

NORTHERN IRELAND PRISON SERVICE

ANNUAL REPORT AND ACCOUNTS 2022-23

HC 1617

NORTHERN IRELAND PRISON SERVICE

ANNUAL REPORT AND ACCOUNTS 2022-23 For the year ended 31 March 2023

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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

I have pleasure in presenting this Report at the end of what has been a very demanding year for the Northern Ireland Prison Service (NIPS). On 1 April 2022 our population totalled 1,552 prisoners, by 1 April 2023 it had increased by 270 to 1,822. This unprecedented increase was made all the more challenging as the Service worked to recover from the impact of the Covid-19 pandemic.

I anticipate the population increase will continue during 2023 and it is not inconceivable that it will exceed 1,900. The population increase has placed a strain right across the Organisation and service delivery has unfortunately been curtailed as resources became increasingly stretched. In October 2022 the then Justice Minister agreed to increase our staffing complement by 56 officers in recognition of the fact that our population had exceeded 1,700. During the year we recruited over 100 new members of staff and I welcome them to our Service.

In presenting this Report I want to pay tribute to our staff who have worked tirelessly throughout the year. I never cease to be impressed with the work they do and the difference, despite all the challenges we face, they make in the lives of those in our care day by day. Their work is unseen, but vital in terms of the safety of the community we seek to serve.

I also want to thank our many partners from both the statutory sector and in particular the voluntary and community sector. I also want to recognise the constructive role our trade unions play in our prisons. While I remain concerned that the provision of healthcare in our prisons continues to be grossly underfunded, the work of healthcare professionals on a daily basis is deeply appreciated. I also want to put on record my thanks to our dedicated team of Chaplains and to the members of our Independent Monitoring Boards who give up their time so willingly on a voluntary basis. We owe a great debt of gratitude to those who volunteer in our prisons; they truly are unsung heroes.

While it is right to highlight the challenges presented by the population increase, it is also necessary to focus on the increasing mental health and addiction issues we face in our prisons. I remain concerned that there are those in our care with acute mental health issues who, as the Regulation and Quality Improvement Authority (RQIA) said in 2021, are being placed in our Care and Supervision Units “due to the lack of availability of a suitable alternative”. The implementation of the RQIA recommendations, contained in their Review of Services for Vulnerable Persons Detained in NI Prisons, must be implemented with more urgency.

During the year we installed X-Ray Body Scanners. Early indications show that this equipment is proving very effective in reducing a drug supply route into our prisons. The challenge remains to work with healthcare partners to address the abuse of prescription medication and to ensure healthcare funding is provided to ensure appropriate addiction treatment.

During the year we also launched our Prisons 25 by 25 Continuous Improvement Programme. The purpose of the Programme, which details 25 commitments we will deliver by 2025, is focused on delivering rehabilitation through Our People, Our Services, Our Infrastructure, Our Partnerships and Our Contribution to the Community we serve. This is an ambitious and challenging programme made more complex in the uncertain financial environment in which we currently operate.

In presenting this Report I am conscious that it will be my last as Director General. After 6 ½ years in post the time has come for me to move on. I have thoroughly enjoyed my time leading the Northern Ireland Prison Service and have appreciated the support I have received from colleagues at all grades right across the Organisation and in particular from the Prison Service Management Board and the members of the Executive Forum.

Together we faced many difficulties as we rebuilt the Organisation in the wake of the Maghaberry Report of 2015; led the Organisation through the challenges of Covid; and more latterly faced the challenges of a rapidly rising prison population. It is a source of great pride that no prisoners in Northern Ireland were hospitalised or lost their lives during the pandemic. It is also a source of pride that we took Maghaberry from one of the most dangerous prisons in Europe to a place where most prisoners told Inspectors they felt safe.

Much has been achieved but there is still much more to do and I wish the Service well as it faces the challenging days ahead. In particular I want to wish David Kennedy every success as he covers as Acting Director General and Accounting Officer until Beverley Wall takes up the post on 31 July 2023.

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 2023 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.

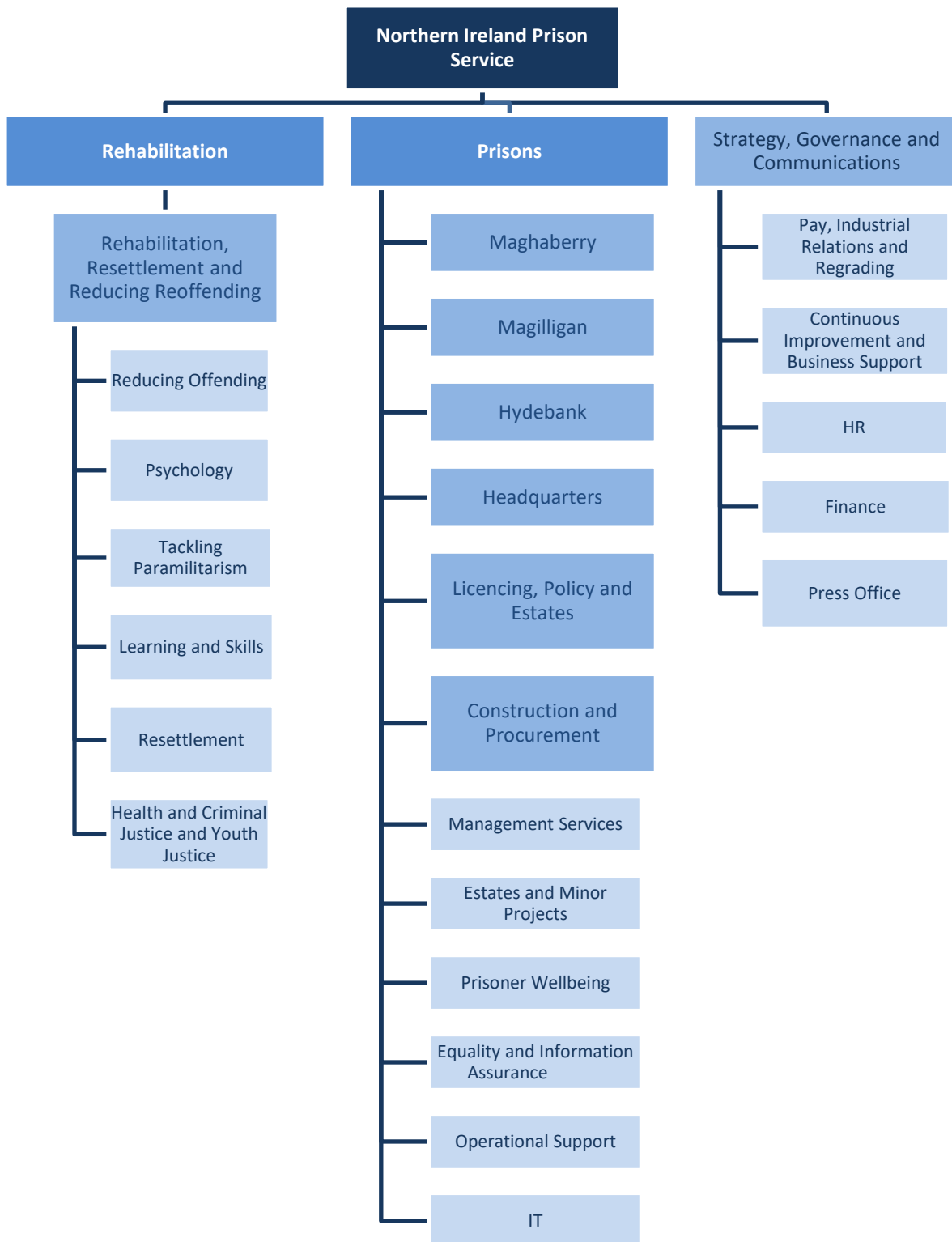
Strategic aims

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 has 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. Identified risks include:

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 to 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

Lack of capital and resource commitment to support the future prison estate could lead to the current built environment not being fit for purpose in supporting a productive workplace for staff, rehabilitation for prisoners and contributing to reducing reoffending. This could lead to criticism from oversight bodies, e.g. CJINI.

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. Increasing impact on budget and resources which will become unsustainable if it continues to increase in line with recent years.

Response and recovery to Covid-19 pandemic

Ensure adequate structures and processes are in place to deliver recovery from the pandemic, whilst remaining vigilant; monitoring and responding to future impacts. The pandemic has impacted all areas of the Service.

Increasing prisoner population

An increase in the prison population impacts upon the delivery of healthy regimes within and beyond residential areas and NIPS performance against the HMIP Healthy Prisons measures.

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, where possible, to monitor the equality of provision of services to all prisoners. Attendees include Headquarters, Residence, Safer Custody, Equality Commission, Chaplaincy, Probation, Start 360, Independent Monitoring Board, Health and Criminal Justice Inspection Northern Ireland (CJINI).

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, CJINI, 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 CJINI 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 in Human Rights, Inter-cultural Diversity, Equality and Diversity, Dignity at Work, JAM (Just a Minute), Modern Slavery and Human Trafficking, Unconscious Bias etc, benefit Officers supporting people to change in new and innovative ways.

Equality of delivery of services to different groups in society (continued)

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 under-represented 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 very significant and specific challenges for the Northern Ireland Prison Service. Throughout the pandemic our key objective was to keep 'Covid out of prisons and prisoners out of their cells'. This was shorthand for minimising the risk of infection as far as possible, and maximising the regime that could be delivered for people in our care.

NIPS could not have responded to these challenges without the support of the South Eastern Health and Social Care Trust (SEHSCT) as a key partner.

To date no prisoners in our custody have died as a result of Covid-19, and NIPS kept all of the measures to safeguard health under regular review to ensure that they remained proportionate to our population's needs and the prison setting.

As the guidance in the community changed and legal restrictions were removed NIPS worked in parallel to deliver recovery in prisons under our Operational Recovery Pathway. In April 2022 the Executive Forum took the decisions which formally completed the final phases of operational recovery. This meant that the remaining safeguards that had been required to mitigate against the risks the virus presented could be removed and that normal operational delivery could begin again.

In common with the rest of the Justice system, it is the case however that the major impact Covid-19 has had will mean returning our prisons to where they were before the pandemic will take time, effort and determination.

Criminal Justice Inspection Northern Ireland (CJINI)

A Review of Probation Approved Premises in Northern Ireland - 31 March 2023

At the request of the then Minister of Justice, CJINI undertook a review looking at how the Probation Board for Northern Ireland (PBNI) approved premises contribute to resettlement, rehabilitation and public protection in Northern Ireland. Their report, which was published on 31 March 2023, highlighted the vital role they play in supporting men and women who need additional supervision to manage their risk of reoffending after release from prison.

Approved premises provide accommodation for high-risk offenders to stay when they leave prison and they make a valuable contribution to keeping our community safe. Having a home on release from custody is one of the key elements that can support men and women leaving prison to stop offending and contribute to their rehabilitation. Data provided by PBNI demonstrated that the majority of residents occupying approved premises beds were assessed as a high likelihood of reoffending, almost one third were assessed as posing a significant risk of serious harm and approximately one third were subject to Public Protection Arrangements NI.

