

NORTHERN IRELAND PRISON SERVICE ANNUAL REPORT AND ACCOUNTS 2014-15

**NORTHERN IRELAND PRISON SERVICE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015**

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

on

1 July 2015

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FOREWORD BY THE DIRECTOR GENERAL

I am pleased to present the 2014–15 Annual Report and Accounts for the Northern Ireland Prison Service (hereafter referred to as NIPS or the Service).

This has been an important year in the reform of the Service and good progress has been made across many areas including the work to develop the prison estate, the Hydebank Wood College and learning and skills.

By the end of this financial year 37 out of the 40 recommendations contained in the Prison Review Team (Owers) Report have either been signed off by the Ministerial Oversight Group or sent for independent verification. This demonstrates the level of progress that has been achieved. We need to build on this progress and continue to drive forward the reform programme.

The difficult financial environment felt across the public sector is challenging and it is crucial that NIPS continues to work in partnership with our delivery providers to ensure value for money and real outcomes for prisoners and the wider community.

To do this our staff, our partner statutory bodies, the voluntary and community sector and those who scrutinise and challenge what we do, will have to work together with the common purpose of building a safer community in Northern Ireland.

While the year ahead will bring further challenges, NIPS is well placed to manage any issues that arise. The year ahead will also bring opportunities that will help support offenders through custody and back into the community. These will include the opening of a new step down facility for females in custody and a new contract for delivering learning and skills across the Service.

Through our reforms, by embedding change and supporting offenders through custody, NIPS will continue to play its part in building a safer Northern Ireland.



Sue McAllister
Director General & Accounting Officer

STRATEGIC REPORT

The Agency's financial statements have been prepared in accordance with directions given by DFP, under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

HISTORY AND STATUTORY BACKGROUND

The Northern Ireland Prison Service (NIPS) was established as an Executive Agency of the Northern Ireland Office (NIO) 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 2015 will be laid in the Northern Ireland Assembly.

NIPS complies with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by the Department of Finance and Personnel (DFP).

STATEMENT OF PURPOSE, VISION AND STRATEGIC AIMS

NIPS is an agency within the Department of Justice (DOJ) 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.

In its final report, published in October 2011, the Prison Review Team (PRT) sets out the ideal of a prison system that:

- provides secure custody;
- supports and reflects human rights standards and ethical values;
- is based on the premise that prisoners within it can develop and change, and provides the opportunities for them to do so; and
- shows that it is using and investing public money wisely.

The PRT's findings clearly mapped out the strategic direction for the future of the Service as part of a four year programme of fundamental reform across NIPS.

Vision

NIPS' vision is that our Service will:

- be well led and competently managed;
- have a fit, flexible, motivated, well trained and well rewarded staff;
- be compact and cost effective;
- have the offender at the centre of its focus;
- reduce the risk of offenders re-offending on release; and
- be respected and valued by the community we serve.

Statement of Purpose

As part of our journey towards reform, NIPS has redefined and refocused its statement of purpose as, “improving public safety by reducing the risk of re-offending, through the management and rehabilitation of offenders in custody”.

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 re-offending.

STRUCTURE AND LOCATION

NIPS currently has a central administrative Headquarters, located on the Stormont Estate, three main operational establishments and a staff training facility, the Prison Service College, at Millisle, Co Down. The Service is a member of the Northern Ireland Community Safety College (NICSC) Programme Board charged with responsibility for building the new Community Safety College.

As a consequence of the impact of significant budget cuts, progress on developing the NICSC is awaiting the outcome of a review of training requirements and preferred training delivery options for each of the three services. The Steering Group has also sought the views of the NI Executive on future development.

Our three operational establishments are:

- **Maghaberry Prison** – a high security prison, housing adult male long-term sentenced and remand prisoners in both integrated and separated conditions. Maghaberry also has responsibility for the Working Out Unit (WOU) in Belfast, which is a facility for selected and suitably risk-assessed prisoners who are nearing the end of their sentence and reopened in May 2014 after a period of closure.
- **Magilligan Prison** – a medium security prison, housing shorter term sentenced adult male prisoners. This establishment also has low security accommodation for selected prisoners nearing the end of their sentence.
- **Hydebank Wood** – a medium to low security establishment accommodating remand and sentenced young male offenders between the ages of 18 and 21 and all female prisoners. Juvenile offenders are located at Woodlands, Juvenile Justice Centre.

GENDER ANALYSIS AT 31 MARCH 2015

The table below provides a gender breakdown of all operational and non-operational staff:

	Male Staff	Female Staff	Total Staff
Directors	6	2	8
Senior managers	22	14	36
Staff	1113	668	1781

REVIEW OF THE YEAR

This is the final year of a challenging four year business cycle which focused on consolidating, embedding and sustaining change and was informed by the Prison Review Team (PRT) report published in October 2011. The Report findings helped to map out the strategic direction for the future of the Service, and the Minister has set out three strategic aims for NIPS:

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

At 31 March 2015, 20 of the 40 PRT recommendations had been signed off by the Prison Review Oversight Group, which is chaired by the Justice Minister. Additionally, the Oversight Group had referred a further 11 recommendations to Criminal Justice Inspection Northern Ireland and six recommendations to the Regulation and Quality Improvement Authority for independent assessment, bringing to 37 the number of recommendations signed off or under assessment. This process of independent assessment was agreed by the Oversight Group to provide additional, independent assessment of agreed recommendations.

Capital Estates Programme

The Capital Estates Programme (CEP) Board, Chaired by the Director General, continued to take forward the implementation of the NIPS Estate Strategy and the estate-related recommendations contained in the PRT report during 2014-15.

Project boards were established at Maghaberry for a new 360 Cell Accommodation Block Project and the High Security Facility Project. These address PRT recommendation 5 i.e. "The Maghaberry site should be reconfigured into three 'mini-prison' areas: for short-sentenced and remand prisoners and new committals; long- and life-sentenced prisoners; and category A and separated prisoners, with appropriate support, regimes and security for each". NIPS

obtained DFP approval for the 360 Cell Accommodation Block Outline Business Case (OBC) during the year, which will go out to tender by the end of March 2015, with the new block opening in late 2018. CEP staff also worked closely with stakeholders to develop the scope for the High Security Facility.

Project boards were also established during 2014-15 for a range of other projects. These included the Maghaberry New Visits Project, the Emergency Control Room (ECR) Upgrade Project and the Maghaberry Heating Mains Upgrade Project. NIPS received DFP approval for the New Visits Strategic Outline Case (SOC) during the year. Further enabling work to extend the existing Equipment Room was carried out during the year to progress the ECR upgrade. A contractor for the installation of a new Heating Mains, which will address the significant water loss because of leaks within the current system, will be appointed this summer with work progressing over the next two years.

Some other notable achievements from the existing CEP projects include DFP approval of an OBC for the Redevelopment of Magilligan Project, at an estimated cost of £150m, and the SOC for the New Facility for Women Project. An OBC1 for the New Facility for Women was developed during the year and a draft has been submitted for consideration. NIPS is presently discussing the requirement for additional capital to progress the rebuild of Magilligan but, as in so many other areas of the Public Sector, budget constraints have had a negative impact. Discussions are ongoing.

Construction work commenced in January 2015 to build a new six bed Step-Down Facility for Women on the Hydebank Wood site.

Further improvements were made to facilities for female prisoners at Hydebank Wood during the year. This resulted in the development of a multi-purpose facility, known as Ornella, with training rooms, a meeting room, multi-faith centre, hairdressing and beauty salon, and a training kitchen.

CJINI Inspection of Prisoner Escorting and Court Custody Service (PECCS)

An inspection of the Prisoner Escorting and Court Custody Service (PECCS) in 2010 made a total of 17 recommendations and questioned the future of PECCS as part of the public sector.

Since that report there has been very significant progress in PECCS. Major advances in areas such as the provision of separate escort facilities for female prisoners and staff engagement with prisoners were recognised in a CJINI Report in April 2014. The report was described by CJINI as '*the most positive on any aspect of the Prison Service*'.

In the latest report, from the original 17 recommendations, 13 were fully achieved, two substantially achieved and two partially achieved. Seven out of eight areas for improvement from the previous report were implemented. The latest report concluded that retaining the PECCS within the DOJ is cost effective and that value for money has been demonstrated.

CJINI and HMIP Inspection of Magilligan Prison

In a report published in February 2015 following an Unannounced Inspection of Magilligan, the prison achieved the highest mark possible for prisoner resettlement, a first for any prison in Northern Ireland.

Magilligan Prison also achieved positive outcomes in three of the four healthy prison tests and the Inspectors highlighted staff prisoner relationships, levels of safety, and resettlement as areas where good work is being delivered.

The report also highlighted where further progress is needed, in particular on purposeful activity. NIPS is already taking steps to address this issue by working with

education professionals from North West Regional College to deliver real outcomes for people in custody.

Opening of Burren House

The Working Out Unit (WOU), Burren House, which provides support and supervision for prisoners transitioning from long sentences to the community, was opened on 21 May 2014.

The facility can house up to 22 prisoners and is managed as a satellite of Maghaberry Prison. Whilst there, prisoners participate in a phased programme during which they work in the community and return to the WOU at night. As prisoners progress they can be permitted to live part-time and then full-time at an approved address in the community.

To date the WOU has engaged with 12 different voluntary/community organisations for work placements. This includes NIACRO and Extern Works. During this period seven prisoners within the WOU have successfully obtained paid employment in the community.

Assaults in Prisons

Any assault in prison, whether it is on a member of staff, a prisoner or visitor is unacceptable. This year NIPS examined almost two years of detailed data to understand what influencing factors contribute to the level of assaults in the prison establishments.

This analysis showed the impact crowding has on prison safety and led to direct action at Maghaberry with over 350 men moved from crowded accommodation.

The level of assaults reduced in all Northern Ireland Prisons in 2014. That is a significant achievement when the prison population significantly increased since 2010. In 2010 the average prison population was 1461 – today it is over 1700.

Implementation of New Prisoner Development Model

A new Prisoner Development Model has been implemented drawing on key messages on Desistance theory. A comprehensive assessment questionnaire is now operational, identifying individual's risks, needs and strengths. Each prisoner will now have a Personal Development Plan and the co-ordinator (prison or probation officer) is tasked to ensure all appropriate service providers co-operate and co-ordinate their inputs to achieve outcomes sought to reduce risks of re-offending on release and promote successful resettlement. A Prisoner Development Governor Leads Group has been established to oversee and monitor implementation of the new model.

