-	49
At 31 March 2021	-	59,838	10,437	888	-	71,163
Carrying amount at 31 March 2021	4,345	272,862	5,805	1,736	17,927	302,675
Carrying amount at 31 March 2020	4,345	276,967	5,505	1,886	19,005	307,708
Asset financing:						
Owned	4,345	272,862	5,805	1,736	17,927	302,675
Carrying amount at 31 March 2021	4,345	272,862	5,805	1,736	17,927	302,675

8. Property, plant and equipment (continued)

2019-20

	Land £000	Buildings £000	Vehicles, Plant & Machinery £000	Information Technology £000	Assets Under Construct- ion £000	Total £000
Cost or valuation						
At 1 April 2019	4,345	257,930	15,551	1,572	55,785	335,183
Additions	-	60	1,584	937	15,361	17,942
Disposals	-	(15)	(849)	(170)	-	(1,034)
Transfers and reclassifications	-	52,176	(34)	-	(52,141)	1
Revaluation charged to SoCNE	-	582	-	-	-	582
Revaluations	-	12,527	94	2	-	12,623
At 31 March 2020	4,345	323,260	16,346	2,341	19,005	365,297
Depreciation						
At 1 April 2019	-	33,192	10,793	518	-	44,503
Charged in year	-	11,290	869	92	-	12,251
Disposals	-	(15)	(841)	(156)	-	(1,012)
Transfers and reclassifications	-	34	(34)	-	-	-
Revaluation charged to SoCNE	-	106	-	-	-	106
Revaluations	-	1,686	54	1	-	1,741
At 31 March 2020	-	46,293	10,841	455	-	57,589
Carrying amount						
at 31 March 2020	4,345	276,967	5,505	1,886	19,005	307,708
Carrying amount						
at 31 March 2019	4,345	224,738	4,758	1,054	55,785	290,680
Asset financing:						
Owned	4,345	276,967	5,505	1,886	19,005	307,708
Carrying amount						
at 31 March 2020	4,345	276,967	5,505	1,886	19,005	307,708

8. Property, plant and equipment (continued)

Land and Property Services (LPS) carried out a full valuation of land and buildings at 1 April 2016, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2021.

Indexation is applied between asset revaluations to update the asset register, taking into account the general market in land and property values and building costs. The indices used for land and buildings were set at 0% by LPS for 2020-21.

As a result of Covid-19, LPS considers that, as at 31 March 2021 there is an absence of relevant/sufficient market evidence on which to base their judgements. The valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. Consequently, in respect of the valuation less certainty and a higher degree of caution should be attached to the valuation figures than would normally be the case.

However this does not mean that the valuation cannot be relied upon. Rather, this 'material valuation uncertainty' declaration has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19, LPS highlight the importance of the valuation date.

Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

9. Intangible assets

2020-21	Software and Licences £000	Assets Under Construction £000	Total £000
Cost or valuation			
At 1 April 2020	19,543	706	20,249
Additions	138	951	1,089
Disposals	-	-	-
Transfer and reclassifications	294	(298)	(4)
Revaluation charged to SoCNE	-	-	-
Revaluations	25	-	25
At 31 March 2021	20,000	1,359	21,359
Amortisation			
At 1 April 2020	18,171	-	18,171
Charged in year	452	-	452
Disposals	-	-	-
Transfer and reclassifications	-	-	-
Revaluation charged to SoCNE	-	-	-
Revaluations	11	-	11
At 31 March 2021	18,634	-	18,634
Carrying amount at 31 March 2021	1,366	1,359	2,725
Carrying amount at 31 March 2020	1,372	706	2,078
Asset financing:			
Owned	1,366	1,359	2,725
Carrying amount at 31 March 2021	1,366	1,359	2,725

Intangible assets are adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

9. Intangible assets (continued)

2019-20	Software and Licences £000	Assets Under Construction £000	Total £000
Cost or valuation			
At 1 April 2019	20,865	450	21,315
Additions	16	592	608
Disposals	(1,735)	-	(1,735)
Transfer and reclassifications	336	(336)	-
Revaluation charged to SoCNE	-	-	-
Revaluations	61	-	61
At 31 March 2020	19,543	706	20,249
Amortisation			
At 1 April 2019	19,444	-	19,444
Charged in year	425	-	425
Disposals	(1,729)	-	(1,729)
Transfer and reclassifications	-	-	-
Revaluation charged to SoCNE	-	-	-
Revaluations	31	-	31
At 31 March 2020	18,171	-	18,171
Carrying amount at 31 March 2020	1,372	706	2,078
Carrying amount at 31 March 2019	1,421	450	1,871
Asset financing:			
Owned	1,372	706	2,078
Carrying amount at 31 March 2020	1,372	706	2,078