Criminal Justice Inspection Northern Ireland (CJINI) (continued)

While the proportion of residents recalled to custody was higher than the average recall rate, this was not unexpected given the risk and needs profile of residents referred to this service. Effective systems were in place to monitor the behaviour of residents and there was evidence of alternatives to recall appropriately being considered and implemented to sustain people living in the community. There was low level of serious further offending involving approved premises' residents.

CJINI made one strategic and three operational recommendations for improvement in this Review to help enable approved premises develop their services and strengthen the partnerships between approved premises and the criminal justice system. An action plan has been developed to address these recommendations.

Continuous development

Prisons 25 by 25

In July 2018, NIPS published *Prisons 2020: Driving continuous improvement in the Prison Service* which set out a three year programme on how NIPS should deliver rehabilitation across four strands: - 'Our People', 'Our Services', 'Our Infrastructure', and 'Our Partnerships'.

Prisons 2020 has been a core part of our business delivery and was completed in September 2021. Given the success of Prisons 2020, NIPS was keen to harness the momentum and ensure we had a successive programme in place to continue the drive for business improvement across the organisation. During 2021 and into 2022, the senior team within NIPS worked on the development of our next strategic improvement programme, Prisons 25 by 25. The programme identified 25 key areas to be progressed by 2025.

In shaping the programme we maintained the guiding principles of Prisons 2020, recognising that the four pillars (*Our People, Our Services, Our Infrastructure, Our Partnerships*) would remain the building blocks of the organisation for the next three years and should be complemented by an additional pillar (*Our Contribution*) which focuses on how we add value for others.

NIPS undertook a period of consultation to canvass views on the proposed framework. From the consultation a number of common key themes emerged:

- very positive feedback on the content and simplicity of the programme;
- unanimous support from partner organisations in working together to achieve delivery of the priorities;
- importance of prioritising key challenges including mental health and drugs;
- ensuring that the framework continues to build on positive initiatives from Prisons 2020 (i.e. employee wellbeing) and takes account of any outstanding deliverables; and
- concerns about the impact that reduced budgets would have on realising objectives.

Prisons 25 by 25 (continued)

Having taken account of the feedback and reviewing organisational priorities, Prisons 25 by 25 was launched in September 2022. The programme will run from April 2022 until March 2025 and will focus on delivering rehabilitation through:

- Our People - we have a professional, skilled and supported workforce serving with competence, confidence and compassion;
- Our Services - working with others, we rehabilitate and support those in our care through a person centred approach;
- Our Infrastructure - we have a fit for purpose, secure estate which facilitates innovative delivery models;
- Our Partnerships - in partnership with others, we rehabilitate and prepare those in our care for life in the community; and
- Our Contribution - we make a difference as part of the community.

Underpinning the above pillars we have set 25 key objectives or priority areas. The programme is ambitious in the context of the very challenging environment ahead and NIPS may have to tailor the action plans accordingly.

Capital Estates Programme

Approval was obtained from the Department of Finance (DoF) on the Outline Business Case 1 (OBC1) for the New Female Facility in May 2021, the New Welcome and Visits Centre in Maghaberry Prison in June 2021 Redevelopment of Magilligan Prison in May 2022.

Work has now commenced on delivery of the Outline Business Case 2 (OBC2) for these major capital projects. The OBC2 will provide detail of the full design and specification for the preferred option. It provides a basis for DoF approval to initiate the formal procurement process.

The Minor Works rolling programme has continued through the year with approximately 115 minor works projects completed totalling £14 million. Examples of work over the past year include:

- wellbeing hub for staff at Maghaberry;
- pedestrian covered walkway at Maghaberry;
- upgrade of security measures at Mourne House in Maghaberry Prison;
- dedicated Care and Supervision Unit for female prisoners at Hydebank Secure College;
- enhanced domestic support unit for female prisoners at Hydebank Secure College;
- upgrade of mechanical and electrical infrastructure including boiler houses, plant rooms and lighting systems, all of which have resulted in significant reductions in energy usage and carbon emissions; and
- upgrade of specialist security systems throughout the prison estate including CCTV, Alarm, Access Controls and Intercom Systems.

Procurement

The Central Procurement Unit (CPU) is a branch within NIPS, responsible for all non-construction procurement within NIPS. The CPU manages around 60 contracts with contract value in the region of £11.5 million. These consist of several food contracts, Prisoners's tuckshop, stores items and various non-goods and service requirements.

Additionally, the Unit provides draft tender documentation and advice on the tendering process for end-users. The Unit is a principal member of the Public Sector Food Working Group, and is also the only point of contact for the Trader Support Scheme (TSS) within NIPS.

Digitalisation

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

- the Prisoner Portal system - which is a self-service portal for inmates to enable them to perform basic functions i.e. meal ordering and tuckshop; Quoile House and Shimna House had the portal installed in March 2023 and this resulted in a further 100+ in-cell PCs. A kiosk provision will also be implemented later in 2023. The functionality of the system has also expanded through the provision of inmate visit details. In 2023-24 it is planned to provide prisoner portal to a further 150+ users and again further expand the functionality;
- the rollout of PRISM functionality on tablet technology has continued successfully in the last year across the NIPS estate, with the CSU (Care and Supervision Units) application now live in all three sites along with the new handheld devices, the PECCS (Prisoner Escorting and Court Custody Service) application is live in Laganside, (this enables PECCS to supervise and assist vulnerable people in their care), and the directory of services application is at an advanced stage of development. This has increased the suite of applications to ten. Further development of the CSU application is planned for 2023-24 as well as the initial stages of the development of online services;
- the PRISM technical refresh of its software and hardware (a significant project) is now complete, migrating the system to our shared service provider IT Assist and testing fully the system contingency arrangements successfully;
- virtual visits capability, which was established in early April 2020 to assist NIPS in their response to the pandemic by enabling visits to continue virtually due to Covid-19 restrictions, continues to operate successfully with over 65,000 meetings arranged from 1 February 2022 to 31 January 2023, of which over 30,000 were attended virtual visits. This functionality has been further extended and changed over the past 12 months and there are plans to pilot a new virtual teaching facility;

Digitalisation (continued)

- the video link units enabling court business and virtual visits to continue unaffected have been migrated to a new cloud provision in the past 12 months, along with our shared service supplier, and there has been further expansion and use of video technologies throughout NIPS;
- ICT have been integral in supporting several NIPS initiatives in the past 12 months, including local enterprise in Magilligan and the provision of recording equipment and software in Maghaberry to allow inmates to read their children bedtime stories; and
- there has also been further progress to promote inclusion for foreign national inmates interaction with ICT with further provision of translation software on tablet devices to enable communication.

Health and Safety

NIPS Health and Safety staff are working to keep staff safe and, NIPS operational, and ensure compliance with The Health and Safety at Work (Northern Ireland) Order 1978. NIPS are also adhering to the NICS Workplace Advice: Live Life Covid-Aware advice.

Examples of work undertaken includes:

- Gaining approval for the Cell Snatch Rescue Equipment;
- Providing advice and support to assist in the introduction of body scanners to each of the establishments; and
- Health and Safety advisor has initiated reviews of the NIPS Health and Safety Policy and NIPS Fire Policy.

FORWARD LOOK

Moving into 2023-24, our focus will be on continuous improvement against the rising prisoner population.

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.

The steady increase of the prisoner population will provide significant challenges, as will the budgetary situation across the public sector in Northern Ireland. The development and publication of Prisons 25 by 25 sets the strategic direction of the Service for the coming years and will be the vehicle to deliver continuous improvement.

PERFORMANCE ANALYSIS

REVIEW OF PERFORMANCE 2022-23

Performance against Key Performance Targets

The NIPS Business Plan for 2022-23 set out Key Performance Targets (KPTs) to measure the Service's performance. These were developed in line with the NIPS Continuous Improvement Programme, Prisons 25 by 25.

As was the case in 2021-22, the challenge of managing the pandemic continued to impact our ability to drive forward continuous improvement. However progress has been made in relation to the key performance areas listed in the tables below.

Key Performance Targets	Comment	Year-end Status
1. Address Harm and Vulnerability		
<p>Work with partners to support improved health (including mental health) within the justice system to maintain the safety and wellbeing of people in our care including:</p> <ul style="list-style-type: none"> continued development, delivery and implementation of actions from the joint Department of Health (DoH)/DoJ <i>Improving Health within Justice</i> Strategy Action Plan; and participation and engagement within a range of fora to support the progression of initiatives to improve outcomes for those on the cusp of, or within the justice system. 	<p>Good progress has been made in delivering on the action plan. As at the end of March 2023, 60% of the 45 actions have been either completed, embedded or closed. Of the remaining Live actions over 31% are on track for achievement. Planning has been ongoing for a workshop to develop the revised action plan and it is hoped this will take place early in the summer.</p> <p>The Department continues to be involved in the implementation of relevant cross-departmental strategies which may have an impact on the health of those in our care. In recent months, this has involved attending a workshop to develop implementation plans for the Early Intervention and Prevention Mental Health Action Plan, meetings with colleagues from Scottish Government and Ministry of Justice to discuss applying trauma informed practice in custodial settings and attendance at the Forensic Managed Care Network Advisory Board meeting.</p>	Achieved

Key Performance Targets	Comment	Year-end Status
2. Challenge Offending Behaviours and Support Rehabilitation		
<p>To improve the outcomes for those in contact with the justice system by enhancing opportunities to address the needs of individuals, helping them address the root cause of their offending behaviour and reduce the rate of offending, including:</p> <ul style="list-style-type: none"> implementation of the recently published Adult Restorative Justice Strategy; and development and implementation of an action plan to support the strategy for women and girls with the justice system 	<p>Good progress has been made on delivery of Year 1 actions within the Adult Restorative Justice (RJ) Strategy Action Plan. The most significant piece of work delivered in-year was the review of the 2007 Protocol governing RJ and accreditation, with the independent panel's report published in February 2023. This will enable a number of other longer-term actions to be progressed in the coming year. Other actions completed this year include:</p> <ul style="list-style-type: none"> testing and developing processes for victim-initiated engagement in RJ; increased victim engagement in RJ across a range of pathways; the establishment of PBNI's service user forum for victims; development and delivery of RJ training to staff and volunteers of a number of partner organisations; and closer links with RJ Council to standardise services and learn from best practice. <p>An Annual Report will be published to provide a more detailed progress report against the Strategy and Action Plan.</p> <p>Two action plans, one for Women and another for Girls, in contact with the justice system have been developed. While stakeholder engagement is underway, their ability to commit to actions has been impacted by the lack of certainty for the 2023-24 year and beyond.</p>	<p>Achieved</p> <p>Partially Achieved</p>
<p>To put in place arrangements for the care of children in a safe, secure, therapeutic, child-centred environment supported by a youth justice policy and legislative framework with a coherent approach to early intervention, including:</p> <ul style="list-style-type: none"> continue to develop a strategic approach to Earlier Stage Diversion by working with partners to create additional alternatives to children entering the formal justice system; and 	<p>A new Earlier Stage Diversion scheme (which will supplement existing schemes) has been designed. PSNI and Youth Justice Agency (YJA) have agreed to move to pilot. There has been some delay in proceeding due to work within Public Prosecution Service (PPS) to agree and implement significant changes to their IT and data management systems to support the pilot. These will not now be agreed and delivered within the current business year and we are awaiting confirmation of a new delivery date. Similar changes will be needed within PSNI and these are being planned and costed, and we are awaiting confirmation of implementation dates.</p> <p>Discussions are also ongoing with PSNI to explore options to extend the offence criteria of the Community Resolution Notices (CRN) Referral Scheme.</p>	<p>Partially Achieved</p>