Outsourcing of Learning and Skills

In 2014-15 it was agreed that NIPS would outsource Learning and Skills provision to Colleges NI via Belfast Metropolitan College and North West Regional College. Human Resources and financial arrangements have been finalised (subject to business case approval) and staff will be 'seconded' to the Colleges in the first 'pilot' year, commencing 1 April 2015. NIPS anticipates that the new outsourcing arrangements will evidence best value in terms of costs and accreditation outcomes.

Establishment of Secure College

This year has been a most productive period for Hydebank Wood College. Significant developments can be reported in terms of regime, work placements, industries, curriculum, timetabling, social enterprise and funding. The daily regime now reflects the majority of students attending off wing activities on a daily basis.

Our work with our business partner, Belfast Metropolitan College, has harmonised into providing a fuller schedule of attendance that has allowed for much improved out of hours regime. NIPS now has a significant number of work placements and students attend reflecting normal work hours, including early mornings and late evenings.

Hydebank Wood College has benefited from funding from assets recovery, Lloyds Bank, European Social Fund, and St John Ambulance that has allowed us to provide students with an extended curriculum to improve social skills through both theory and practical exercise. The College continues to extend our outreach programme to senior citizens and others through craft fairs, lunch clubs and presentations. The College goes 'live' in April 2015.

Training Needs

Senior staff in both operational and administrative roles have completed leadership training provided via the business school at Queens University Belfast. 336 Custody Prison Officers have now achieved the Certificate of Competence accredited by Ulster University, with 225 staff having completed development programmes at Senior Officer and Main Grade Officer level.

Corporate and Social Responsibility

Hydebank Wood College – Sip & Go

Hydebank Wood College introduced a staff café called Sip & Go in May 2014. The success of the initiative led to extending our catering reach to develop an intergenerational project.

Students preparing for NVQ in catering now have a more realistic setting to demonstrate their skills. Since October 2014 Hydebank Wood College has hosted a series of senior citizen lunch clubs. Invites were initially sought from parishioners of our chaplain's congregations and included those from east and south Belfast and North Down. At each lunch club students, staff and senior citizens have the opportunity to dine together allowing our community to be better informed of the work of the college and the skills of our students.

Whilst the costs have been supported from Sip & Go sales, Lloyds Bank "Money for Life" programme has made a small donation to the project. A successful application for Assets Recovery funding will allow for expansion of

this concept and will enable some community based projects involving senior citizens.

Magilligan Prison – Bikes for Africa

The “Bikes for Africa” project has been running since January 2015 and is a joint venture between the PSNI and Magilligan Prison.

A workshop is now operational in Magilligan Prison (Foyleview) and prisoners will be taught how to refurbish bicycles that have been donated by the PSNI. The scheme will allow prisoners the opportunity to gain accredited qualifications in cycle maintenance. They will learn how to strip a bicycle down, repair any damaged parts, provide general maintenance, redesign the

colour and graphics, and recycle materials that cannot be used elsewhere.

Many African children live in remote areas and most have no option but to walk to school. By the time they arrive at school they are exhausted, so the refurbished bicycles from this project will allow more children the opportunity to attend school and they will significantly reduce the time and energy required to get there each day.

The “Bikes for Africa” scheme at Magilligan prison provides a child with the much needed means to get to a school; it also creates meaningful and constructive work for prisoners and offers new skills and accredited qualifications, and potential work placements on release. Discarded bicycles are recycled and reused instead of just being scrapped.

REVIEW OF PERFORMANCE 2014-15

Performance against Key Performance Targets

NIPS' Business Plan for 2014-15, produced at the beginning of the year, set out **10 key performance targets** (KPTs) to measure the Service's performance. These were developed in line with the NIPS Reform Programme and the intention is to continue to build on these measures.

Over the course of the year the Service has met five of these KPTs; details of performance against them are set out in the table below.

Key Performance Targets	Year End Status
At least 1,100 accreditations in essential skills are obtained by prisoners during 2014-15	Target met
At least 30 accredited offending behaviour programmes completed with at least 80% attendance by prisoners during 2014-15	Target met
Cost per prisoner place does not exceed £60,800	Target met
Average annual sick days during 2014-15 are not more than 9.2 days per employee	Target not met *17.7 days. The breakdown of average working days lost per member of staff at operational grade is 20.4 days and 7.8 days for non-operational grade staff. Long term absence is managed robustly under inefficiency procedures on a case by case basis.
To provide learning opportunities that will result in an average of 5 days development per member of staff	Target not met Difficulties releasing staff has had an impact with 3.34 days being achieved.
Provide a tailored training programme for each disciplined grade	Target met
The percentage of Mandatory Drug Testing that is failed or refused not to exceed an average of 12% across the three establishments	Target not met The percentage reached was 19.8%.
The percentage of lockdowns not to exceed 1% across the three establishments	Target not met The percentage reached was 1.16%.
No escapes from closed conditions	Target met
Number of assaults of prisoners and staff not to exceed an average of 279 per annum across the three establishments	Target not met The number of assaults was 368.

* Initial figures are provided by Northern Ireland Statistics and Research Agency and final figures will be available by October 2015.

Performance against Delivery and Development Objectives

This was the final year of the NIPS four year plan, which was developed to achieve the fundamental changes required to transform the Service. Throughout year four, the Service focused on **consolidating, embedding and sustaining change**. This has enabled the Service to prepare for the 2015-16 year of the Corporate Plan which focuses on the **establishment and application** of a **benefits realisation plan** for the completed PRT recommendations. To achieve this, five business objectives were established for 2014-15.

Progress against each of the objectives and targets is set out in a table below. Of these objectives, two were met in full. Of the remaining five, significant progress has been made against each of them.

Objective and targets	Comment	Year End Status
<p>Build a flexible and well trained workforce</p> <ul style="list-style-type: none"> • to have a comprehensive training programme to build skills of front-line staff and services 	<p>705 Disciplined staff have completed job specific training. Difficulties with the release of discipline staff for training has impacted on the numbers.</p>	<p>Target not met</p>
<p>To have a staffing model in place to ensure sustainability against an increasing prison population and needs</p> <ul style="list-style-type: none"> • clear staff deployment agreements and profiles in place to deliver the business needs • embed effective performance management processes across the service 	<p>Annual re-profiling of the three establishments completed end March 2015.</p> <p>NIPS adapted NICS wide performance management processes in 2014-15 to be implemented in 2015-16.</p>	<p>Target Met</p>
<p>Continuous implementation of Prison Estate Strategy</p> <ul style="list-style-type: none"> • to finalise elements of Estate Strategy and implement elements planned for 2014-15. 	<p>While some delays have been experienced, a number of outline business cases have been approved and good progress has been made.</p>	<p>Target partially met</p>
<p>Reinforcing reliable, consistent, high quality & effective services</p> <ul style="list-style-type: none"> • continue the development of a whole prison approach to prisoner engagement and development 	<p>Burren House is now well established. Learning and Skills arrangements have been agreed and are subject to business case approval. HBW College will go live during April 2015.</p>	<p>Target partially met</p>
<p>NIPS will ensure best practice in terms of Corporate Governance and Quality Assurance</p> <ul style="list-style-type: none"> • to embed robust financial management and accountability in NIPS • no end-year overspend and year-end under spend less than 2% of budget 	<p>There is a monthly process in place to monitor budgets. Business Cases are reviewed by the Head of Financial Accounting and if required the DOJ Economist prior to approval.</p>	<p>Target met</p>

OBJECTIVES AND TARGETS FOR 2015-16

NIPS has identified 16 objectives for 2015-16 which address the key deliverables for the Service. These are summarised in the table below.

Objective	Owner
Reduce access to and use of drugs and alcohol within prisons by detecting/disrupting supply and reducing demand through access to programmes	Director, Offender Policy and Operations
Maximise rehabilitation by enhancing learning and skills, employment opportunities and interventions to address offenders' risks, needs and strengths	Director, Rehabilitation
Make prisons safer by addressing bullying and reducing the level of assaults	Director, Offender Policy and Operations
Delivery of 2015-16 works programme in line with the Estate Strategy, subject to business case approval and capital funding	Director, Estates
Service provision to reflect the increase in the understanding of prisoner risk/needs through the prisoner development arrangements	Director, Offender Policy and Operations
Review, agree and commission value for money services in line with offenders' risks, needs and strengths	Director, Rehabilitation
To have evidenced enhanced outcomes (accreditations) through the outsourcing of the learning and skills provision	Director, Rehabilitation
To have active employer links and placement opportunities with each establishment to reflect prisoner development plans	Director, Rehabilitation
To have delivered all actions for 2015-16 within the desistance action plan (PfG target)	Director, Rehabilitation
To have in place an agreed Adult Restorative Justice strategy recognising the contributions of all sectors	Director, Rehabilitation
Consolidating the reform programme and moving to business as usual	Director, HR, Finance and Corporate Services
Develop the capability and resilience of our workforce	Director, HR, Finance and Corporate Services
Manage our governance obligations including Audit and Risk, Information Assurance, restructuring of the organisation and staff absence	Director, HR, Finance and Corporate Services
Develop the Directorate strategic direction for the next four years	Director, HR, Finance and Corporate Services
Using resources effectively to continuously improve service delivery	Director, HR, Finance and Corporate Services

KEY PRIORITIES 2015-16

The year ahead is an important time for the Service as it continues with its modernisation and reform. In support of the objectives there are a number of high profile priorities that have been endorsed at Ministerial level and by the senior leaders of NIPS.

Prison Reform Programme

NIPS is now entering the final six months of the formal PRT programme and remains on track to meet the Programme for Government commitment of having a minimum of 90% of the recommendations completed within the agreed timescales. However, NIPS is

committed to ensuring that the end of the formal programme in October 2015, and the closure of the Oversight structures, will not mean the end of reform or that NIPS will slip back to where it came from. The PRT Programme Team is drawing up a detailed benefits management plan and this will be monitored and measured on a regular and ongoing basis by the Prison Service Management Board. NIPS will also continue to strengthen its partnership working across Government, particularly with the Probation Board for Northern Ireland (PBNI) and DHSSPS, looking at current service provision and how the organisations can work together more effectively to reduce reoffending.