10. Financial assets

Housing Loans Scheme	2020-21	2019-20
	£000	£000
Balance at 1 April	18	26
New Loans	7	-
Repayments	(6)	(7)
Revaluations	(1)	(1)
Balance at 31 March	18	18
Current Assets	6	8
Non-current Assets	12	10
Balance at 31 March	18	18

As the cash requirements of NIPS are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current and Current Financial Assets. The carrying value has been discounted at a rate of 3.7% (2019-20: 3.7%). NIPS had 10 loans to officers at 31 March 2021 (9 at 31 March 2020) and does not hold any other financial assets. NIPS is therefore exposed to little credit, liquidity or market risk.

11. Impairments

	Note	2020-21	2019-20
		£000	£000
Charged directly to SoCNE			
Property, plant and equipment	8	52	(476)
		52	(476)
Taken through Revaluation Reserve			
Property, plant and equipment	8	(41)	(10,882)
Intangible assets	9	(14)	(30)
		(55)	(10,912)
Total charge for the year		(3)	(11,388)

12. Inventories

	2020-21	2019-20
	£000	£000
Consumables and equipment	905	896
Fuel stores	273	297
	1,178	1,193

13. Cash and cash equivalents

	2020-21	2019-20
	£000	£000
Balance at 1 April	(50)	(2,838)
Net change in cash and cash equivalent balances	(466)	2,788
Balance at 31 March	(516)	(50)

The following balances at 31 March were held at :

NI banking pool	(543)	(81)
Cash in hand	27	31
Balance at 31 March	516	(50)

Balances for Cash and cash equivalents are disclosed in the Statement of Financial Position as follows:

	Note	2020-21	2019-20
		£000	£000
Current assets		295	870
Current liabilities	15	(811)	(920)
Total		(516)	(50)

14. Trade receivables, financial and other assets

	2020-21	2019-20
	£000	£000
Amounts falling due within one year		
VAT	1,101	910
Trade receivables	24	40
Other receivables	9	16
Prepayments and accrued income	1,137	822
	2,271	1,788
Amounts falling due within one year		
Other receivables	21	22
	21	22
Total	2,292	1,810

15. Trade payables, financial and other liabilities

	2020-21	2019-20
	£000	£000
Amounts falling due within one year		
Bank overdraft	811	920
Trade payables	227	124
Other payables	952	935
Accruals and deferred income	23,045	23,565
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund - Received	22	-
	25,057	25,544

16. Provisions for liabilities and charges

	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
Balance at 1 April 2020	76,560	11,835	1,214	986	90,595
Provided in the year	1,883	2,215	102	-	4,200
Provisions not required written back	-	(3,900)	(48)	-	(3,948)
Provisions utilised in the year	(3,303)	(1,233)	(1,054)	(59)	(5,649)
Provisions borrowing costs	1,370	-	-	17	1,387
Actuarial loss	12,220	-	-	58	12,278
At 31 March 2021	88,730	8,917	214	1,002	98,863

*Analysis of expected timing of discounted flows**

	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
No later than one year	2,090	4,470	214	59	4,807
Later than one year and not more than five years	8,490	4,447	-	236	23,814
Later than five years	78,150	-	-	707	61,200
At 31 March 2021	88,730	8,917	214	1,002	98,863

* The only cash flows shown as discounted in the table above relate to the injury awards as NIPS do not discount other provisions on the basis that the time value of money is considered immaterial and therefore these cash flows are disclosed as undiscounted.

16. Provisions for liabilities and charges (continued)

	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
Balance at 1 April 2019	59,870	6,266	3,105	928	70,169
Provided in the year	1,475	9,633	39	-	11,147
Provisions not required written back	(249)	(2,625)	(124)	-	(2,998)
Provisions utilised in the year	(2,236)	(1,439)	(1,806)	(66)	(5,547)
Provisions borrowing costs	1,720	-	-	26	1,746
Actuarial loss	15,980	-	-	98	16,078
At 31 March 2020	76,560	11,835	1,214	986	90,595

Analysis of expected timing of discounted flows*

	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
No later than one year	1,879	1,739	1,004	67	4,689
Later than one year and not more than five years	7,530	9,362	210	265	17,367
Later than five years	67,151	734	-	654	68,539
At 31 March 2020	76,560	11,835	1,214	986	90,595

* The only cash flows shown as discounted in the table above relate to the injury awards as NIPS do not discount other provisions on the basis that the time value of money is considered immaterial and therefore these cash flows are disclosed as undiscounted.