Key Performance Targets	Comment	Year-end Status
2. Challenge Offending Behaviours and Support Rehabilitation		
<ul style="list-style-type: none"> work with the Department of Health and Department of Education to develop and implement a Regional Care and Justice Campus Programme to better support the needs of vulnerable children including those in the justice system. 	<p>Work to harmonise a range of services between Woodlands Juvenile Justice Centre and Lakewood Secure Care Centre continues apace. A new ACORN multi-disciplinary health and therapeutic care service is operational across both sites and plans are at an advanced stage to share leisure facilities, pilot sharing vocational training provision and to progress the introduction of the NI Framework for Integrated Therapeutic Care across the two facilities. A Gate 0 review of the programme was completed in November 2022 and concluded with an amber delivery confidence assessment, which means the programme should continue while addressing issues identified during the review.</p>	Achieved
<ul style="list-style-type: none"> Implement the new Strategic Framework for Youth Justice (SFYJ) Action Plan, with a focus on those actions which are to be delivered in the short-term (i.e. within one year of publication). 	<p>Work on the development of the first annual progress report for the SFYJ has just completed and the report will be published on the DoJ website. A consultation summary report detailing the responses to the recent public consultation seeking views on increasing the minimum age of criminal responsibility (MACR) was published on 1 June 2023.</p>	Achieved

Key Performance Targets	Comment	Year-end Status
3. Deliver an Effective Justice System		
<p>To support recovery and reform of the justice system from the impacts of Covid-19 including:</p> <ul style="list-style-type: none"> complete a return to full and normalised operational delivery of regimes and services for people in custody within prison establishments. 	<p>Formal operational recovery was completed in 2022-23 when safeguards required in response to the risks of Covid-19 were removed.</p> <p>However, partially due to the justice systems recovery from Covid, the prison population has increased and continues to rise. On 1 August 2022 the population was 1,701, on 31 March 2023 it was 1,819 (+118). On 7 June 2023 the prison population had further increased to 1,868.</p> <p>This is putting sustained additional pressure on regime and service delivery at establishments, and is particularly pronounced at Maghaberry Prison.</p> <p>Ministerial approval was secured in August to increase the operational staffing levels in NIPS to counter-balance the pressure at that time.</p> <p>The continued rise in population will require further mitigation if safe and decent custody is to be preserved</p>	Not Achieved
<p>Enhance the delivery of services to support NIPS staff and people in our care and further support operational prison staff to meet the challenges of working in a custodial environment including:</p> <ul style="list-style-type: none"> develop, publish and deliver Year 1 of the Prisons 25 by 25 programme which will embed continuous improvement between 2022-2025; and ongoing implementation of the recommendations from the review of support services to current and former Prison Officers. 	<p>Prisons 25 by 25 has been published and the Year 1 delivery plan agreed and delivered. Year 2 is being developed.</p> <p>Good progress has been made against the recommendations regarding current staff. The 12 strategic recommendations contain 24 actions. Of these: 18 are assessed as fully implemented, two as ongoing and four as not being delivered due to issues outside the control of the Prison Service. The outstanding actions will now be taken forward through normal business.</p> <p>The recommendations for former staff has been fully implemented and the service is being provided by Police Rehabilitation and Retraining Trust (PRRT).</p>	Achieved

Key Performance Targets	Comment	Year-end Status
3. Deliver an Effective Justice System		
<p>To improve the effectiveness of operational delivery by NIPS and outcomes it achieves through the ongoing implementation of recommendations made by Criminal Justice Inspection Northern Ireland (CJINI) including:</p> <ul style="list-style-type: none"> • complete and evidence the implementation of recommendations made by CJINI in the following reports: <ul style="list-style-type: none"> - Court Custody - the detention of persons in the custody of the court in Northern Ireland; - Care and Supervision Units - a review into the operation of care and supervision units in the Northern Ireland Prison Service; - Magilligan Prison - Report Of An Unannounced Inspection Of Magilligan Prison, 21 May to 10 June 2021; and - Inspection of Woodlands Juvenile Justice Centre 2022. 	<p>Progress continues to be made to address the recommendations from the CJINI Reports for Court Custody, Care and Supervision Units (CSU) and Magilligan Prison.</p> <p>Significant progress has been made in delivery against the recommendations within the CSU report and NIPS continues to support health colleagues in the delivery of their recommendations.</p> <p>YJA has developed an action plan in response to the recommendations arising from the CJINI inspection of Woodlands which was published on 28 September 2022.</p>	Achieved

Financial Review

The net expenditure of the Agency for 2022-23 is compared to the previous two financial years in the table below:

	2022-23	2021-22	2020-21
	£000	*Restated £000	*Restated £000
Total operating income	(4,080)	(3,589)	(3,322)
Staff costs	76,926	75,905	78,323
Purchase of goods and services	34,574	29,893	30,353
Depreciation and impairment charges	12,630	13,916	15,598
Provision expense	3,376	1,481	253
Grants	1,897	2,202	2,073
Total operating expenditure	129,403	123,397	126,600
Net operating expenditure	125,323	119,808	123,278
Finance expense	1,625	1,115	1,392
Net expenditure for the year	126,948	120,923	124,670
Notional costs	3,032	3,350	2,887
Net expenditure for the year including notionals	129,980	124,273	127,557

** Prior year figures have been restated to reclassify notional costs in line with guidance from Department of Finance - see Note 1.27 for further details.*

Non-current assets

Non-Current Asset expenditure movements are detailed in Notes 8 and 9 to the financial statements. Capital expenditure in 2022-23 totalled £15.7m (2021-22: £9.0m). Further details are contained in the Performance Summary.

Financial position

The total net assets of the Agency at 31 March 2023 were £240.3m (2021-22: £184.0m).

Cash flow

As detailed in the Statement of Cash Flows, the Agency's Net Assembly draw down in 2022-23 was £123.4m (2021-22: £120.4m) and the net decrease in Cash and cash equivalents in the year was £1.92m (2021-22: increase £0.3m).

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.

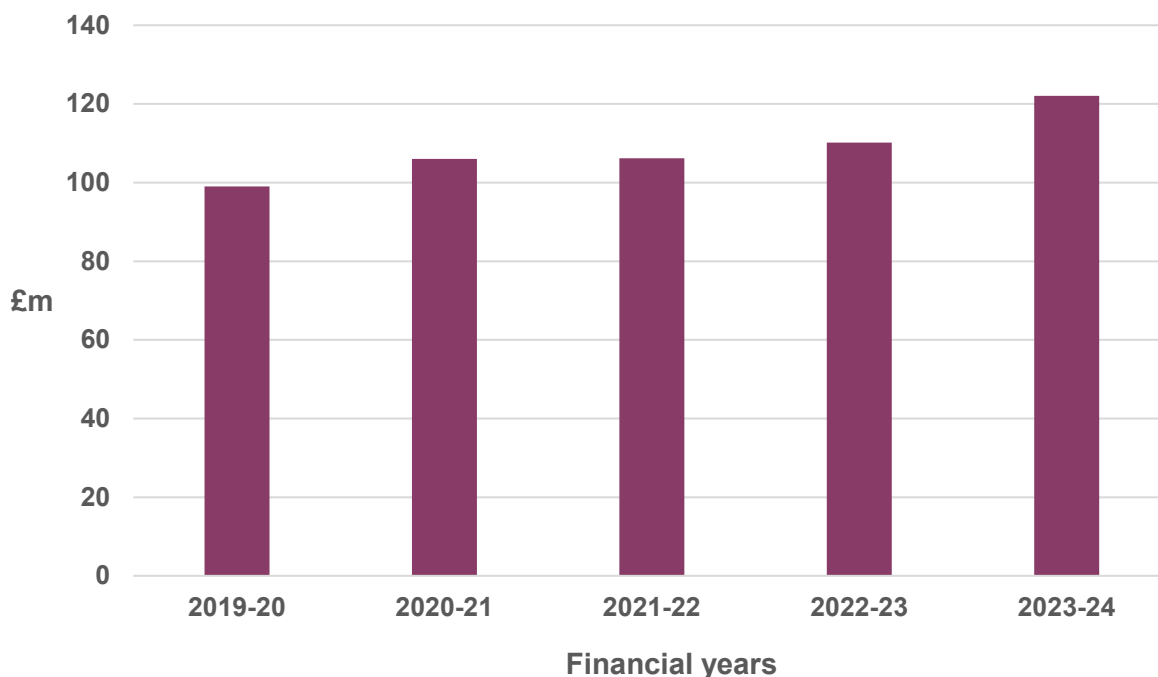
Cost per Prisoner Place

The Cost per Prisoner Place (CPPP), which excludes exceptional payments and the cost of the Prisoner Escorting and Court Custody Services, was £47,927 in 2022-23 (2021-22: £44,868).

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 2019-20 to 2023-24. This budget pays for programme delivery and running costs excluding non-cash charges for depreciation and impairment of assets.

Chart 1: NIPS Non-Ringfenced Resource DEL opening baselines 2019-20 to 2023-24



Long-term expenditure trends (continued)

2022-23 financial year

In the absence of an Executive the Northern Ireland Office agreed the individual departmental allocations and an overall Budget for 2022-23. The Secretary of State announced the NI Budget in a Written Ministerial Statement on 24 November 2022 providing the Department with a budget of £1,184.2m*.

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

- a flat cash allocation (2021-22 opening baseline) of £1,086.4m;
- additional allocation of £58.1m;
- additional security funding for the PSNI of £31.2m;
- NI Protocol funding of £2.3m;
- funding for the Tackling Paramilitarism Programme of £8.9m;
- funding from the NI Consolidated Fund of £1.5m; and
- reduced allocation of £4.4m relating to IFRS 16 and other technical adjustments.

**Totals may not add due to roundings*

The opening budget for 2022-23 provided an allocation of £110.2m for the NI Prison Service, which reflected a 3.7% increase against the 2021-22 opening baseline position (excluding £1.9m funding for Covid-19).