Implementation of the Estates Strategy

The Capital Estates Programme Board, chaired by the Director General, will continue to take forward the implementation of the NIPS Estate Strategy and the estate-related recommendations contained in the PRT report during 2015-16.

Financial Management and Accountability

The Corporate Governance Framework will continue to be reviewed and updated as necessary when changes in the structure of NIPS require it, whilst still ensuring compliance with the Framework. It will also be important to continue to ensure that procurement is conducted in line with the relevant guidance and business cases continue to be completed and evaluated in accordance with the Northern Ireland Guide to Expenditure, Appraisal and Evaluation (NIGEAE). Like all Government organisations, the next year will be challenging as NIPS faces significant pressure on its finances. A detailed savings plan has been developed to address these issues and to ensure NIPS continues to perform within the allocated budget.

Tackling Substance Misuse

There is a real and concerted effort by NIPS to address substance misuse based around a three strand approach – to restrict supply, to reduce demand and to assist recovery. A key priority for NIPS in 2014-15 is to deliver and

operationalise a new strategy for tackling substance misuse in prisons.

Co-design of Purchased Services

In 2015-16 NIPS will complete a review of existing service provision provided by external providers. This review will seek to ensure service provision is based on need and delivers outcomes which are regularly reviewed.

Develop Interventions Strategy

Once the final recommendations of the Psychology Review have been implemented, NIPS need to develop an Interventions Strategy reflecting the totality of services provided by all disciplines and organisations. The purpose should be to promote a 'whole prison approach' ensuring best use of resources, maximising co-ordination, collaboration and coherency.

Support and Staff Engagement Model

Prison staff are now central to the new Prisoner Development Model. Whilst staff have some experience in past roles as sentence managers they are, in the main, the primary workers within the new model. NIPS will now develop a Support and Staff Engagement Model for PDU staff to encourage and support staff development and exchanges about the challenges and opportunities and training needs in their new role as PDP co-ordinator.



Sue McAllister
Director General & Accounting Officer
16 June 2015

DIRECTOR'S REPORT

MANAGEMENT BOARD

NIPS is headed by a Director General who is supported by a Management Board consisting of four Executive Directors and three Non-Executive Directors.

The Service's Management Board is responsible for the strategic and business management of the Agency's operations. At 31 March 2015, the Management Board was as follows:

- Sue McAllister – Director General;
- Mark Adam – Director, Human Resources, Finance and Corporate Services;
- Paul Cawkwell – Director, Offender Policy and Operations;
- Brian McCaughey – Director, Rehabilitation;
- Max Murray – Director, Estates;
- Patricia Gordon – Non-Executive Director;
- Phil Wheatley CB – Non-Executive Director; and
- Paul Leighton CBE QPM – Non-Executive Director.

Appointments to the Management Board (except for the Non-Executive Directors) are made in accordance with the Civil Service Commission's general regulations.

Joanne McBurney, Director of Finance transferred from NIPS on 7 May 2014.

Details of the salary and benefits of the Management Board members are disclosed in the Remuneration Report on pages 37 to 43.

Register of Interests

A register of interests is maintained by the Service and no significant interests are currently held by Board Members which may conflict with their management responsibilities.

STAFFING RESPONSIBILITIES

Staff Information

Through Front-line forums and staff briefings NIPS' management team discussed areas important to staff across the organisation. The Director General and Director of HR visit each prison as part of the front-line forum meetings which bring together a cross section of staff – this is in addition to the regular visits to the prisons by the leadership team. The staff intranet was also made accessible to all, including operational staff on the landings, and was refreshed to ensure it was more user friendly and contained information relevant to specific business areas. The monthly staff publication 'NIPS News' was sent to all staff with articles of interest from across the Service. All of this was in addition to the normal day to day engagement between managers and staff.

The Service has also recently consulted with staff on employee engagement. That has now been agreed by the Prison Service Management Board and will be actioned throughout 2015-16. This will build on current engagement with staff to improve communications across the Service.

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

- local Whitley meetings in each establishment chaired by the Governor;
- quarterly headquarters meetings jointly chaired by two Grade 7s;
- six monthly meetings chaired by the Director of Offender Policy and Operations; and
- the 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.

Equality & Diversity

NIPS has in place trained Harassment Contact Officers to provide guidance, support and advice to staff who consider they have been subjected to, or accused of offensive conduct or unacceptable behaviour.

Mediation Officers are also available to provide an impartial, confidential process to help resolve disputes between members of staff quickly, and in a way that empowers staff to seek their own solutions with the aim of improving working relationships. These interventions have been proven to be effective in the early resolution of disagreements.

Occupational Support

Since 1 April 2014 Occupational Support for NIPS staff has been provided by the centralised Welfare Support Service in DFP. NIPS staff have access to a team of dedicated welfare officers and continue to receive an independent and confidential service as before.

NICS WELL

During 2014-15 the WELL team delivered health awareness events to staff in Hydebank Wood and Magilligan Prisons, which on the day comprised of a fitness trainer and dietician who, along with a nursing team, provided health checks including cholesterol and blood glucose testing, blood pressure checks and body composition analysis. A wide range of health literature was also made available to staff. These events were fully subscribed and well received by the staff who attended.

Management of Sickness Absence

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

Sickness absence levels have continued to be high (the provisional figures supplied by Northern Ireland Statistics and Research Agency (NISRA) for 2014-15 indicate that this was 17.7 days per employee) although it is noteworthy that more than half of staff have taken no sickness absence.

Health and Safety

Planning is a crucial part of any organisation's strategy for progress and forward thinking. Without planning there is no direction or emphasis. Health and safety is a subject that requires planning to enable priorities to be identified and progress monitored. NIPS' objective is to continue to adhere effectively to this strategy and achieve acceptable standards in the management of health and safety matters.

Employment for Disabled Persons

The Agency aims to ensure that people with a disability suffer no detriment in recruitment and advancement and that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and amendments made under the Act. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities.

Information Assurance

NIPS has fully embraced the DOJ's Information Assurance policy and procedures, and is represented at Director level on the DOJ Information Risk Owners Council (IROC), which comprises senior business owners across the departmental family and holds them to account for the ownership and management of information assurance risks within their respective business areas. In line with IROC requirements, the Agency has its own Information Assurance Group, chaired by the Director of HR, Finance and Corporate Services who is also the Lead Information Asset Owner for NIPS. This group has been established to oversee the delivery of the Information Assurance policy and procedures and to implement the Security Policy Framework. NIPS supported IT systems are regularly accredited by the DOJ Accreditation Authority Panel. A programme of training has been rolled out across the Service and every effort is being made to ensure that there is a 100% uptake.

Reportable Loss of Data

There were no reportable losses of data during 2014-15.

Information Risk Management

The Information Assurance (IA) Working Group established during 2012 continues to develop and implement IA policies across the Service and to promote those policies developed at Departmental level. Information Asset Owners are regularly provided with instruction and guidance on matters related to IA.

Summary Of Other Protected Personal Data Related Incidents In 2014-15

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other - document misfiled on the internal IT system, minor incident only	0

Complaints Procedure

When appropriate, the Service follows Departmental procedures in respect of complaints made by members of the general public. During 2014-15 there were no complaints 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.

Child Protection

NIPS Safeguarding Children policy has been designed to protect all children and young people aged under the age of 18, whether visiting prison establishments or with whom prisoners are in contact, or who as babies are continuing to be cared for by a mother in prison.

NIPS appreciates that child protection must not be an isolated role or function because, by its very nature, 'Keeping children safe is everyone's responsibility'. The Service recognises the importance of its close links with Health and Social Care Trusts, the Probation Board for Northern Ireland, the

Police Service of Northern Ireland (PSNI) and voluntary agencies. We need their help in identifying those who may pose a risk of harm to children, their assessment and in providing appropriate intervention.

The Director of Offender Policy and Operations represents NIPS on the Safeguarding Board for Northern Ireland, which was established by DHSSPS in 2012 in recognition of the fact that children are more likely to be protected when agencies work in an all-inclusive, co-ordinated and consistent way.

The Safeguarding Children Framework and Guidance is available on the NIPS website.

Child Protection Cases Log: 2014-15

	No. of Referrals to Child Protection Co-Ordinator	No. of Referrals to Social Services Gateway Teams	Open	Closed
Maghaberry	45	26	6	20
Magilligan	0	3	0	3
Hydebank Wood	25	20	8	17

ACCOUNTING RESPONSIBILITIES

Business Review and Future Developments

The total net operating cost for the year was £113,154k (2013-14: £122,798k).

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and paragraph 1.9 of the Statement of Accounting Policies (Note 1 to the Accounts).

Audit

Responsibility for the audit of NIPS' financial statements for 2014-15 rests with the Comptroller and Auditor General (C&AG) for Northern Ireland. The Certificate and Report of the Comptroller and Auditor General is produced at pages 35-36.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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 £42k (2013-14: £42k).

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 reports. No such activity took place during the year.

Financial Provision and Cash Flow

NIPS was financed as part of the overall DOJ Departmental Expenditure Limit voted by the Northern Ireland Assembly for 2014-15. The total cash required for the year was £111,276k (2013-14, £134,914k).

The Service has complied with the cost allocation and charging requirements set out in DFP guidance and therefore adheres to the guidelines on fees and charges in Managing Public Money (Northern Ireland).

These accounts are prepared on that basis and in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by DFP, and directions given by DFP, under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Capital Costs

During the year NIPS invested further in its prison estate and infrastructure incurring £8,336k (2013-14, £4,242k) in expenditure on capital assets. Details of the movement of property, plant and equipment and intangible assets are set out in Notes 7 and 8 to the Financial Statements.

There were a wide range of small minor works improvements across the prison estate during the year. A sample of the projects undertaken are summarised below;

Upgrades at Hydebank

Phase 2 of the upgrade of the two oldest accommodation blocks (Elm and Willow) was completed in-year and the work extended to include their ablutions areas. The kitchen and gym areas were re-roofed.

The women's accommodation was enhanced through refurbishment of the Ash House infill, Ornella, which provides additional activity space. The construction of a 6 bed step down facility for women was commenced in January 2015.

In line with the development of a Hydebank Wood College ethos, work commenced on an entrance upgrade which will provide a more welcoming face to Hydebank Wood College.