The provisions for liabilities and charges represent the best estimate of the amount payable at the date of the Statement of Financial Position.

16. Provisions for liabilities and charges (continued)

16.1 Injury awards - £88.730m (2019-20: £76.560m)

Benefits payable under the Civil Service Injury Benefit Scheme relating to NIPS are charged to NIPS by Civil Service Pensions on a monthly basis. The allowance is payable to the former employee for life. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these individuals.

The injury awards are valued under IAS 19 by the Government Actuary's Department (GAD). IAS 19 requires the employer to value the expected injury awards for active members, who may become injured in the future, and include the value in the Accounts. The relevant assumptions underpinning the actuarial valuation of the liability were as follows for both 2019-20 and 2020-21:

- rate of future injury award - 3.5%; and
- current service cost - 6%.

Covid-19 implications

As with the 2019-20 financial statements, the 2020-21 disclosures are being produced when the UK continues to deal with the Covid-19 pandemic. GAD have considered the potential implications of how this pandemic could impact on the actuarial calculations required.

The assumptions for the discount rate and pension increases are specified by HM Treasury in the Public Expenditure System (PES) (2020) 12 Revised, dated 18 December 2020, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.

The long-term salary assumption is intended to be an average over the future careers of scheme members, with a recognition that increases in any particular year may be lower or higher than the assumption. The assumption allows for a reduction in GAD's view of the long-term salary increases as well as lower short-term forecasts from the Office for Budget Responsibility.

The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. GAD's view is that it is too early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

16. Provisions for liabilities and charges (continued)**16.1 Injury awards - £88.730m (2019-20: £76.560m) (continued)**

The split of the provision is shown below:

	2020-21	2019-20
	£000	£000
Liability in respect of:		
Active members	14,680	12,640
Pensions in payment (injury awards)	74,050	63,920
Total	88,730	76,560

Key financial assumptions:

	2020-21	2019-20
	%	%
Rate of discounting scheme liabilities	1.25%	1.80%
Rate of CPI inflation	2.22%	2.35%
Pension increase awarded	2.22%	2.35%
Long-term rate of increase in salaries	3.72%	4.10%

Key demographic assumptions:

	2020-21	2019-20
	Years	Years
Average expected future life at age 65 for:		
Male currently aged 65	21.6	21.5
Female currently aged 65	23.3	23.2
Male currently aged 45	23.3	23.2
Female currently aged 45	24.9	24.8

Incidence of injury awards:

	2020-21	2019-20
	%	%
Liability (proportion of liability of active members in respect of non-injury Pension Scheme benefits)	3.5%	3.5%
Current service cost (proportion of current service cost in respect of main Pension Scheme benefits)	6.0%	6.0%

16. Provisions for liabilities and charges (continued)**16.1 Injury awards - £88.730m (2019-20: £76.560m) (continued)****Analysis of movement in scheme liability:**

	2020-21	2019-20
	£000	£000
Net deficit at 1 April	76,560	59,870
Current service cost	1,460	1,080
Past service cost	400	390
Net interest on the net defined benefit liability	1,370	1,720
Benefits paid (recurring element)	(2,880)	(2,090)
Benefits paid (lump sums)	(400)	(390)
Re-measurements of the net defined liability	12,220	15,980
Net deficit at 31 March	88,730	76,560

Re-measurements of the liability can be further analysed as:

	2020-21	2019-20
	£000	£000
Experience (gains) and losses arising on the pension liabilities	5,790	7,020
Changes in financial assumptions underlying the present value of the pension liabilities	6,430	10,900
Changes in demographic assumptions underlying the present value of the pension liabilities	-	(1,940)
Re-measurements of the liability	12,220	15,980

16. Provisions for liabilities and charges (continued)**16.2 Litigation claims - £8.917m (2019-20: £11.835m)*****Holiday pay - £3.239m (2019-20: £5.918m)***

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23 and 24 June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020.