2023-24 financial year

On 27 April 2023, in a Written Ministerial Statement, the Secretary of State for Northern Ireland set out a final budget for 2023-24. The Written Ministerial Statement provided a non-ringfenced resource budget for the Department of £1,156.7m*.

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

- an adjusted opening baseline budget of £1,140.1m;
- funding from the NI Consolidated Fund of £1.5m (from 2022-23);
- budget cut for 2023-24 of £19.4m (c. 1.7%);
- additional security funding for the PSNI of £31.2m; and
- NI Protocol funding of £3.2m.

**Totals may not add due to roundings*

The opening budget for 2023-24 provides an allocation of £122.1m for the NI Prison Service, which reflects a 10.8% increase against the 2022-23 adjusted budget position.

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 her findings to the Assembly. The C&AG and her 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 £43,500 (2021-22: £38,500).

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). Both sub-groups have made legislative changes as part of a phased approach. DoF has completed a consultation exercise on proposed changes to the NICS scheme, which includes NIPS, and is considering the responses.

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 93.1% (2021-22: 94.0%) of payments to suppliers within 10 working days and 96.8% (2021-22: 97.5%) 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.

In addition, new entrants (discipline grade) to the NIPS receive a Human Rights awareness session delivered in partnership with the Ulster University as part of the accredited Initial Induction Programme. There have been 121 new entrants who received this training from 1 April 2021 to 31 March 2023.

Anti-corruption and anti-bribery

NIPS is committed to the values of probity and accountability which foster a positive organisational culture. Prison staff, whether on or off duty, should always act in a way which supports and upholds the reputation of the profession.

Clear expectations are set out within the NIPS professional code of ethics and values, and any alleged wrongdoing will be rigorously investigated by highly experienced and trained investigators from the Professional Standards Unit. NIPS has a zero tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

Serious allegations of wrongdoing e.g. bribery, corruption, theft etc. may also be referred to the PSNI for criminal investigation. NIPS will take proportionate steps to recover any assets lost as a result of fraud, corruption or theft.

Energy and environmental management

NIPS is committed to ensuring the delivery of sustainable and cost efficient services. During 2022-23 NIPS has continued to manage our environmental commitments across its operations and through its supply chain in a number of ways:

Ref	Area	Comment
1	Sustainability Steering Group	NIPS operate a Sustainability Steering Group which offers decisions and direction on sustainable development initiatives across the service. NIPS also have representation on the DoJ Sustainability Steering Group.
2	Use of an Energy Monitoring & Targeting (M&T) System	NIPS has been at the forefront of energy monitoring and targeting across central Government since its installation in 2014. The M&T system is managed on a daily basis to provide a best practice approach to the ongoing 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 reduce energy consumption and CO ² emissions. A new BMS was been installed at Magilligan in March 2022 which has contributed to an annual reduction in fossil fuel consumption at the site of 21% compared against the previous year. Proposals are being developed to progress the upgrade of BEMS at Maghaberry.
4	LED lighting programme	The roll-out of replacement LED lighting has continued during the year across the prison estate. Upgrades has been delivered to both internal and external lighting as well within cells.


Ref	Area	Comment
5	Boiler house and plant room upgrade programme	During the last 12 months NIPS has refurbished a further 2 boiler houses and an additional plant room. These have been part of our annual upgrade programme to strengthen the resilience of heating and hot water infrastructure and reduce energy consumption across the estate. Over the last seven years, 37 boiler houses and plant rooms have now been refurbished.
6	Incorporation of Social Value measures within constructions contracts	The use of Buy Social clauses has been adopted within our construction contracts and has been used to create skilled training and employment opportunities. The use of the new Social Value measures will continue to be applied whenever we tender construction contracts.
7	Establishment of recycling centres on each site	Recycling activities have continued across all sites creating inmate activity and helping reduce quantities of general waste. Activities include stripping precious metals from old laptops and assisting other public sector partners by helping to collect and separate recyclable materials from used Covid test packs.
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. Following collection the food waste is put through an anaerobic digester to generate heat/electricity.
9	Incorporation of BREEAM environmental standard for all new build projects	All major capital works projects continue to include BREEAM assessments to improve the environmental performance of future buildings.
10	Biodiversity	Biodiversity Action Plans have been produced for each prison site. NIPS continues to work with the NI Environment Agency, RSPB, Woodland Trust and conservation specialists to protect flora and fauna across the prison estate.

Energy and environmental management (continued)

The energy management strategy for Northern Ireland seeks to lower net energy consumption by 30% across central Government by 2030 (from a 2016-17 baseline). By 31 March 2023 the Northern Ireland Prison Service had achieved the following energy and environmental reductions:

Energy and Environmental Metric	Reductions achieved to date as we seek to lower consumption by 30% by 2030 (from a 2016-17 baseline)
Fossil fuels	(29% reduction)
Electricity	(7% reduction)
Water	6% increase
CO ² emissions	(49% reduction)
Waste collections	(9% reduction)

The publication of the Climate Change Act (NI) 2022 means there are new and evolving policy measures currently in development with a target of net zero emissions by 2050. Moving forward NIPS will continue, as much as possible, to progress its work on delivering effective Climate Change Action Plans.

PERFORMANCE REPORT


Ronnie Armour
Accounting Officer
29 June 2023

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:

- Other 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 2023, the Management Board was as follows:

- Ronnie Armour - Director General;
- David Kennedy - Director of Prisons;
- Steven McCourt - Acting 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

Declaring conflicts of interest is a standing agenda item at all meetings of the NIPS Management Board and the NIPS Audit and Risk Committee; no interests declared were deemed to conflict with Agency business. In addition, an annual exercise is commissioned from all senior management, including Non-Executive Board Members, reminding them of their responsibilities in regard to declaring interests and requesting them to update their declaration of interests. A register of interests for NIPS Board members is available on the Department's website at [NIPS Board Register of Interests](#). No significant interests are currently held by Board members that may conflict with their management responsibilities.

Reportable loss of data

There were no reportable losses of data during 2022-23.

Business appointment rules

The [NICS Standards of Conduct Policy](#) (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment by Civil Servants after leaving the NI Civil Service. This includes procedures to make staff aware of these rules and provides that the Permanent Secretary of the department is responsible for the effective operation of the Business Appointment Rules within their department. During 2022-23 there were no applications from Senior Civil Servants within NIPS.

Complaints procedure

When appropriate, the Service follows Departmental procedures in respect of complaints made by members of the general public. During 2022-23 eight 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.

Raising a Concern

The Department's Raising a Concern policy, which includes the Northern Ireland Prison Service (NIPS), 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.

If an individual has a concern about malpractice, they may raise it with their line manager. If you are a civil servant and believe that you are being required to act in a way which conflicts with the core values and standards set out in the Civil Service Code of Ethics, or you have become aware of the actions of others which you believe conflict with the Code, you should raise the matter with the Department's Nominated Officer: David Lennox, Deputy Director, Corporate Engagement and Communications Division.

Matters may also be raised with the appropriate regulator or assurance body - such as the Northern Ireland Audit Office, Criminal Justice Inspection Northern Ireland or the Health and Safety Executive of Northern Ireland.

NIPS maintain a Raising a Concern database and has introduced oversight assurance at the Audit and Risk Committee.

NON-EXECUTIVE MEMBERS' REPORT

During 2022-23 the Northern Ireland Prison Service has been focussed on efficient and effective delivery of its services, on delivery of its continuous improvement plan Prisons 25 by 25, and on good governance, all in the context of increasing budgetary pressures and recovery from the Covid pandemic. 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 - Official in Department of Finance.

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.

NEM's welcomed the launch of Prisons 25 by 25, the challenging next step in NIPS improvement journey, which seeks to deliver 25 improved outcomes across 5 key Themes by 2025.

Updates received at PSMB on the Prisons 25 by 25 Action Plan showed that significant progress is being made despite the very significant challenges facing the Service throughout the year.

NEMs commended this progress, in particular the work being undertaken to support NIPS staff, including the opening of the new staff Wellbeing Hub, and the NIPS Strengthening Family Relations Strategy. This recognises the impact imprisonment has on family life and seeks to strengthen family relationships for the people in our care, contributing to reduction in re-offending.

NEMs welcomed scrutiny of NIPS services and activity from a number of external sources. These external agencies' inspection and scrutiny add to the assurances that NIPS is operating effectively and making Northern Ireland a safer place by reducing reoffending.

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.

During this reporting period, ARC was chaired by Claire Keatinge until June 2022. Sarah Wakfer then took over as Chair. 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 2022-23.

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 the Department of Justice, 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.

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 the 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 2023 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 2022-23. 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.

Two of the Board members have declared that they hold positions as Non-Executive Members in other public sector organisations but these are not considered to conflict with their management responsibilities in NIPS.

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 Forum; 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 2022-23; attendance by members is shown in the table below.

Member	Attendance
Director General - Ronnie Armour	8
Director of Prisons - David Kennedy	8
Director of Rehabilitation - Paul Doran*	3
Head of Strategy and Governance - Brendan Giffen	8
Acting Director of Rehabilitation - Steven McCourt	8
Non-Executive Member - Claire Keatinge	8
Non-Executive Member - Sarah Wakfer	8

* Paul Doran attended 3 out of 4 meetings before retirement.

Among matters considered by the Board during 2022-23 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.

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 five times during 2022-23; attendance by members is shown in the table below.

Member	Attendance
Non-Executive Member - Claire Keatinge	5
Non-Executive Member - Sarah Wakfer	5
Independent Board Member - Colm O'Hagan - Official in Department of Finance	4

Key matters considered during 2022-23 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 NIAO.

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

Operational Management Board (OMB)

The OMB 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 12 occasions during 2022-23; attendance by members is shown in the table below.

Member	Attendance
Director of Prisons (Chair)	12
Governor, Maghaberry	12
Governor, Magilligan	11
Governor, Hydebank Wood	12
Head of Prisoner Escorting and Court Custody Services	11
Director of Rehabilitation	11
Deputy Director - Operational Management	10
Deputy Director - Operations and Security	10
Head of Licensing and Legislation and Estates	12
Head of Strategy and Governance	1
Head of Wellbeing	10
Head of Operational Support	10
Legal (from November 2022)	2

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 2022-23 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 2022-23 the Finance Committee met 11 times. Members attended as follows:

Member	Attendance
Director General - Ronnie Armour	11
Director of Prisons - David Kennedy	10
Director of Rehabilitation - Paul Doran*	2
Acting Director of Rehabilitation - Steven McCourt	9
Head of Strategy and Governance - Brendan Giffen	8

* Paul Doran attended 2 out of 11 meetings before retirement.

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 2022-23 consisted of eight risks. PSMB has taken 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 2022-23 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 2022-23 there was a total of five 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 Compensation Claims, Tuckshops, Corporate Governance, Inmates Cash and Earning and Offenders Services Funding Agreements. .