Upgrades at Maghaberry

Several schemes were delivered at Maghaberry during the year including the upgrade of the existing visits accommodation to provide additional visits capacity and improved visiting experience for prisoners

and visitors. Other work to upgrade cell sanitary facilities and limit cell damage was commenced. During the summer, work was undertaken on the water and heating mains to provide some resilience in the event of further leaks pending the major upgrade planned for 2015-16.

Work began on some essential security infrastructure requirements at the loading bay and surrounds for some accommodation blocks.

Upgrades at Magilligan

Proposals were taken forward to replace priority infrastructure works at the site including new fire and water tanks. Further

work was undertaken on workshop lighting, boiler upgrades and controls, gym lighting and a range of other minor works.

Overall Capital

In January 2015 business case approval was received for the replacement of Magilligan Prison. This major re-development work, subject to available funding, will take approximately nine years to deliver on the current site.

At Maghaberry approval was received for the construction of a 360 bed accommodation block. This work is anticipated to be awarded by late summer 2015.

Resource Costs

The net cost of operations for the year as shown in the Statement of Comprehensive Net Expenditure on page 44 is £113,154k (2013-14, £122,798k). The Service incurred expenditure during the year as follows:

Operating Costs	2014-15 £k	2013-14 £k
Staff Costs *	70,045	76,682
Net Running Costs **	29,350	31,706
Depreciation and Amortisation	12,358	11,999
Operating Expenditure (excluding non standard costs)	111,753	120,387
Injury Benefit Provision (including unwinding of discount)	771	465
VER scheme & SEE Programme pay costs, expenses and Provision (including unwinding of discount)	3,905	-2,858
Hearing Loss Provision	-2,911	6,153
Impairments	-629	-1,638
Prison Service Trust (PST) Grant	265	289
Net Operating Costs	113,154	122,798

*Costs exclude cash payments and accruals relating to the pay costs of the VER & Strategic Efficiency and Effectiveness (SEE) Programme (£2,237k, 2013-14: £1,992K)

** Costs exclude the movements in Provisions and expenses of the VER and SEE Programme

Net operating costs decreased by £9,644k from the 2013-14 figures, representing an 8% decrease during 2014-15.

Cost Per Prisoner Place

The target Cost Per Prisoner Place is calculated by dividing Operating Expenditure (excluding non-standard costs) by the average total available places defined as Certified Normal Accommodation.

The actual Cost per Prisoner Place in Northern Ireland over 2014-15 was £58,379. This is below the target of £60,800.

	2014-15 Actual	2014-15 Target
Operating Expenditure (£k)	111,753	116,372
Prisoner places (CNA)	1,914	1,914
Cost per Prisoner Place (£)	58,387	60,800

The operating expenditure relates to the resource expenditure outturn with non-standard cost items removed. These relate to the costs associated with movements in respect of the VER Provision (including unwinding of discount) for employees leaving the service as part of the VER, pay costs and expenses, SEE Programme pay costs and expenses, Injury Benefits Provision for payments due to former employees, Impairments arising from the revaluation of NIPS fixed assets and the grant paid to the PST.

Payment of Suppliers

In November 2008 the Minister for Finance and Personnel announced that Northern Ireland departments would aim to ensure that valid invoices were paid within 10 days. Unless otherwise stated in the contract, payment is normally due within 30 days of the receipt of goods or services or within 30 days of the presentation of a valid invoice, whichever is later.

The Service has achieved more than 94% of payments to suppliers within 30 days and more than 87% of payments to suppliers within 10 working days following receipt of a properly rendered invoice. The Service is committed to prompt payment within 10 days.

Off Payroll Engagements

NIPS had the following "off-payroll" engagements during the financial year;

Number of engagements at 1 April 2014	2
New engagements during the year	0
Engagements that have come on to NIPS payroll during the year	0
Engagements that have come to an end during the year	(2)
Number of engagements at 31 March 2015	0

Sustainable Development within NIPS

Energy Management

Energy management covers the supply and use of electricity, gas, oil and water. The use of these utilities cost NIPS over £4million per annum. Anything that can be done to reduce this amount has significant benefits for the environment and for reducing operational costs.

Following the successful installation of a Monitoring and Targeting system (M&T), NIPS can now assess the energy consumption of key buildings in 'Real Time'. This system has proved beneficial and the annual energy costs for 2014/15 have reduced by approximately 10% compared with the previous year. This has reduced running costs by almost £400K.

In 2015 upgraded Building Energy Management Systems (BEMS) will be installed across the estate. The BEMS and M&T systems will be managed by NIPS Energy Team.

LED lighting upgrades have been installed at Maghaberry and Hydebank. These lights are significantly more energy efficient and will help to further reduce energy costs.

Sustainable Construction

All major works are being designed to exceed the current NI Building Regulations and aim

to achieve Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent'. BREEAM is the leading and most widely used environmental assessment method for buildings, used to describe a buildings environmental performance and provide recognition to projects who invest in lowering the environmental impact of the building. It sets the standard for best practice in sustainable design and has become the industry measure.

Waste Management

Waste legislation for Northern Ireland controls the transfer, transportation and onsite and offsite management of waste. Each prison site has a Waste Management station with an appointed Waste Officer taking proactive steps to reduce the amount of waste NIPS sends to landfill. NIPS can pay up to £140 per tonne for waste disposal. Landfill costs are rising year-on-year and segregation of waste at source is key to reducing costs. Site arrangements are in place to manage standard waste streams such as paper, cardboard, cans, bottles, plastics, cooking oils, footwear and furniture. Each Waste Management station operates with groups of inmates helping to segregate the waste streams.



Sue McAllister
Director General & Accounting Officer
16 June 2015

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel (DFP) has directed the Northern Ireland Prison Service (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 NIPS and of its income and expenditure, changes in taxpayer's equity 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 DFP, 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; and
- prepare the financial statements on a going concern basis.

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

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 DFP and published in Managing Public Money Northern Ireland.

NORTHERN IRELAND PRISON SERVICE

GOVERNANCE STATEMENT 2014-15

Director General Introduction and Scope of Responsibility

The Northern Ireland Prison Service (NIPS), an Executive Agency of the Department of Justice (DoJ), complies with Managing Public Money NI (MPMNI) and, as Designated Accounting Officer for NIPS, I have prepared this Governance Statement in line with the requirements set out in Annex 3.1 of MPMNI.

In addition to my role as Director General and Accounting Officer for NIPS, from September 2014 I have held the role of Director of Reducing Offending Directorate (ROD)¹. I am a member of the DoJ Board, held to account by the Departmental Accounting Officer (Chair of the Departmental Board), which takes the form of regular reports to DoJ and the Minister of Justice, as well as regular bi-lateral discussions with the Departmental Accounting Officer.

Corporate Governance Framework

NIPS has recently reviewed its Corporate Governance Framework (the 'Framework') and the Prison Service Management Board, which supports me in my role as Designated Accounting Officer, approved the revised Framework in March 2015. 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.

A copy of the Framework can be accessed on NIPS website under Publications/Corporate Documents; the following paragraphs provide an overview of the key arrangements.

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 three Non-Executive Directors and the Executive Directors. 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 scrutinise implementation of policy and strategy, challenge decisions made by the Executive Team, monitor NIPS' performance and to provide overall assurance to the Director General on NIPS' affairs.

PSMB met on 9 occasions during 2014-15; attendance by members is shown in table 1 below.

Member	Attendance
Director General – Sue McAllister	9
Director, Offender Policy and Operations – Paul Cawkwell	7
Director, Human Resources, Finance & Corporate Services – Mark Adam	8
Director, Rehabilitation – Brian McCaughey	9
Director, Estates – Max Murray	7
Non-Executive Director – Phil Wheatley	8
Non-Executive Director – Paul Leighton	7
Non-Executive Director – Patricia Gordon	7

¹ Reducing Offending Directorate, created in September 2014, is one of the 4 Directorates within core DoJ, and has a sponsorship role for both NIPS and the Youth Justice Agency.

The Board works to a scheduled Forward Work Programme with key items scheduled monthly 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 the 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.

Among matters considered by the Board during 2014-2015 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 of the Non-Executive Directors and an Independent Board Member (during 2014-15 this was the Finance Director within DHSSPS) with attendees from relevant NIPS business areas as required. Its primary function 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'.

In January 2015 the members of the ARC discussed the National Audit Office (NAO) 2012 Good Practice Self-Assessment checklist for Public Sector Audit Committees, which the Chair subsequently completed and any required actions are in progress.

ARC met four times during 2014-15; attendance by members is shown in table 2 below.

Members	Attendance
Non-Executive Director - Paul Leighton (Chair)	3
Non-Executive Director - Patricia Gordon	4
Independent Board Member - Peter Toogood	3

Key matters considered during 2014-15 included:

- review of the Corporate Risk Register;
- NIPS Assurance Framework;
- review of the NIPS fraud log and external consultants register;
- updates on Gateway Reviews; and
- updates from Internal Audit and the NIAO.

Other Governance Arrangements - INTERNAL

Internal Audit

Internal Audit reviewed six key areas throughout the year including attendance management and information assurance. There were no Priority 1 recommendations made to NIPS during the 2014-15 year. NIPS' received several Priority 2 and 3 recommendations which have all been accepted.

In the Head of Internal Audit's 2014-15 Annual Report and Opinion he has given NIPS an overall opinion rating of satisfactory. Of the six reports completed in 2014-15 four received a satisfactory assurance with the remaining areas receiving a substantial assurance.

Operational Management Board (OMB)

The role of the OMB is to ensure that the policies and procedures approved by PSMB are implemented. The OMB will be guided by both high level strategic thinking and available evidence in taking decisions on implementation of operational policy. OMB will also scrutinise proposed operational policy and endorse minor policy changes deemed by the Director of Offender Policy & Operations to not require full PSMB approval.

OMB met on 10 occasions during 2014-15; attendance by members is shown in table 3 below.

Member	Attendance
Director, Offender Policy and Operations (Chair) – Paul Cawkwell	10
Governor, Maghaberry	10
Governor, Magilligan	10
Governor, Hydebank Wood	10
Head of PECCS	10
Head of Standards Unit	10
Head of Licensing & Legislation	9

Prison Review Team (PRT) Programme Board

The PRT Programme Board is held every eight weeks and is chaired by the Director General. The Board is attended by NIPS Executive Directors, Governing Governors and the PRT Programme Manager. The purpose of the Board is to:

- monitor progress achieved on the PRT Programme;
- take decisions regarding issues arising from the PRT Programme;
- review, amend and approve outputs from the PRT Programme; and
- approve additional projects suggested to come within the scope of the Programme, outcomes expected from these projects and timescales for delivery.