There are still some very significant elements of uncertainty around this estimate for a number of reasons:

- the appeal to the Supreme Court (as detailed above);
- lack of accessible data for years previous to 2011;
- ongoing negotiations with Trade Unions; and
- the provision includes a pension element which is based on formulae provided by the Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Unions.

Legal cases - £5.386m (2019-20: £5.485m)

The litigation provision relates to legal claims against NIPS by staff, prisoners and third parties for injuries and other damages including fair employment and industrial tribunal cases. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

Hearing loss - £0.292m (2019-20: £0.432m)

The hearing loss provision relates to claims from current and ex-prison officers for occupational hearing loss. The provision reflects claims up to March 2021 - the number of claims likely to be received in the future is uncertain and cannot be reliably estimated. Each case will be considered on its own merits and any settlement based on the severity of hearing loss.

16. Provisions for liabilities and charges (continued)**16.3 Voluntary Early Retirement (VER) Scheme - £0.214m (2019-20: £1.214m)**

The provision for VER costs relates to the early retirement payments arising in respect of employees who depart early from the Service under the Scheme. The provision consists of additional pension costs due to Civil Service Pensions which NIPS provides for when the VER becomes binding by establishing a provision for the estimated payments. These costs are payable over the period between early departure and normal retirement date for the respective employees. The provision runs through to 2021-22.

16.4 Early departure costs - £1.002m (2019-20: £0.986m)

This provision relates to pension costs associated with the early departure of staff and benefits payable in respect of loss of earning capacity (or loss of support in respect of a death). The pension costs are payable to NILGOSC over the lifetime of the retired staff member and his/her spouse (where applicable).

17. Leases

17.1 Operating leases

£0.282m (2019-20: £0.209m) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2020-21 £000	2019-20 £000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	188	188
Later than one year and not later than five years	188	376
Later than five years	-	-
	376	564
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Total	-	564

17.2 Finance leases

NIPS does not presently hold any finance leases.

18. Capital commitments

	2020-21 £000	2019-20 £000
Contracted capital commitments at 31 March not otherwise included in these accounts:		
Property, plant and equipment	5,729	3,722
Intangible assets	-	135
	5,729	3,857

19. Other financial commitments

The Agency has entered into non-cancellable contracts (which are not lease or PFI contracts) for grant expenditure. Total future commitments are shown in the table below analysed according to the period in which the payments fall due.

	2020-21 £000	2019-20 £000
Not later than one year	3,080	2,404
Later than one year and not later than five years	-	-
Later than five years	-	-
	3,080	2,404

20. Contingent liabilities

At the year end NIPS has estimated contingent liabilities of £5.5m (2019-20: £5.5m) in respect of litigation claims against NIPS. This relates to a legal claim by former staff for fair employment, industrial tribunal and court proceedings. There are also a number of legal claims against NIPS by staff, prisoners and third parties for injuries and other damage.

These have not been provided for in the financial statements as NIPS considers that it is not probable that they will be successful.

21. Related party transactions

NIPS is an Executive Agency of the Department of Justice. During the year, NIPS had various material transactions with the Core Department and other agencies within the Department including Forensic Science Northern Ireland, Northern Ireland Courts and Tribunals Service and Youth Justice Agency.

NIPS also had various material transactions with other entities for which the Department of Justice is regarded as the parent Department including Police Service of Northern Ireland, Probation Board for Northern Ireland and Northern Ireland Policing Board.

In addition NIPS had various material transactions with other government Departments and other central government bodies. Most of these transactions have been with the Department of Health and Department of Finance.

No Board member, key manager or other related parties has undertaken any material transactions with NIPS.

22. Third-party assets

There is a Prisoners' Personal Cash (PPC) facility for the lodgement of prisoner earnings and funding of tuck shop purchases. When prisoners are discharged they are paid in full the balance on their PPC account.

Each prison Establishment administers a Prisoners' Amenities Fund. Payments from the fund are used for the welfare/benefit of all prisoners. Fund receipts include income from the sale of tuck shop items and donations.

	1 April 2020 £000	Gross Inflows £000	Gross Outflows £000	31 March 2021 £000
Monetary assets such as bank balances and balances on deposit:				
Prisoners' Private Cash Accounts	175	4,143	(4,147)	171
Prisoners' Amenities Funds	272	82	(123)	231
	447	4,225	(4,270)	402

23. Events after the reporting period

There were no events after the reporting period that required disclosure.

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 5 July 2021.