All internal audits from 2022-23 plan had a satisfactory opinion with no Priority One recommendations. There have been six Priority Two recommendations and fourteen Priority Three recommendations which were accepted by management. The overall acceptance rate is 100% against the performance target of 90%.

Sufficient audit work has been completed to enable satisfactory assurance to be reported in the Head of Internal Audit's Annual Assurance Report and Opinion for 2022-23 as this is based on a cumulative assurance over the past three years.

6. Budget position

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023 which authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year. This will be followed by a further Budget Bill which the Secretary of State will bring to Parliament in due course, following the 2023-24 Northern Ireland Budget which he set in his Written Ministerial Statement on 27 April 2023.

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 issue was noted for 2022-23:

Deaths in custody

During this year there have been four deaths in custody, two of which are likely to have been natural causes and two of which potentially 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.

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 Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on 6 December 2022, the NI public sector pay policy guidance was published on 8 December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2022-23 has been finalised and was paid in June 2023. The pay award for NICS industrial staff for 2022-23 has been finalised and is due to be paid in July 2023.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum 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 consideration of 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, and this was renewed on 1 July 2022 for a further 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 2022-23				
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	-	(46)	55-60
David Kennedy Director of Prisons	90-95	-	(69)	20-25
Paul Doran Director of Rehabilitation (until 30 September 2022)	35-40 (FYE 80-85)	-	(32)	0-5
Steven McCourt Acting Director of Rehabilitation	70-75	-	(28)	55-60
Brendan Giffen Head of Strategy and Governance	65-70	-	(6)	60-65
Claire Keatinge Non-Executive Member	5-10	2.0	-	5-10
Sarah Wakfer Non-Executive Member	5-10	0.2	-	5-10

FYE - Full Year Equivalent

** 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				
2021-22				
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	-	56	160-165
Austin Treacy Acting Director of Prisons (until 30 April 2021)	10-15 (FYE 85-90)	-	(1)	10-15
David Kennedy Director of Prisons (from 1 May 2021)	75-80 (FYE 85-90)	-	9	85-90
Paul Doran Director of Rehabilitation	85-90	-	50	135-140
Steven McCourt Acting Director of Rehabilitation (from 7 Jan 2022)	15-20 (FYE 70-75)	-	37	50-55
Brendan Giffen Head of Strategy and Governance	65-70	-	32	100-105
Claire Keatinge Non-Executive Member	5-10	2.6	-	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.

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. This report is based on accrued payments made by the Northern Ireland Prison Service and thus recorded in these accounts.

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.

Fair pay disclosures**Pay ratios**

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

The banded remuneration of the highest paid director in the Northern Ireland Prison Service in the financial year 2022-23 was £100,000- £105,000 (2021-22: £100,000 - £105,000). The relationship between the mid point of this band and the remuneration of the organisation's workforce is disclosed below.

[Audited information]

2022-23	25th percentile	Median	75th percentile
Total remuneration (£)	25,937	30,521	37,069
Pay ratio	4.0:1	3.4:1	2.8:1

2021-22	25th percentile	Median	75th percentile
Total remuneration (£)	25,667	29,720	36,505
Pay ratio	4.0:1	3.5:1	2.8:1

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

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £25,118, £25,532 and £29,624 respectively, (2021-22: £23,436, £24,154 and £31,020).

In 2022-23, no employees (2021-22: None) received remuneration in excess of the highest paid Director.

Remuneration ranged from £19,000 to £102,500 (2021-22: £19,000 to £102,500).

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances, and
- b) performance pay and bonuses

of the highest paid director and of their employees as a whole.

The percentage changes in respect of the Northern Ireland prison Service are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

[Audited information]

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	0.6%	(5.0%)
Highest paid director's salary and allowances	0.0%	5.1%
Average employee performance pay and bonuses	(68.4%)	(84.9%) ¹

¹ The Northern Ireland Civil Service special bonus scheme was withdrawn with effect from 31 March 2021. Bonuses continue to be payable to operational staff.

No performance pay or bonuses were payable to the highest paid director in these years.

Pension entitlements*[Audited information]*

Board Member	Accrued pension at pension age as at 31/3/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at *31/3/23	CETV at 31/3/22	Real increase in CETV
	£000	£000	£000	£000	£000
Ronnie Armour Director General	55-60 plus lump sum 125-130	0 plus lump sum 0	1,190	1,115	(60)
David Kennedy Director of Prisons	50-55 plus lump sum 145-150	0 plus lump sum 0	1,118	1,055	(78)
Paul Doran Director of Rehabilitation (until 30 September 2022)	45-50 plus lump sum 70-75	(0 -2.5) plus lump sum (2.5-5.0)	940	907	(16)
Steven McCourt Acting Director of Rehabilitation	40-45 plus lump sum 105-110	0 plus lump sum 0	921	867	(39)
Brendan Giffen Head of Strategy and Governance	25-30 plus lump sum 45-50	0-2.5 plus lump sum 0	457	421	(14)

* Or date of leaving if earlier

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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 initially 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 members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

McCloud Judgment

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by the Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

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 relate to the alternative schemes e.g., legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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

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%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) - Closed Scheme

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of premium or joining the Partnership Pension Account.

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.

Partnership Pension Account

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).

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

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. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. 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 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 to 31 March 2024 are as follows:

Annualised rate of pensionable earnings (Salary Bands)		Contribution rates - all members
From	To	
£0	£25,049.99	4.60%
£25,050.00	£56,999.99	5.45%
£57,000.00	£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) Regulations 1996 (as amended) 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.

Northern Ireland Civil Service (NICS) Pension Schemes (continued)**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 (2021-22: £Nil).

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

			2022-23	2021-22
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	56,554	109	56,663	55,893
Social security costs	6,121	-	6,121	6,049
Other pension costs	14,236	-	14,236	14,006
Total costs	76,911	109	77,020	75,948

Of which:

		2022-23	2021-22
	Note	Total £000	Total £000
Admin staff costs	5	5,810	5,929
Programme staff costs	6	71,116	69,976
Total admin and programme staff costs	3	76,926	75,905
Capital projects		94	43
Total costs		77,020	75,948

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but NIPS 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.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor.

Staff costs (continued)

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. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information, including a copy of Unpause Cost Cap Valuation Report, can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £14,248,774 were payable to the NICS pension arrangements (2021-22: £14,044,654) 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 £6,822 (2021-22: £13,664) 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% (2021-22: 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 £226, 0.5% (2021-22: £549, 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.

15 persons (2021-22: 31 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £34,203 (2021-22: £32,195).

Average number of persons employed

[Audited information]

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

			2022-23	2021-22
	Permanently employed staff	Others	Total	Total
Operational staff	1,349	4	1,353	1,372
Administration staff	137	-	137	163
Staff engaged on capital projects	1	-	1	2
Total number of staff	1,487	4	1,491	1,537

Staff composition

The tables below provide a gender breakdown of all operational and non-operational staff:

At 31 March 2023	Female staff	Male staff	Total staff
Prison Service Management Board	2	4	6
Senior Civil Service	-	3	3
Staff	604	950	1,554

At 31 March 2022	*Female Staff	Male staff	Total staff
Prison Service Management Board	2	4	6
Senior Civil Service	-	4	4
Staff	612	947	1,559

** Prior year has been restated to amend number female SCS members.*

The breakdown of Senior Civil Service staff by pay scale is as follows:

Pay Scale	Banding in 2022-23	2022-23 Number	2021-22 Number
Pay Scale 1	£75,464 to £84,674	2	3
Pay Scale 2	£96,722 to £108,118	1	1

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 consecutive 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.

The Agency had an overall sickness absence rate of 24.8 days lost per employee in 2022-23 (2021-22: 25.3 days). Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2022-23” report at [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#).

Sickness absence management has been and continues to be proactively managed by the NICS HR Business Partnering Team in collaboration 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.

Employee wellbeing

The Prisons WELL programme which launched in March 2019 continues to support staff wellbeing. The programme is delivered by the PrisonsWell team at NIPS Headquarters, in partnerships with a number of lead Governors and supported by the Director General and his management team.

During 2022-23 we have continued to deliver the programme with a number of intranet and email updates promoting the importance of looking after your health and wellbeing alongside producing leaflets and guides to signpost staff to a range of support services which offer support on many issues including counselling, welfare services, addiction issues, and advice to carers. We are currently working in partnership with NICS Well to deliver health checks for staff across the service.

In March 2022 we launched our new PrisonsWell App with the aim of providing all staff with 24-hour access to wellbeing help and support. The app is regularly updated with information to help support staff with their mental health and wellbeing. Work has commenced to enhance communication with the addition of an area for staff to view any upcoming career development/promotion opportunities for operational grades.

A staff Wellbeing Hub was officially opened in Maghaberry in October 2022. The purpose built area provides a therapeutic environment for staff to access information on support services and receive support after critical incidents.

The NIPS partnership with Police Rehabilitation and Retraining Trust (PRRT) continues to grow with the services for former staff now well embedded and being utilised. A series of resilience training courses has commenced delivery with further courses to be delivered throughout the year.

STAFF POLICIES

Employment, training and advancement of disabled persons

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service.

The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the service.

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. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability NI (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022-23; including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. For more information refer to the "Information for disabled applicants" section of the [NICS recruit website](#).

Due to the ongoing Covid-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its' participation in International Job Shadow Day (IJS) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

Equality, diversity and inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

Our Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our priorities for action by diversity and inclusion theme and cross-cutting priorities.

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. Further information on the NICS' commitment to equality of opportunity is available in the [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 data. The statistics are available on the NICS Human Resources Statistics section of the [Northern Ireland Statistics and Research Agency \(NISRA\)'s website](#).

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. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the [Workforce 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 on its website - [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. 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 continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing 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.

The Prison Service College continues to provide business-specific learning and development interventions to our operational and administrative staff. The primary focus this year has been on the delivery of training to new recruits to the organisation, as well as meeting mandatory training requirements.

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.

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 including:

- 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.

Employee Consultation and Trade Union Relationships

DoF is responsible for the NICS Industrial Relations Policy. People & Organisational Development consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Staff engagement survey

The Head of the NI Civil Service advised staff on 7 November 2022 that the launch of the next People Survey would be postponed until Spring 2023 and so no survey was conducted in 2022. The results of the survey conducted in 2023 were not available in advance of finalising the Annual Report and Accounts. However, the full survey is expected to be made available in Summer 2023 at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

NIPS are working with NISRA to develop a staff survey which includes Operational Staff, with the aim of launching this during the later stages of 2023-24.

Staff turnover

The Agency Turnover percentage (the total number of people that have left the Agency including those who have moved within the NICS) for 2022-23 is 7.6%, and the General Turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 7.3%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

	2022-23	2021-22
Departmental Turnover Rate	7.6%	7.8%
General Turnover Rate	7.3%	7.4%

Expenditure on consultancy

NIPS incurred £Nil expenditure on consultancy during 2022-23 (2021-22: £Nil).