From April 2014 – March 2015 there were five meetings of the PRT Programme Board, with attendance as shown below:

Member	Attendance
Director General, Sue McAllister	5
Director, Human Resources, Finance & Corporate Services – Mark Adam	4
Director, Offender Policy and Operations – Paul Cawkwell	5*
Director, Estates – Max Murray	5
Director, Rehabilitation – Brian McCaughey	5
Governor, Maghaberry	4
Governor, Magilligan	5
Governor, Hydebank Wood	4
Programme Manager/Head of Internal Communications	5
DHSSPS Representative	5

* An Offender, Policy and Operations representative, attended once in Director's absence.

Finance Committee

The Finance Committee is an Executive Committee chaired by the Director of Human Resources, Finance and Corporate Services. Its purpose is to discuss and scrutinise key strategic finance plans and financial issues impacting on NIPS and to provide assurance on their robustness before they are adopted by the Director of Human Resources, Finance and Corporate Services, or presented for endorsement to the PSMB or Accounting Officer. Among the matters considered by the Committee during 2014-15:

- review and challenge capital proposals and priorities from the Minor Works Steering Group and agree adjustments as necessary within affordability constraints;
- test the robustness of strategic financial advice and financial policies and procedures to be issued from the Finance Directorate in advance of formal adoption and promulgation;
- oversee progress on finance projects which are of significant strategic importance and which impact on NIPS' ability to meet its targets;
- improve financial planning, monitoring and reporting within NIPS and its arm's length bodies; and
- to review and scrutinise the management responses to the 'Report to Those Charged with Governance' and make recommendations to the ARC and PSMB as necessary.

During 2014-15 the Finance Committee met twice and members attended as follows:

Member	Attendance
Director, Human Resources, Finance and Corporate Services (Chair) – Mark Adam	2
Director, Offender Policy and Operations – Paul Cawkwell	2
Director, Rehabilitation – Brian McCaughey	1
Head of Financial Planning	2
Head of Financial Accounting	2
Head of Estates Facilities	2*

* Head of Estate Programme substituted for Head of Estates Facilities on one of these occasions.

Other Governance Arrangements - EXTERNAL

There are a number of external bodies which provide assurance to the Board, including:

- Criminal Justice Inspectorate Northern Ireland – 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 (HM) 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;
- Independent Monitoring Board – independent members monitor the day to day life in prison and ensure that proper standards of care and decency are maintained; and
- Northern Ireland Audit Office – responsible for the issue of money from central government funds to Northern Ireland Departments and financial value for money audit of central government bodies in Northern Ireland.

Justice Committee

The Justice Committee is the Departmental Assembly Committee with a scrutiny, policy development, and consultation role in relation to DoJ, extending to its Agencies, including NIPS.

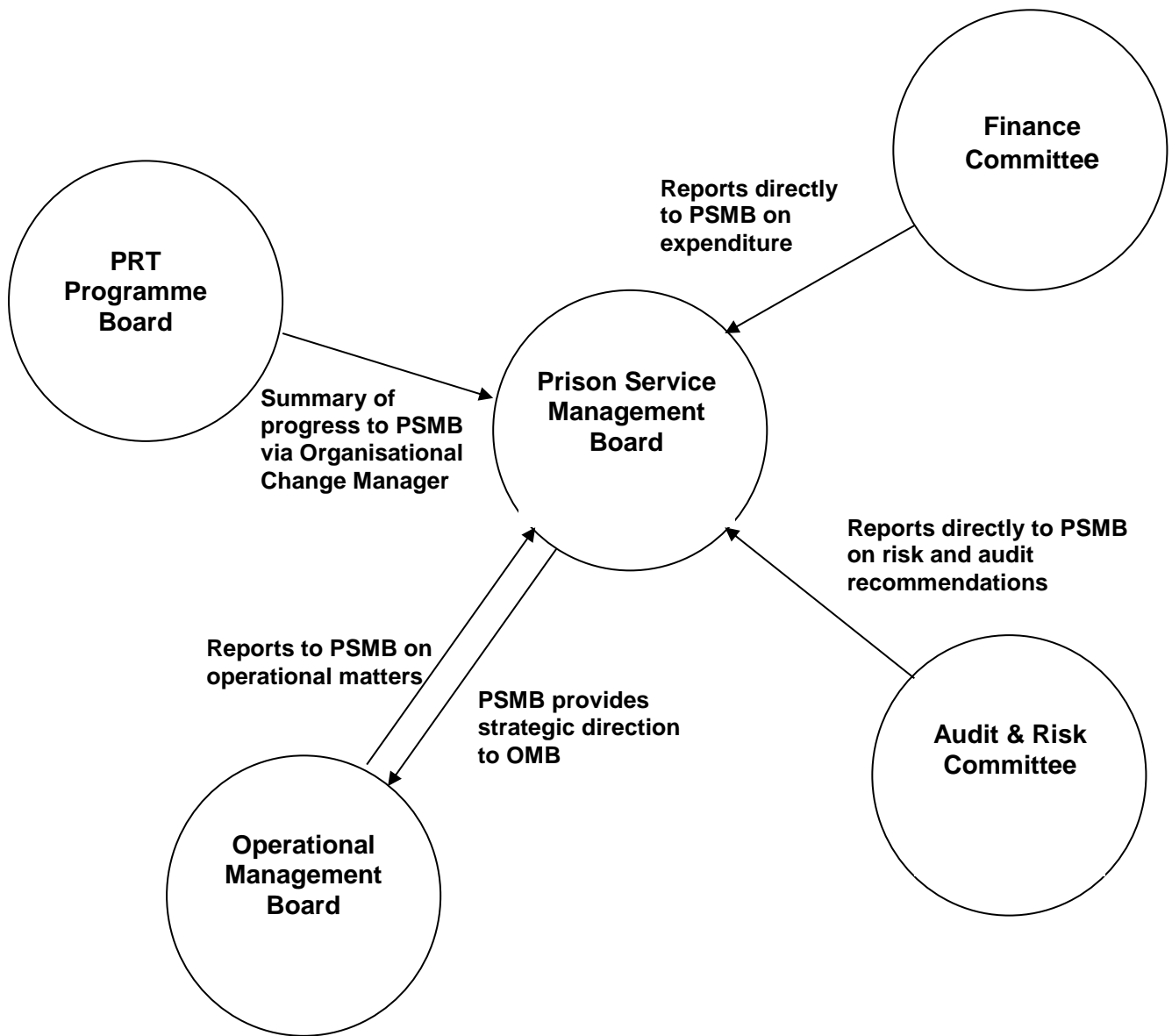
Conflicts of Interest

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

- Note 21 to the 2014-15 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

No conflicts of interest were declared in the 2014-15 year, and therefore no action was necessary.

The diagram below provides a graphical representation of the governance structures within NIPS.



RISK MANAGEMENT AND INTERNAL CONTROL

Risk management forms a central element of NIPS' internal control framework and is also embedded within the business planning process. A NIPS Risk Appetite and Risk Management guidance document is available to all NIPS staff to support their management of risk to a level appropriate to their authority and duties, with the most serious being escalated to PSMB.

NIPS Corporate Risk Register 2014-15 consisted of ten risks, which were assessed, addressed and reviewed by PSMB on a quarterly basis. Underpinning this, each Directorate, establishment, and branch had their own 2014-15 risk register, continually reviewed and formally updated quarterly. Other governance structures and functions that support information risk management include a Security Officer, Equality manager, HR Equality and Diversity manager, and a Records and Information unit.

NIPS is content the methods in place to monitor risk have proved effective in identifying risks as they arise, quickly and efficiently.

REVIEW OF EFFECTIVENESS OF THE FRAMEWORK

As noted earlier, NIPS has recently reviewed its Framework to reflect the creation of ROD and its relationship with NIPS. PSMB and ARC have agreed the revised version and NIPS is satisfied it has a robust Framework and that it is compliant with relevant guidance issued by DFP.

Ministerial Directions

No Ministerial directions were given to NIPS during the year.

SIGNIFICANT INTERNAL CONTROL ISSUES

Resolved Internal Controls Arising from 2013-14

In relation to the significant internal control issues mentioned in 2013-14 Annual Report the following areas have been resolved:

- Prison Population - this is not a significant risk at present following a flattening of growth and the anticipated Conditional Early Release scheme to follow. There is capacity in the Separated, Female and Young Offender estates. Close monitoring of population growth and trends will continue.
- Re-profiling - NIPS continues to keep staffing levels under review and have recently commenced a re-profiling exercise to look comprehensively at the operational staffing levels across the prison service. This is part of the 'business as usual' of the organisation.
- Criminal Justice Inspectorate Northern Ireland Reports – a new Management Team, headed by an experienced Governor, is now in place and issues highlighted in the report have been addressed. This has culminated in the opening of Hydebank Wood College on 13 April 2015.
- Report on Maghaberry Inspection - Inspection Report recommendations have either been addressed or, where a strategic approach (for example in respect of the Estate Strategy) is required, continue to be addressed by NIPS either corporately or at establishment level.

- Northern Ireland Audit Office 12-13 Recommendations – recommendations addressed to improve performance and meet the necessary standards;
- Service Level Agreement (SLA) with Departmental Solicitor's Office – the SLA has been completed.

Internal Control Issues during 2014-15

While a number of new issues were highlighted during 2014-15, there are also some internal controls which continue to be addressed by NIPS from 2013-14.

Safer Custody

Provision of safer custody remains a priority for NIPS. There have been three deaths in custody this year, each is currently subject to investigation by the Prisoner Ombudsman.

The Suicide and Self Harm Prevention Policy and Standard Operating Procedures has been reviewed in 2014-15 following the completion of the current CJINI Prisoner Safety Inspection. Lessons learned from recent death in custody investigations and external inspection reports have been incorporated and implementation will begin in 2015-16.

Absenteeism

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

All sickness absence is managed robustly under the NICS Sickness Absence Inefficiency Policy and a set of procedures is uniformly applied across NIPS. It is a permanent agenda item at PSMB and OMB. Long term cases are reviewed by the HR Director and his staff on a regular basis and the Head of HR meets with the Business Partners weekly to monitor progress on sickness absence matters. The Director General recently chaired a summit with Directors, Governors & HR Personnel to identify measures to tackle the persistent high levels of sickness absence in NIPS and further actions are to follow.