Off-payroll engagements

There were no off-payroll engagements requiring disclosure during 2022-23 (2021-22: Nil).

Reporting of Civil Service and other compensation schemes - exit packages

There were no exit packages requiring disclosure during 2022-23 (2021-22: Nil).

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

OTHER 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 95 compensation payments (2021-22: 85) totalling £1,252,356 (2021-22: £959,701).


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 2023

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 2023 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. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted 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 2023 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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.

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

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;
- ensure the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; 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.

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.

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

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 included 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 posting of 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;
- 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;

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


- 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.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
107 University Street
BELFAST
BT7 IEU
Date: 3 July 2023

FINANCIAL STATEMENTS**Statement of Comprehensive Net Expenditure****For the year ended 31 March 2023**

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.

		2022-23	2021-22
	Note	£000	*Restated £000
Revenue from contracts with customers	3	(4,045)	(3,499)
Other operating income	3	(35)	(90)
Total operating income		(4,080)	(3,589)
Staff costs	3	76,926	75,905
Purchase of goods and services	3	34,574	29,893
Depreciation and impairment charges	3	12,630	13,916
Provision expense	3	3,376	1,481
Grants	3	1,897	2,202
Total operating expenditure		129,403	123,397
Net operating expenditure		125,323	119,808
Finance expense	3	1,625	1,115
Net expenditure for the year		126,948	120,923
Audit notional costs		44	39
Other notional costs		2,988	3,311
Total notional costs		3,032	3,350
Net expenditure for the year including notionals		129,980	124,273
Other comprehensive net expenditure			
Items that will not be reclassified to Net operating expenditure:			
- Net (gain) on revaluation of property, plant and equipment	8	(22,118)	(14,040)
- Net (gain) on revaluation of intangibles	9	(320)	(155)
- Actuarial (gain)/loss on provisions	16	(37,485)	14,915
Comprehensive net expenditure for the year		70,057	124,993

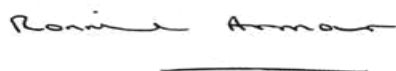
** Prior year figures have been restated to reclassify notional costs in line with guidance from Department of Finance - see Note 1.27 for further details.*

The notes on pages 70 to 105 form part of these Accounts.

Statement of Financial Position**As at 31 March 2023**

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	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Property, plant and equipment	8	337,469	311,750
Intangible assets	9	3,249	2,932
Trade and other receivables	14	20	22
Financial assets	10	8	10
Total non-current assets		340,746	314,714
Current assets			
Inventories	12	1,229	1,244
Trade and other receivables	14	2,414	2,096
Financial assets	10	3	4
Cash and cash equivalents	13	244	367
Total current assets		3,890	3,711
Total assets		344,636	318,425
Current liabilities			
Trade and other payables	15	(29,341)	(22,483)
Provisions	16	(6,051)	(5,419)
Total current liabilities		(35,392)	(27,902)
Total assets less current liabilities		309,244	290,523
Non-current liabilities			
Provisions	16	(68,769)	(106,547)
Other payables	15	(141)	-
Total non-current liabilities		(68,910)	(106,547)
Total assets less total liabilities		240,334	183,976
Taxpayers' equity and other reserves:			
General Fund		132,169	93,960
Revaluation Reserve		108,165	90,016
Total equity		240,334	183,976



Ronnie Armour
Accounting Officer

29 June 2023

The notes on pages 70 to 105 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2023

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	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net expenditure for the year		(129,980)	(124,273)
Adjustments for non-cash transactions	4	20,669	19,890
Decrease/(increase) in trade and other receivables	14	(316)	174
(Increase)/decrease in inventories	12	15	(66)
(Decrease) in trade and other payables	15	5,205	(2,414)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(2,917)	1,923
Use of provisions	16	(4,653)	(4,405)
Net cash outflow from operating activities		(111,977)	(109,171)
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,624)	(10,358)
Purchase of intangible assets		(523)	(588)
Proceeds of disposal of assets		9	7
Repayments from other bodies	10	3	5
Net cash outflow from investing activities		(13,135)	(10,934)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		123,383	120,356
Capital element of payments in respect of finance leases		(184)	-
Net financing		123,199	120,356
Net increase/(decrease) in cash and cash equivalents before adjustment for receipts and payments to Consolidated Fund		(1,913)	251
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		23	16
Payments of amounts due to the Consolidated Fund		(27)	(35)
Net increase/(decrease) in cash and cash equivalents after adjustments for receipts and payments to the Consolidated Fund		(1,917)	232
Cash and cash equivalents at the start of the period	13	(284)	(516)
Cash and cash equivalents at the end of the period	13	(2,201)	(284)

The notes on pages 70 to 105 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Agency analysed into General Fund Reserves, (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve 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.

		General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2021		104,781	80,482	185,263
Net Assembly Funding		120,356	-	120,356
Comprehensive net expenditure for the year		(139,188)	14,195	(124,993)
Auditor's remuneration	3	39	-	39
Other notionals	3	3,311	-	3,311
Transfers between reserves		4,661	(4,661)	-
Balance at 31 March 2022		93,960	90,016	183,976
Net Assembly Funding		123,383	-	123,383
Comprehensive net expenditure for the year		(92,495)	22,438	(70,057)
Auditor's remuneration	3	44	-	44
Other notionals	3	2,988	-	2,988
Transfers between reserves		4,289	(4,289)	-
Balance at 31 March 2023		132,169	108,165	240,334

The notes on pages 70 to 105 form part of these Accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 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 1.9%.

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 1.9%. 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 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.

1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, NIPS discloses for Assembly 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.

1.13 Leases

IFRS 16 Leases has been implemented from 1 April 2022. It largely removes the distinction between operating and finance leases and introduces a single lease accounting model for lessees. A lessee is required to recognise ('right-of-use') assets and liabilities for all leases (apart from the exemptions listed below). This replaces the previous standard, IAS 17 Leases, representing a change in accounting policy applied in accordance with IAS 1 and IAS 8 as adapted by the FReM.

Implementation and assumptions

The Northern Ireland Prison Service has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 Leases. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the current period. IAS 17 operating leases are included within the Statement of Financial Position (SoFP) as a lease liability and right of use asset for the first time with changes made through the General Fund as a cumulative catch-up adjustment where necessary.

The Agency has expanded the definition of a lease to include arrangements with nil consideration, for example peppercorn leases, defined as lease payments significantly below market value. These assets are measured at current value in use or fair value on initial recognition. On transition, any differences between the discounted lease liability and the right of use asset are included through cumulative catch.

Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income in the Statement of Comprehensive Net Expenditure (SoCNE).

1.13 Leases (continued)

The Agency has elected not to recognise right of use assets and lease liabilities for the following leases:

- low value assets, with an assessment performed on the underlying asset when new (these are determined to be in line with capitalisation thresholds); and
- leases with a lease term of 12 months or less.

Previous treatment

In the comparative period, as a lessee the Agency classified leases that transferred substantially all the risks and rewards of ownership as finance leases. The leased assets were measured at an amount equal to lower of the fair value and the present value of minimum lease payments.

Leases other than finance leases were classified as operating leases. Assets previously held as operating leases were not recognised in the Agency's SoFP. Payments were recognised in the SoCNE on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable from 1 April 2022

At inception of a contract, the Agency assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. To assess whether a contract conveys the right to control the use of an identified asset, the Agency assesses whether:

- the contract involves the use of an identified asset;
- the Agency has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- the Agency has the right to direct how and for what purpose the asset is used for.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

Agency as a lessee

Right of use assets

The Agency recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

1.13 Leases (continued)

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

The Agency applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (0.95% for leases recognised in 2022, 3.51% for those in 2023).

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Agency's estimates of the amount expected to be payable under a residual value guarantee, or if the Agency changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Agency is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Agency is reasonably certain not to terminate early.

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

1.13 Leases (continued)

Impact on financial statements

On transition to IFRS 16, the Northern Ireland Prison Service recognised an additional £0.511m of right of use assets and £0.511m of lease liabilities.

	£'000
Closing operating leases disclosed at 31 March 2022	188
<i>Adjustments from IAS 17 to IFRS 16:</i>	
Impact of discounting	(6)
Short term and low value leases	-
Extension to pre-existing lease	329
IFRS 16 opening balance lease liabilities at 1 April 2022	511

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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 22 but not elsewhere in these accounts since neither NIPS nor the Government more generally has a direct beneficial interest in them.

1.20 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.

1.21 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.

1.22 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 and services 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 including:

Other income

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

1.23 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.

1.24 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2022-23 financial year

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 2022 or later periods, but which NIPS has not adopted. NIPS considers that these are not relevant or material to its operations.

1.25 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 but are not yet effective, nor adopted early for these Accounts. The Agency considers that these are either not relevant or material to its operations.

1.26 Financial reporting - future developments

The Agency has considered the accounting initiatives identified by HM Treasury and Department of Finance covering potential changes and projects where standards, amendments or interpretations are in development. The Agency considers that these changes are either not relevant or material to its operations.

1.27 Prior year restatement

Northern Ireland departments are implementing the Review of Financial Process (RoFP) in 2022-23. The aim of RoFP is to align the boundaries of Budgets, Estimates and Accounts as far as it is practicable, including consolidation of NDPBs and other central government bodies in Estimates and Accounts.

Costs associated with the provision of shared services, or services provided by one department or agency to another, are notionally charged. Under RoFP, this would result in a misalignment due to notional costs being recorded in Accounts and Estimates but not in Budgets.

DoF has therefore issued guidance for departments and agencies to adapt the presentation of notional costs on the Statement of Comprehensive Net Expenditure. Notional costs will now be shown below 'Net expenditure for the year', followed by a new total of 'Net expenditure for the year including notionals'.

The impact of this change on comparative disclosures for 2021-22 is shown below.

<u>Statement of Comprehensive Net Expenditure</u>	Published Accounts	Reclassifi- cation of Notionals	Restated
	2021-22		2021-22
	£000	£000	£000
Revenue from contracts with customers	(3,499)	-	(3,499)
Other operating income	(90)	-	(90)
Total operating income	(3,589)	-	(3,589)
Staff costs	75,905	-	75,905
Purchase of goods and services	33,243	(3,350)	29,893
Depreciation and amortisation charges	13,916	-	13,916
Provisions expense	1,481	-	1,481
Grants	2,202	-	2,202
Total operating expenditure	126,747	(3,350)	123,397
Net operating expenditure	123,158	(3,350)	119,808
Finance expense	1,115	-	1,115
Net expenditure for the year	124,273	(3,350)	120,923
Audit notional costs	-	39	39
Other notional costs	-	3,311	3,311
Total notional costs	-	3,350	3,350
Net expenditure for the year including notionals	124,273	-	124,273

2. Statement of Operating Expenditure by Operating Segment

2022-23	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Gross expenditure	54,155	24,152	14,871	40,882	134,060
Income	(2,424)	(1,236)	(394)	(26)	(4,080)
Net expenditure	51,731	22,916	14,477	40,856	129,980

2021-22	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Gross expenditure	50,955	23,277	15,363	38,267	127,862
Income	(2,065)	(1,120)	(331)	(73)	(3,589)
Net expenditure	48,890	22,157	15,032	38,194	124,273

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

2022-23		Administration	Programme	Total
	Note	£000	£000	£000
Revenue from contracts with customers	7	-	(4,045)	(4,045)
Other operating income	7	-	(35)	(35)
Total operating income		-	(4,080)	(4,080)
Staff costs	5, 6	5,810	71,116	76,926
Purchase of goods and services	5, 6	2,750	31,824	34,574
Depreciation and impairment charges	5, 6	-	12,630	12,630
Provision expense	6	-	3,376	3,376
Grants	6	-	1,897	1,897
Total operating expenditure		8,560	120,843	129,403
Net operating expenditure		8,560	116,763	125,323
Finance expense	5, 6	-	1,625	1,625
Net expenditure for the year		8,560	118,388	126,948
Audit notional costs		44	-	44
Other notional costs		2,988	-	2,988
Total notional costs		3,032	-	3,032
Net expenditure for the year including notionals		11,592	118,388	129,980

3. Summary of information for Statement of Comprehensive Net Expenditure (continued)

2021-22		Administration	Programme	Total
	Note	£000	£000	*Restated £000
Revenue from contracts with customers	7	-	(3,499)	(3,499)
Other operating income	7	-	(90)	(90)
Total operating income		-	(3,589)	(3,589)
Staff costs	5, 6	5,929	69,976	75,905
Purchase of goods and services	5, 6	2,363	27,530	29,893
Depreciation and impairment charges	5, 6	-	13,916	13,916
Provision expense	6	-	1,481	1,481
Grants	6	-	2,202	2,202
Total operating expenditure		8,292	115,105	123,397
Net operating expenditure		8,292	111,516	119,808
Finance expense	5, 6	-	1,115	1,115
Net expenditure for the year		8,292	112,631	120,923
Audit notional costs		39	-	39
Other notional costs		3,311	-	3,311
Total notional costs		3,350	-	3,350
Net expenditure for the year including notionals		11,642	112,631	124,273

* Prior year figures have been restated to reclassify notional costs in line with guidance from Department of Finance - see Note 1.27 for further details.

4. Non-cash costs

2022-23		Administration	Programme	Total
	Note	£000	£000	£000
Purchase of goods and services	5, 6	(1)	16	15
Notional costs		3,032	-	3,032
Depreciation and impairment	5, 6	-	12,630	12,630
Provision expense	6	-	3,376	3,376
Finance expense	5, 6	-	1,616	1,616
Total		3,031	17,638	20,669

2021-22		Administration	Programme	Total
	Note	£000	£000	*Restated £000
Purchase of goods and services	5, 6	-	32	32
Notional costs		3,350	-	3,350
Depreciation and impairment	5, 6	-	13,916	13,916
Provision expense	6	-	1,481	1,481
Finance expense	5, 6	-	1,111	1,111
Total		3,350	16,540	19,890

** Prior year figures have been restated to reclassify notional costs in line with guidance from Department of Finance - see Note 1.27 for further details.*

5. Other administrative expenditure

		2022-23	2021-22
	Note	£000	*Restated £000
Staff costs**			
Wages and salaries		4,121	4,225
Social security costs		457	471
Other pension costs		1,232	1,233
		5,810	5,929
Purchase of goods and services			
Accommodation costs, maintenance and utilities		389	288
IT, communications and office services		1,251	1,186
Consumables, equipment and transport costs		3	13
Contracted out and managed services		497	369
Professional and consultancy costs		34	36
Rentals under operating leases		3	190
Staff related costs		565	277
Other costs		9	4
		2,751	2,363
Non-cash items:			
(Profit) on disposal of non-current assets	8, 9	(1)	-
		2,750	2,363
Total administrative expenditure		8,560	8,292

* Prior year figures have been restated to reclassify notional costs in line with guidance from Department of Finance - see Note 1.27 for further details.

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

6. Programme expenditure

	Note	2022-23 £000	2021-22 £000
Staff costs*			
Wages and salaries		52,478	51,638
Social security costs		5,655	5,574
Other pension costs		12,983	12,764
		71,116	69,976
Purchase of goods and services			
Accommodation costs, maintenance and utilities		14,140	11,991
IT, communications and office services		442	362
Consumables, equipment and transport costs		853	575
Contracted out and managed services		107	102
Professional and consultancy costs		692	686
Prisoner costs		14,110	12,703
Rentals under operating leases		21	16
Staff related costs		1,111	1,097
Other costs		332	(34)
		31,808	27,498
Non-cash items:			
Loss on disposal of non-current assets	8, 9	16	32
		31,824	27,530
Depreciation and impairment charges			
Depreciation	8	12,841	11,816
Amortisation	9	506	489
Revaluation and impairment released to SoCNE	11	(717)	1,611
		12,630	13,916
Provisions expense			
Provisions: provided for in year	16	4,625	4,624
Provisions: written back in year	16	(1,249)	(3,143)
		3,376	1,481
Grants			
		1,897	2,202
Finance expense			
Interest payable and similar charges		9	4
Interest charges (non-cash)		-	(1)
Borrowing costs on provisions (non-cash)	16	1,616	1,112
		1,625	1,115
Total programme expenditure			
		122,468	116,220

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

7. Income

	2022-23 £000	2021-22 £000
Administration income	-	-
Programme income:		
<i>Revenue from contracts with customers</i>		
Sale of goods and services	4,045	3,499
<i>Other operating income</i>		
Other non-trading income	35	33
Grant income	-	57
	35	90
Total operating income	4,080	3,589

Income can be further analysed as follows:

2022-23	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	2,421	1,205	393	26	4,045
Other operating income	3	31	1	-	35
Net expenditure	2,424	1,236	394	26	4,080
2021-22	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	2,064	1,090	331	14	3,499
Other operating income	1	30	-	59	90
Net expenditure	2,065	1,120	331	73	3,589

8. Property, plant and equipment

2022-23

	Land £000	Buildings £000	Vehicles, Plant & Machinery £000	Information Technology £000	Assets Under Construct -ion £000	Total £000
Cost or valuation						
At 1 April 2022	4,345	296,769	16,230	2,975	14,554	334,873
IFRS 16 Leases opening adjustment	-	511	-	-	-	511
Additions	-	242	913	162	13,900	15,217
Disposals	-	-	(1,114)	(59)	-	(1,173)
Transfers and reclassifications	-	3,823	(26)	60	(3,836)	21
Revaluation charged to SoCNE	-	754	3	19	-	776
Revaluations	-	23,438	729	150	-	24,317
At 31 March 2023	4,345	325,537	16,735	3,307	24,618	374,542
Depreciation						
At 1 April 2022	-	10,501	11,121	1,501	-	23,123
Charged in year	-	11,202	1,155	484	-	12,841
Disposals	-	-	(1,091)	(59)	-	(1,150)
Transfers and reclassifications	-	9	(38)	29	-	-
Revaluation charged to SoCNE	-	47	2	11	-	60
Revaluations	-	1,732	381	86	-	2,199
At 31 March 2023	-	23,491	11,530	2,052	-	37,073
Carrying amount at 31 March 2023	4,345	302,046	5,205	1,255	24,618	337,469
Carrying amount at 31 March 2022	4,345	286,268	5,109	1,474	14,554	311,750
Asset financing:						
Owned	4,345	301,721	5,205	1,255	24,618	337,144
Leased	-	325	-	-	-	325
Carrying amount at 31 March 2023	4,345	302,046	5,205	1,255	24,618	337,469

8. Property, plant and equipment (continued)

2021-22

	Land £000	Buildings £000	Vehicles, Plant & Machinery £000	Information Technology £000	Assets Under Construct -ion £000	Total £000
Cost or valuation						
At 1 April 2021	4,345	332,700	16,242	2,624	17,927	373,838
Additions	-	(64)	334	223	7,961	8,454
Disposals	-	(1,799)	(643)	(130)	-	(2,572)
Transfers and reclassifications	-	11,309	(148)	220	(11,334)	47
Revaluation charged to SoCNE	-	(5,149)	-	(19)	-	(5,168)
Revaluations	-	(40,228)	445	57	-	(39,726)
At 31 March 2022	4,345	296,769	16,230	2,975	14,554	334,873
Depreciation						
At 1 April 2021	-	59,838	10,437	888	-	71,163
Charged in year	-	9,985	1,253	578	-	11,816
Disposals	-	(1,760)	(642)	(130)	-	(2,532)
Transfers and reclassifications	-	3	(148)	145	-	-
Revaluation charged to SoCNE	-	(3,551)	1	(8)	-	(3,558)
Revaluations	-	(54,014)	220	28	-	(53,766)
At 31 March 2022	-	10,501	11,121	1,501	-	23,123
Carrying amount at 31 March 2022	4,345	286,268	5,109	1,474	14,554	311,750
Carrying amount at 31 March 2021	4,345	272,862	5,805	1,736	17,927	302,675
Asset financing:						
Owned	4,345	286,268	5,109	1,474	14,554	311,750
Leased	-	-	-	-	-	-
Carrying amount at 31 March 2022	4,345	286,268	5,109	1,474	14,554	311,750

Land and Property Services (LPS) carried out a full valuation of land and buildings at 1 April 2021, 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 2026. Indexation is applied between asset revaluations to update the asset register, taking into account the general market in property values and building costs. The indices used for buildings were set at 8.28% by LPS for 2022-23. 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

2022-23	Software and Licences £000	Assets Under Construction £000	Total £000
Cost or valuation			
At 1 April 2022	4,028	403	4,431
Additions	3	520	523
Disposals	(93)	-	(93)
Transfer and reclassifications	525	(546)	(21)
Revaluation charged to SoCNE	1	-	1
Revaluations	427	-	427
At 31 March 2023	4,891	377	5,268
Amortisation			
At 1 April 2022	1,499	-	1,499
Charged in year	506	-	506
Disposals	(93)	-	(93)
Transfer and reclassifications	-	-	-
Revaluation charged to SoCNE	-	-	-
Revaluations	107	-	107
At 31 March 2023	2,019	-	2,019
Carrying amount at 31 March 2023	2,872	377	3,249
Carrying amount at 31 March 2022	2,529	403	2,932
Asset financing:			
Owned	2,872	377	3,249
Carrying amount at 31 March 2023	2,872	377	3,249

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)

2021-22	Software and Licences £000	Assets Under Construction £000	Total £000
Cost or valuation			
At 1 April 2021	20,000	1,359	21,359
Additions	195	393	588
Disposals	(17,721)	-	(17,721)
Transfer and reclassifications	1,303	(1,349)	(46)
Revaluation charged to SoCNE	(1)	-	(1)
Revaluations	252	-	252
At 31 March 2022	4,028	403	4,431
Amortisation			
At 1 April 2021	18,634	-	18,634
Charged in year	489	-	489
Disposals	(17,721)	-	(17,721)
Transfer and reclassifications	-	-	-
Revaluation charged to SoCNE	-	-	-
Revaluations	97	-	97
At 31 March 2022	1,499	-	1,499
Carrying amount at 31 March 2022	2,529	403	2,932
Carrying amount at 31 March 2021	1,366	1,359	2,725
Asset financing:			
Owned	2,529	403	2,932
Carrying amount at 31 March 2022	2,529	403	2,932

10. Financial assets

Housing Loans Scheme	2022-23	2021-22
	£000	£000
Balance at 1 April	14	18
New Loans	-	-
Repayments	(3)	(5)
Revaluations	-	1
Balance at 31 March	11	14
Current Assets	3	4
Non-current Assets	8	10
Balance at 31 March	11	14

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 1.9% (2021-22: 1.9%). NIPS had 5 loans to officers at 31 March 2023 (5 at 31 March 2022) and does not hold any other financial assets. NIPS is therefore exposed to little credit, liquidity or market risk.