Sickness absence levels have continued to be high (the provisional figures supplied by Northern Ireland Statistics and Research Agency (NISRA) for 2014-15 indicate that this was 17.7 days per employee) although it is noteworthy that more than half of staff have taken no sickness absence.

Compensation Claims

The level of compensation claims against NIPS fell by 17% during 2014- 2015. This has been caused by a reduction in the number of Noise Induced Hearing Loss claims being received. The Claims Unit deals with all claims for compensation against NIPS for negligence resulting in an injury breach of human rights etc with the exception of industrial tribunal or employment law related claims. It takes formal legal advice from the Departmental Solicitor's Office. Guidance is sought from Police Service Northern Ireland (PSNI) Legal Services Branch for the provision of legal advice and governance in certain specific types of case. Reports of claims concluded are sent to relevant governors and senior management for consideration of remedial action to prevent recurrence. All settlements are approved by senior management.

Prison Review Team Programme

Robust arrangements have been established to ensure thorough scrutiny and challenge to the PRT Programme, underpinned by Programme and Project Management governance structures, with appropriate Board structures at both Agency and Department level. The ongoing capital spend programme for the Estate has been established as a Programme with appropriate governance to ensure the ongoing spend is appropriately managed. The PRT Programme reports on a quarterly basis to an independent, minister-led, Oversight Group, and reports regularly to the Justice Committee.

Suspected Fraud

A potential fraud has been identified during 2014-15 and is currently under investigation.

The cases of contractor overpayments continue to be formally pursued. One has been settled in full and the arbitrator's final award is awaited to conclude another. The remaining contractor declined to settle on the terms offered and is subject to ongoing legal action. New procedures were put in place to avoid a reoccurrence.

Expenditure Against Contracts

Expenditure against contracts had not been entered on the DOJ Procurement Database for 2013-14. This is because NIPS contracts had not been loaded onto Account NI (ACNI) by Central Procurement Division (CPD) and expenditure could not be linked automatically to them. NIPS gained approval to pilot loading contacts on to ACNI systems. This allowed expenditure to be linked and therefore, monitor contract spend to ensure contract values are not being breached. NIPS will continue to load contracts, as awarded to ensure contract compliance. During the upload it became apparent that some contracts although loaded had been done incorrectly at ACNI. NIPS are at present working towards uploading these contracts again. An exercise was undertaken in conjunction with Financial Services Division to update contract spend for 2013-14 this is now completed.

Below are internal control issues which occurred during 2014-15.

Unannounced Inspection of Magilligan Prison

An unannounced inspection of Magilligan Prison took place in May 2014. During this inspection CJINI, who were assisted by Her Majesty's Inspector of Prisons (HMCIP), assessed Magilligan Prison against the UK wide standard of a 'Healthy Prison' of which there are 4 key tests.

The 4 areas considered and assessed in the healthy prison test are Safety, Respect, Purposeful Activity and Resettlement. The Report was published in February 2015 and Magilligan Prison received the following assessment:

Safety –reasonably good outcomes for prisoners (3)
Respect –reasonably good outcomes for prisoners (3)
Purposeful Activity –poor outcomes for prisoners (1)
Resettlement –good outcomes for prisoners (4)

Resettlement, which is a major focus of the Prison, was assessed as good and it should be recognised that this is the first time any Prison in Northern Ireland has ever received this level of outcome.

Challenges remain in respect of maintaining the requisite levels of purposeful activity for prisoners. While the Report acknowledges that while prisoners have plenty of time out of their cells, there needs to be a renewed focus on providing adequate opportunities and proportionate incentives for constructive activity.

In this respect the performance of the establishment will be strengthened by the ongoing corporate review of Learning and Skills provision which is well advanced. Locally the management team are fully committed to addressing the recommendations that have been made by CJINI.

Safety of Prisoners

In October 2014 a report was published into 'The Safety of Prisoners held by NIPS following a joint inspection by CJINI and the Regulation and Quality Improvement Authority (RQIA). The report acknowledged the progress made in supporting prisoners and made a number of recommendations to further enhance their safety.

The report also set out the scale of the challenge that prison and healthcare staff face. It found that 5,000 prisoners use healthcare each year, and 1,000 of them will have a personality disorder. It also said 67% are on prescribed medication. Possibly their starkest finding was that 90% of prisoners have a diagnosable mental health problem, substance misuse problem or both

The Prison Service appointed a senior Governor to work with the South Eastern Trust to deliver the recommendations made by the inspectors and to ensure they are implemented within the timescales outlined in the report. The work by NIPS in this respect is nearing completion.

Stocktake of Roe House Agreement

The August 2010 Agreement was reached by the joint facilitation group to end a protest by prisoners in Roe House. The Minister of Justice established the Independent Assessment Team in September 2010 to ensure that the Agreement's principles and undertakings were being implemented. In July 2014, following a recommendation from the Prisoner Ombudsman, the Minister asked the Assessors to undertake a stocktake of the implementation of the 2010 Agreement.

The Stocktake Report from the independent assessors was received in September 2014. NIPS accepted the nine recommendations within its responsibility and continues to work towards their implementation.

Progress that has been made includes the Minister's appointment of an independent chairman for the prisoner forum. The Prison Service has taken a first incremental step towards normalising the regime by allowing four prisoners onto each of the two landings. NIPS has also made changes, in line with the recommendations, to the approach to full body searching which is now more acutely focussed upon intelligence and risk.

These are clear signals that the Prison Service is prepared to normalise the regime offered to prisoners, as and when it is appropriate to do so. However that is only in an environment where the security of the establishment and the safety of staff, visitors, prisoners or anyone else in Northern Ireland remains the priority.

Voluntary Exit Scheme

A Voluntary Exit Scheme was launched for NICS in March 2015. NIPS is working with the DoJ to address any issues that will arise from the Scheme and to minimise its effect on the Service.

The next step of the Scheme will be announced in late May/early June when the implications for NIPS will become clearer.

Northern Ireland Audit Office 2013-14 Recommendations

The NIAO identified several areas for improvement in the 2013-14 audit of NIPS. There were two priority 1 recommendations identified in the Report To Those Charged With Governance. These recommendations related to: contract monitoring and a lack of overtime reviews. NIPS has taken

on board these recommendations throughout the 2014-15 year, and has improved performance to meet these standards.

Escape of a Prisoner

Following a high profile escape by a Category B prisoner the Service is carrying out an investigation to ascertain any systemic failures or lessons that can be learnt.

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 through oversight of management activity, and by the DOJ Internal Audit team operating to Government Internal Audit Standards, who deliver an agreed prioritised programme of systems based audits. The Head of Internal Audit provides NIPS with an Annual Report and his professional opinion on the level of assurance that he can provide based on the work carried out, completed over a three year period. For 2014-15, he has provided an overall satisfactory assurance.



Sue McAllister
Director General & Accounting Officer
16 June 2015

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

I certify that I have audited the financial statements of the Northern Ireland Prison Service for the year ended 31 March 2015 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Director General as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Prison Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Prison Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic Report, Directors Report and Appendices to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

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.

Opinion on financial statements

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 2015 and of the net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Strategic Report, Directors Report and Appendices for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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 part of the Remuneration Report to be audited are not in agreement with the accounting records; 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 Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 June 2015

REMUNERATION REPORT

REMUNERATION POLICY

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured Senior Civil Service (SCS) pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

The Director of Human Resources (HR), Finance and Organisational Development was appointed under an Operational Partnership Agreement with the Strategic Investment Board (SIB) for a fixed term of 3 years and the salary was approved by the SIB Remuneration Committee.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

The remuneration of the Non-Executive Directors was determined by the Director General, taking account of guidance issued by the Office of the First Minister and deputy First Minister on the appointment of independent Non-Executive Directors.

- Phil Wheatley CB was appointed as a Non-Executive Director and member of Prison Service Management Board (PSMB) with effect from 16 January 2010 on a three year contract. He stepped down temporarily on 20 July 2010 to take up a position with the Prison Review Team (PRT). He returned as a member of the PSMB on 1 November 2011 following completion of his work with the PRT and his contract has been renewed until October 2015.
- Patricia Gordon was appointed as a Non-Executive Director and member of PSMB with effect from 25 February 2010 on a three year contract. The contract was extended for a further 3 years in February 2013.
- Paul Leighton CBE was appointed as a Non-Executive Director and member of PSMB on 1 November 2011 on a three year contract. His contract has been extended until October 2015.
- Peter Toogood agreed to become an Independent Committee member of the Northern Ireland Prison Service (NIPS) Audit and Risk Committee on 1 April 2013 on a two year appointment. Following an extension to his contract his term will finish in June 2015.

Salary and Pension Entitlements

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

REMUNERATION [Audited Information]

2014-15					
Board Member	Salary & allowances £'000	Bonus £'000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1000)**	Total £'000
Sue McAllister Director General	100-105	-	16,800	39,000	155-160
Max Murray Director of Estates	85-90	-	-	23,000	110-115
Joanne McBurney Director of Finance and Corporate Services (to 7 May 2014)	*5-10 65-70	-	-	-3,000	0-5
Mark Adam Director of HR, Finance and Corporate Services	120-125	-	-	-	120-125
Paul Cawkwell Director of Offender Policy and Operations	90-95	-	-	18,000	110-115
Brian McCaughey Director of Rehabilitation	90-95	-	1,200	13,000	105-110
Phil Wheatley CB Non-Executive Director	5-10	-	-	-	5-10
Paul Leighton CBE Non-Executive Director	10-15	-	-	-	10-15
Patricia Gordon Non-Executive Director	5-10	-	-	-	5-10
Median Salary Disclosure					
Band of highest paid director's total remuneration	120-125				
Median total remuneration	23,230				
Ratio	5.27				

2013-14					
Board Member	Salary & allowances	Bonus	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1000)**	Total
	£'000	£'000			£'000
Sue McAllister Director General (from 2 July 2012)	100-105	-	16,800	38,000	150-155
Max Murray Director of Estates	85-90	-	-	6,000	90-95
Ronnie Armour Director of Human Resources and Organisational Development (to 7 October 2013)	*30-35 (65-70)	-	-	(6,000)	25-30
Joanne McBurney Director of Finance and Corporate Services (from 8 October 2012)	65-70	-	-	85,000	150-155
Mark Adam Director of HR and Organisation Development	110-115	-	5,300	-	115-120
Paul Cawkwell Director of Offender Policy and Operations (from 10 June 2013)	*70-75 (90-95)	-	-	41,000	110-115
Brian McCaughey Director of Rehabilitation (from 2 September 2013)	*50-55 (90-95)	-	800	78,000	130-135
Phil Wheatley CB Non-Executive Director	5-10	-	-	-	5-10
Paul Leighton CBE Non-Executive Director	10-15	-	-	-	10-15
Patricia Gordon Non-Executive Director	5-10	-	-	-	5-10
Median Salary Disclosure					
Band of highest paid director's total remuneration	£115-120				
Median total remuneration	£22,291				
Ratio	5.27				

* Indicates that the individual was in post for part of year only. Full year equivalents are noted beside part year amounts in brackets

** 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.

Median Salary Disclosure

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

The banded remuneration of the highest-paid director in NIPS in the financial year 2014-15 was £120-125k (2013-14, £115-120k). This was 5.27 times (2013-14, 5.27 times) the median remuneration of the workforce, which was £23,230 (2013-14, £22,291). In 2014-15, 0 employees (2013-14:0) received remuneration in excess of the highest paid Director. Remuneration ranged from £9,000 to £120,284 (2013-14: £9,000 to £119,733).

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

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. The salary range reflects remuneration for the months in office, but where relevant the full year equivalent (FYE) is also provided. The Agency did not make any contributions to a Board member's partnership pension account.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's (HM) Revenue and Customs as a taxable emolument. The net benefits in kind shown above are in respect of detached duty allowances and expenses, on which the tax payable is met by the Department.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 relate to performance in 2014-15 and the comparative bonuses reported for 2013-14 relate to the performance in 2013-14.

PENSION ENTITLEMENTS (Audited Information)

Board Member	Accrued pension at pension age as at 31/3/15 and related lump sum £'000'	Real increase in pension and related lump sum at pension age £'000'	CETV at 31/3/15 £'000	CETV at 31/3/14 £'000	Real increase in CETV £'000
Sue McAllister Director General	5-10 plus lump sum of 0	0-2.5 plus lump sum of 0	83	50	21
Max Murray Director of Estates	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 2.5-5	917	894	22
Joanne McBurney Director of Finance and Corporate Services	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	333	331	1
Paul Cawkwell Director of Offender Policy and Operations	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 2.5-5	380	351	10
Brian McCaughey Director of Rehabilitation	40-45 plus lump sum of 100-105	0-2.5 plus lump sum of 0-(2.5)	947	891	45
Mark Adam Director of HR and Organisation Development	-	-	-	-	-

No pension benefits are provided to the independent Board members and the Director of HR and Organisation Development.

Pensions

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership

pension account. Nuvos 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 rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a "Career Averaged 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 rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contributions rates for all members for the period covering 1 April 2015 – 31 March 2016 are as follows:

Scheme Year 1 April 2015 to 31 March 2016

Pay band – assessed each pay period		Contribution rates – Classic members	Contribution rates – Classic plus, premium, nuvos and alpha
From	To	From 1 April 2015 to 31 March 2016	From 1 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
21,001.00	£47,000.99	5.45%	5.45%
£47,000.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65

for members of **nuvos**. Further details about the CSP arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-ni.

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 CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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



Sue McAllister
Director General & Accounting Officer
16 June 2015

FINANCIAL STATEMENT AND ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	Staff Costs	2014-15 Other Costs	Income	2013-14
		£000	£000	£000	£000
Administration Costs					
Staff costs	3	7,937			8,855
Other administrative costs	4		6,182		6,738
Operating income	6			(66)	(71)
Programme Costs					
Staff costs	3	62,733			68,828
Voluntary Early Retirement Scheme Staff Costs	3	1,612			991
Programme costs	5		37,726		40,385
Income	6			(2,970)	(2,928)
Totals		<u>72,282</u>	<u>43,908</u>	<u>(3,036)</u>	<u>122,798</u>
Net Operating Cost				<u>113,154</u>	<u>122,798</u>
Other Comprehensive Net Expenditure					
	Note			2014-15 £000	2013-14 £000
Items that will not be reclassified to net operating costs:					
Net gain/(loss) on revaluation of property, plant and equipment	7			(15,366)	(14,314)
Net gain/(loss) on revaluation of intangibles	8			(70)	(147)
Actuarial (gain)/loss on pension liability	15			1,070	3,280
Total Comprehensive Expenditure for the year ended 31 March 2015				<u>98,788</u>	<u>111,617</u>

The notes on pages 51 to 81 form part of these accounts

**Statement of Financial Position
as at 31 March 2015**

	Note	2014-15 £000	2013-14 £000
Non-current assets			
Property, plant and equipment	7	227,102	214,214
Intangible assets	8	5,526	6,265
Trade and other receivables	12	10	14
Financial assets	9	323	585
Total non-current assets		232,961	221,078
Current assets			
Inventories	11	1,165	1,572
Trade and other receivables	12	1,208	1,232
Financial assets	9	236	266
Cash and cash equivalents	13	42	59
Total current assets		2,651	3,129
Total assets		235,612	224,207
Current liabilities			
Cash and cash equivalents	13	(3,185)	(360)
Trade and other payables	14	(12,686)	(16,112)
Provisions	15	(8,677)	(7,319)
Total current liabilities		(24,548)	(23,791)
Non-current assets less net current liabilities		211,064	200,416
Non-current liabilities			
Provisions	15	(28,951)	(33,139)
Other payables	14	(4)	(5)
Total non-current liabilities		(28,955)	(33,144)
Total assets less liabilities		182,109	167,272
Taxpayers' Equity			
General fund		122,861	120,916
Revaluation reserve		59,248	46,356
Total taxpayers' equity		182,109	167,272



Sue McAllister
Accounting Officer
16 June 2015

The notes on pages 51 to 81 form part of these accounts

Statement of Cash Flows
for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net operating cost	2	(113,154)	(122,798)
Adjustments for non-cash transactions	4,5	15,538	16,398
(Increase)/decrease in trade and other receivables	12	28	175
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	12	(1)	(1)
(Increase)/decrease in inventories	11	407	70
Increase/(decrease) in trade payables	14	(3,427)	(17,130)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	(2,092)	1,407
Use of provisions	15	(5,479)	(2,511)
Net cash outflow from operating activities		<u>(108,180)</u>	<u>(124,390)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(5,190)	(5,094)
Purchase of intangible assets	8	(1,071)	(559)
Proceeds of disposal of property, plant and equipment		1	20
Repayments from other bodies	9	303	447
Net cash outflow from investing activities		<u>(5,957)</u>	<u>(5,186)</u>
Cash flows from financing activities			
Financing from Department of Justice		111,276	134,914
Net financing		<u>111,276</u>	<u>134,914</u>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(2,861)	5,338
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		58	26
Payments of amounts due to the Consolidated Fund		(39)	(23)
Cash and cash equivalents at the beginning of the period	13	(301)	(5,642)
Cash and cash equivalents at the end of the period	13	<u>(3,143)</u>	<u>(301)</u>

The notes on pages 51 to 81 form part of these accounts

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2015**

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 31 March 2013		107,628	33,902	141,530
Changes in taxpayers' equity for 2013-14				
Net gain on revaluation of property, plant and equipment		-	14,461	14,461
Actuarial loss	7,8	(3,280)	-	(3,280)
Non-cash charges - auditors' remuneration	4	42	-	42
Non-cash charges – other	4	2,403	-	2,403
Transfers between reserves		2,007	(2,007)	-
Comprehensive Expenditure for the year		(122,798)	-	(122,798)
Total recognised income and expense for 2013-14	2	(121,626)	12,454	(109,172)
Net Assembly Funding – drawn down		134,914	-	134,914
Balance at 31 March 2014		120,916	46,356	167,272
Changes in taxpayers' equity for 2014-15				
Net gain on revaluation of property, plant and equipment		-	15,436	15,436
Actuarial Loss	7,8	(1,070)	-	(1,070)
Non-cash charges - auditors' remuneration	4	42	-	42
Non-cash charges – other	4	2,152	-	2,152
Items funded by Department – Capital	7	155	-	155
Transfers between reserves		2,544	(2,544)	-
Comprehensive Expenditure for the year		(113,154)	-	(113,154)
Total recognised income and expense for 2014-15	2	(109,331)	12,892	(96,439)
Net Assembly Funding – drawn down		111,276	-	111,276
Balance at 31 March 2015		122,861	59,248	182,109

The notes on pages 51 to 81 form part of these accounts

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP), and directions given by the DFP, under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. DFP requires 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 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 2.2%.

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 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 Net Comprehensive Expenditure and in Note 6 with related costs and expenses shown separately in Notes 4 and 5 of these financial statements.

1.3 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.

1.4 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.

1.5 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 2.2% in line with Treasury guidelines. NIPS does not hold any other financial instruments.

1.6 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 & external doors, internal walls & partitions, internal doors, floors/wall/ceiling finishes.
Engineering Systems	Sanitary appliances, services equipment, disposal installation, water installation, heat source, space heating & air treatment, ventilation systems, electrical, gas, lift and protective installations.
Equipment & Security Installations	CCTV, access control, alarm systems, control rooms including all associated Information & Communications Technology (ICT) hardware & software; fixed furniture, fittings, equipment & 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:

- Permanent buildings	up to 55 years
- Temporary buildings	10 - 25 years
- Plant and Equipment	3 - 25 years
- Furniture and Office Equipment	3 - 15 years
- Information Technology and Software	3 - 8 years
- Vehicles	5 - 20 years

1.7 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.

1.8 Inventories

Inventories are valued at the lower of cost or net realisable value.

1.9 Pension Costs

Past and present employees are covered by the provisions of the PCSPS (NI) and the PCSPS (GB). Liability for payment of future benefits is a charge to the PCSPS (NI) and PCSPS (GB). The Agency meets the cost of pension cover through the payment of charges calculated on an accruing basis. Contributions are charged to the Statement of Comprehensive Net Expenditure as incurred.

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 parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Northern Ireland Assembly (NIA) 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 NIA separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the NIA.

1.13 Operating Leases

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

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 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.