11. Impairments

	Note	2022-23	2021-22
		£000	£000
Charged directly to SoCNE			
Property, plant and equipment	8	(716)	1,610
Intangible assets	9	(1)	1
		(717)	1,611
Taken through Revaluation Reserve			
Property, plant and equipment	8	(22,118)	(14,040)
Intangible assets	9	(320)	(155)
		(22,438)	(14,195)
Total charge for the year		(23,155)	(12,584)

12. Inventories

	2022-23	2021-22
	£000	£000
Consumables and equipment	955	915
Fuel stores	274	329
	1,229	1,244

13. Cash and cash equivalents

	2022-23	2021-22
	£000	£000
Balance at 1 April	(284)	(516)
Net change in cash and cash equivalent balances	(1,917)	232
Balance at 31 March	(2,201)	(284)

The following balances at 31 March were held at :

NI banking pool	(2,250)	(303)
Cash in hand	49	19
Balance at 31 March	(2,201)	(284)

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

	Note	2022-23	2021-22
		£000	£000
Current assets		244	367
Current liabilities	15	(2,445)	(651)
Total		(2,201)	(284)

14. Trade receivables, financial and other assets

	2022-23	2021-22
	£000	£000
Amounts falling due within one year		
VAT	1,201	961
Trade receivables	15	9
Other receivables	6	13
Prepayments and accrued income	1,192	1,113
	2,414	2,096
Amounts falling due after one year		
Other receivables	20	22
	20	22
Total	2,434	2,118

15. Trade payables, financial and other liabilities

	2022-23	2021-22
	£000	£000
Amounts falling due within one year		
Bank overdraft	2,445	651
Trade payables	25	177
Other payables	968	982
Accruals and deferred income	25,717	20,670
Current part of lease liabilities	186	-
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund - Received	-	3
	29,341	22,483
Amounts falling due after one year		
Leases	141	-
	141	-
Total	29,482	22,483

16. Provisions for liabilities and charges

2022-23	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
Balance at 1 April 2022	103,930	6,976	-	1,060	111,966
Provided in the year	2,018	2,607	-	-	4,625
Provisions not required written back	-	(1,249)	-	-	(1,249)
Provisions utilised in the year	(2,918)	(1,675)	-	(60)	(4,653)
Provisions borrowing costs	1,600	-	-	16	1,616
Actuarial (gain)	(37,220)	-	-	(265)	(37,485)
At 31 March 2023	67,410	6,659	-	751	74,820

Analysis of expected timing of discounted flows*

2022-23	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
No later than one year	2,460	3,532	-	59	6,051
Later than one year and not more than five years	10,290	3,127	-	240	13,657
Later than five years	54,660	-	-	452	55,112
At 31 March 2023	67,410	6,659	-	751	74,820

* 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)

2021-22	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
Balance at 1 April 2021	88,730	8,917	214	1,002	98,863
Provided in the year	2,168	2,434	22	-	4,624
Provisions not required written back	-	(3,143)	-	-	(3,143)
Provisions utilised in the year	(2,878)	(1,232)	(236)	(59)	(4,405)
Provisions borrowing costs	1,100	-	-	12	1,112
Actuarial loss	14,810	-	-	105	14,915
At 31 March 2022	103,930	6,976	-	1,060	111,966

Analysis of expected timing of discounted flows*

2021-22	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
No later than one year	2,270	3,090	-	59	5,419
Later than one year and not more than five years	9,390	3,886	-	236	13,512
Later than five years	92,270	-	-	765	93,035
At 31 March 2022	103,930	6,976	-	1,060	111,966

* 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 - £67.410m (2021-22: 103.930m)

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 2021-22 and 2022-23:

- rate of future injury award - 3.5%; and
- current service cost - 6.0%.

The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2023 are those proposed for the 2020 valuation of the PCS (NI) since NI Prison Service employees are a member of this pension scheme. The use of the proposed 2020 valuation assumptions is a change in approach to 2021-22 but is consistent with the approach of using the assumptions from the most recent valuation available.

The current population mortality projections make a short-term allowance for the impact of the Covid-19 pandemic. When deriving the ONS 2020-based mortality improvement projections, a panel of mortality experts gave their views on the impact of Covid-19 pandemic on mortality rates in the short term. Based on this, short term adjustments were made to the 2019 to 2024 period to allow for estimated deaths in 2021 and an averaging of the experts' views on estimated improvements by age group over this period. Long term rates of future mortality improvement are not projected to change as a result of Covid-19. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain in future accounting periods. GAD expect that the projected of the long-term impact of the Covid-19 pandemic on life expectancy will continue to evolve as experience and evidence emerges into the future.

16. Provisions for liabilities and charges (continued)**16.1 Injury awards - £67.410m (2021-22: £103.930m) (continued)**

The split of the provision is shown below:

	2022-23	2021-22
	£000	£000
Liability in respect of:		
Active members	8,500	19,920
Pensions in payment (injury awards)	58,910	84,010
Total	67,410	103,930

Key financial assumptions:

	2022-23	2021-22
	%	%
Rate of discounting scheme liabilities	4.15%	1.55%
Rate of CPI inflation	2.40%	2.90%
Pension increase awarded	2.40%	2.90%
Long-term rate of increase in salaries	3.65%	4.15%

Key demographic assumptions:

	2022-23	2021-22
	Years	Years
Average expected future life at age 65 for:		
Male currently aged 65	21.1	21.7
Female currently aged 65	22.1	23.4
Male currently aged 45	22.9	23.4
Female currently aged 45	23.8	25.0

Incidence of injury awards:

	2022-23	2021-22
	%	%
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 - £67.410m (2021-22: £103.930m) (continued)****Analysis of movement in scheme liability:**

	2022-23	2021-22
	£000	£000
Net deficit at 1 April	103,930	88,730
Current service cost	2,040	1,950
Past service cost	250	200
Net interest on the net defined benefit liability	1,600	1,100
Benefits paid (recurring element)	(2,940)	(2,660)
Benefits paid (lump sums)	(250)	(200)
Re-measurements of the net defined liability	(37,220)	14,810
Net deficit at 31 March	67,410	103,930

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

	2022-23	2021-22
	£000	£000
Experience (gains) and losses arising	12,430	8,720
Changes in financial assumptions	(45,780)	6,090
Changes in demographic assumptions	(3,870)	-
Re-measurements of the liability	(37,220)	14,810

Sensitivity analysis - sensitivity to changes in assumptions*

Assumption	Sensitivity	Approximate effect on total liability	
		%	£000
Financial assumptions:			
Discount rate	+0.5% p.a.	(7.0)%	(4,700)
Salary inflation	+0.5% p.a.	0.4%	300
Pension increases	+0.5% p.a.	7.1%	4,800
Demographic assumptions:			
Additional 1 year increase in life expectancy at retirement		2.7%	1,800

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability. Doubling the changes in the assumptions will produce approximately double the change in the liability. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the actual impact may be different from simply combining the changes above.

16. Provisions for liabilities and charges (continued)

16.2 Litigation claims - £6.659m (2021-22: £6.976m)

Legal cases

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.

Holiday pay

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can extend as far back as 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The hearing was held in December 2022 but the Supreme Court judgment has not yet been issued. The 2022-23 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some 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; and
- ongoing negotiations with Trade Unions.

Hearing loss

The hearing loss provision relates to claims from current and ex-prison officers for occupational hearing loss. The provision reflects claims up to March 2023 - 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.

16.3 Early departure costs - £0.751m (2021-22: £1.060m)

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 - Right of use assets

17.1 Right of use assets

2022-23	Land £000	Buildings £000	Vehicles, Plant & Machinery £000	Information Technology £000	Total £000
Right-of use assets					
At 1 April 2022	-	511	-	-	511
Depreciation expense	-	(186)	-	-	(186)
At 31 March 2023	-	325	-	-	325

17.2 Right of use assets - maturity analysis

The following table shows the maturity analysis of the undiscounted lease payments

Maturity Analysis	2022-23 £000	2021-22 £000
Buildings		
Not later than one year	188	-
Later than one year and not later than five years	141	-
Later than five years	-	-
Total	329	-
Less interest element	(2)	-
Total present value of obligations	327	-
Current	186	-
Non-current	141	-
	327	-

17.3 Lease payments not recognised as a liability

The table below shows details of short term leases (leases of 12 months or less) or leases for low values assets. Payment for such leases are expensed on a straight-line basis and are included as an expense in the Statement of Comprehensive Net Expenditure.

	2022-23 £000	2021-22 £000
Variable lease payments not included in lease liabilities	-	-
Short term leases	-	-
Expense relating to low-value asset leases	24	-
Total	24	-

17 Leases - Right of use assets (continued)**17.4 Lease amounts recognised in the cash flow statement**

	2022-23	2021-22
	£000	£000
Total cash outflow for leases	184	-

18. Capital commitments

	2022-23	2021-22
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these accounts:		
Property, plant and equipment	5,486	1,417
Intangible assets	-	-
	5,486	1,417

19. Other financial commitments

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

	2022-23	2021-22
	£000	£000
Not later than one year	1,674	2,444
Later than one year and not later than five years	-	-
Later than five years	-	-
	1,674	2,444

20. Contingent liabilities

At the year end NIPS has estimated contingent liabilities of £5.5m (2021-22: £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.

Public Sector Pensions - injury to feelings claims

The Department of Finance (DoF) is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the Northern Ireland Civil Service (NICS) departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

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 2022 £000	Gross Inflows £000	Gross Outflows £000	31 March 2023 £000
Monetary assets such as bank balances and balances on deposit:				
Prisoners' Private Cash Accounts	208	4,423	(4,354)	277
Prisoners' Amenities Funds	204	230	(172)	262
	412	4,653	(4,526)	539

23. Events after the reporting period

There were no events after the reporting period date that required adjustment to or disclosure in these financial statements.

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 3 July 2023.

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