1.16 Value Added Tax (VAT)

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

1.17 Administration and programme expenditure

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

1.18 Notional costs

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

1.19 Insurance

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

1.20 Funding

NIPS is financed by supply estimates voted by the NIA. Its provision was set out in Request for Resources 1 of the Department of Justice (DOJ) for this reporting period.

1.21 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.

1.22 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.

1.23 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 consolidated 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 1.6.

(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 where 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 Voluntary Early Retirement Scheme

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

1.25 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2015

Standard	Comments
IFRS 10 - Consolidated Financial Statements	The International Accounting Standards Board (IASB) have issued new and amended Standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. These standards are effective with EU adoption from 1 January 2014.
IFRS 11 - Joint Arrangements	
IFRS 12 - Disclosure of Interests in Other Entities	
IAS 27 - Separate Financial Statements	

IAS 28 - Investments in Associates and Joint Ventures	<p>departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.</p> <p>With the continuation of current adaptations, the impact on departments mainly relates to the disclosure requirements under IFRS 12.</p>
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NIPS has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2014-15 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of NIPS.

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

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2015 or later periods, but which NIPS has not adopted early. Other than as outlined in the table below, NIPS considers that these standards are not relevant to its operations.

Standard	Description of revision	Application date	Comments
IFRS 13 - Fair Value Measurement (new)	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset / liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on - based on a hierarchy for input quality. Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding of the sensitivity of the valuation to changes in those inputs.</p>	1 January 2013 (EU adopted) - FReM 2015-16.	Although IFRS 13 is applied without adaptation, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.
IAS 36 - Impairment of assets - recoverable amount disclosures (amendment)	This amendment, which seeks to address the implications of references to IFRS 13, modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets. It clarifies the scope of certain disclosures and removes burdensome and unintended disclosures requirements without reducing the relevance and understand-ability of the financial information.	1 January 2014 (EU adopted) – with a view to include in the final version of the 2015-16 FReM.	To be considered by HM Treasury with the expectation that it will be applied when IFRS 13 is introduced in the FReM. Any adaptations or interpretations will follow due process and be included in the final version of 2015-16 FReM.

1.27 Financial Reporting – Future Development

In addition to the changes identified above, there are a number of future developments that will impact NIPS including:

Standard	Description of revision	Application date	Comments
IFRS 15 - Revenue from Contracts with Customers (IAS 18 replacement - Revenue Recognition and Liabilities Recognition)	The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs	1 January 2017 (not yet EU adopted) but could be 1 January 2018. With a view to include in the 2017-18 FReM	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and other Relevant Authorities. A work plan recently began to assess the impact on the public sector.
IFRS 9 - Financial Instruments (new)	The objective of the new standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.	1 January 2018 (not yet EU adopted). With a view to include in the 2018-19 FReM.	The introduction of IFRS 9 is subject to analysis and review by HM Treasury and other relevant Authorities. A work plan has recently started to assess the impact on the public sector.
IAS 17 Leases (replacement)	The current proposals include the elimination of the current operating lease categorisation for virtually all leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. Two possible exemptions are anticipated, one being for short leases (less than 1 year) and the second being for small value assets. The latest update emphasises that service contracts are not required to be capitalised on the balance sheet and that the new Standard will include accompanying guidance to help entities assess whether a contract is (or contains) a lease.	The IASB plans to issue the new Standard before the end of 2015. FReM inclusion will be subject to consultation.	HM Treasury has continued to analyse this process including the project update and consideration of practical implications. HM Treasury and Relevant Authorities will review the implications and follow due process once there is a final Standard.
IAS 1 - Disclosure Initiative (amendment)	These amendments encourage professional judgement to be used in determining what information to disclose in financial statements, and where and in what order information is presented in the financial disclosures. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	1 January 2016 (not yet EU adopted) With a view to include in the 2016-17 FReM.	HM Treasury and other Relevant Authorities will review the implications of this amendment and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will follow normal due process

IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation (amendment)	This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.	1 January 2016 (not yet EU adopted) With a view to include in the 2016-17 FReM.	HM Treasury and other Relevant Authorities will review the implications of these changes and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will follow normal due process
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2. Analysis of Net Expenditure by Segment

2014-15

	Maghaberry	Magilligan	Hydebank	Others	Total
	£000	£000	£000	£000	£000
Gross Expenditure	50,380	23,046	17,000	25,764	116,190
Income	(1,542)	(930)	(400)	(164)	(3,036)
Net Expenditure	48,838	22,116	16,600	25,600	113,154

2013-14

	Maghaberry	Magilligan	Hydebank	Others	Total
	£000	£000	£000	£000	£000
Gross Expenditure	52,646	24,464	21,185	27,502	125,797
Income	(1,581)	(791)	(352)	(275)	(2,999)
Net Expenditure	51,065	23,673	20,833	27,227	122,798

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 consists of all Headquarters functions, the Prison Service College and the Prisoner Escorting and Court Custody Service.

3. Staff Numbers and Related Costs

Staff costs comprise:

	Total	2014-15 Permanently employed staff	Others	2013-14 Total
	£000	£000	£000	£000
Administration costs				
Wages and salaries	6,284	6,269	15	7,014
Social security costs	466	466	-	521
Other pension costs	1,187	1,187	-	1,320
Total administration staff costs	7,937	7,922	15	8,855
Programme costs				
Wages and salaries	49,887	49,409	478	54,655
Social security costs	3,787	3,780	7	4,187
Other pension costs	9,059	9,059	-	9,986
Total programme staff costs	62,733	62,248	485	68,828
Voluntary Early Retirement Scheme Programme costs				
Wages and salaries	1,677	1,677	-	924
Social security costs	(65)	(65)	-	67
Total Voluntary Early Retirement Scheme programme staff costs	1,612	1,612	-	991
Total staff costs	72,282	71,782	500	78,674

Pensions

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] and Principal Civil Service Pension Scheme [PCSPS(GB)] are unfunded multi-employer defined benefit schemes but the Northern Ireland Prison Service is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. The valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employer's contributions of £10,243,944 were payable to the PCSPS(NI) and the PCSPS(GB) (2013-14: £11,372,121) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the costs of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £15,057 (2013-14: £38,942) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer's contributions are age-related and range from 3% to 12.5% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,189 (2013-14: £2,281), 0.8% of pensionable pay, were payable to the PCSPS(NI) 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.

III Health retirement

32 persons (2013-14: 26 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £72,438 (2012-13: £56,267)

Average number of persons employed

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

	2014-15		2013-14	
	Total	Permanent Staff	Others	Total
Administration staff	205	205	-	252
Operational staff	1,619	1,603	16	1,706
Staff engaged on capital projects	-	-	-	-
Total number of staff	1,824	1,808	16	1,958

3. Staff numbers and related costs (continued)

Reporting of compensation and exit packages for all staff 2014-15

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0(0)	0(0)	0(0)
£10,000-£25,000	0(0)	0(0)	0(0)
£25,000-£50,000	0(0)	2(0)	2(0)
£50,000-£100,000	0(0)	0(5)	0(5)
£100,000-£150,000	0(0)	0(5)	0(5)
£150,000-£200,000	0(0)	1(0)	1(0)
>£200,000	0(0)	11(8)	11(8)
Total number of exit packages	0 (0)	14(18)	14(18)
Total resource cost /£'000	-	3,159(2,792)	3,159(2,792)

Comparative data shown (in brackets) for previous year

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs which include pension costs due to the PCSPS (NI) are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

4. Other Administrative Costs

	2014-15	2013-14
	£000	£000
Staff related costs	771	905
Rentals under operating leases	191	137
Accommodation costs	553	669
Office Services	960	1,069
Managed services	779	930
Contracted out services	151	115
Consultancy costs	26	102
Consumables, materials and equipment costs	16	25
Professional costs	93	127
Interest payable and similar charges	88	-
Non capital purchases	8	19
Other costs	306	195
	<u>3,942</u>	<u>4,293</u>
Non-cash costs		
(Profit)/loss on disposal of non-current assets	46	-
Notional administrative costs provided by Parent Department	72	61
Notional administrative costs provided by Other Departments and Agencies	2,080	2,342
Auditors' remuneration	42	42
	<u>2,240</u>	<u>2,445</u>
Total Other Administrative Costs	<u><u>6,182</u></u>	<u><u>6,738</u></u>

5. Programme Costs

	Note	2014-15 £000	2013-14 £000
Prisoner costs		11,115	11,227
Staff related costs		1,198	2,210
Accommodation costs		8,611	9,031
Rentals under operating leases		9	22
Office Services		457	608
Professional costs		1,435	1,266
Contracted out services		783	872
Consumables, materials and equipment costs		670	1,068
Non capital purchases		86	77
Other costs		64	51
		24,428	26,432
Non-cash costs			
Depreciation		10,478	10,143
Amortisation	7	1,880	1,856
Loss/(Profit) on disposal of property, plant and equipment	8	1	53
Net revaluation charge to SoCNE		(629)	(1,638)
Impairment	7,8,11	-	-
Interest charges	5 ¹	(11)	(59)
Provisions: provided for in year	5 ²	10,486	11,912
Provisions: written back in year	5 ²	(8,907)	(8,314)
Provisions: borrowing costs	5 ²	-	-
Other (including financial asset impairment)	15	-	-
		13,298	13,953
Total Programme Costs		37,726	40,385

5¹ *Notional interest receivable*

Included within Programme Costs is £11k (2013-14: £59k) related to the calculated net interest receivable on housing loans, calculated at 2.2% of the amortised cost (fair value) of the loans (see Note 9 on Financial Instruments).

5² *Provisions*

Included within Programme Costs is £1,579k, (2013-14: £3,598k) showing a net increase in costs due to provisions released and provided for in the year. These figures include £2,110k (2013-14: £1,788k) provided for Litigation, £(2,911)k (2013-14: £6,153k) provided for Hearing Loss, £771k, (2013-14: £465k) for Injury Awards, £1,666k (2013-14: £4,849k) provided for the Voluntary Early Retirement scheme (See note 15).

6. Income

	2014-15	2013-14
	£000	£000
Administration Income		
Sale of goods and services	36	70
Other income	<u>30</u>	<u>1</u>
	<u>66</u>	<u>71</u>
Programme Income		
Sale of goods and services	2,746	2,722
Other income	<u>224</u>	<u>206</u>
	<u>2,970</u>	<u>2,928</u>
Total Operating Income	<u><u>3,036</u></u>	<u><u>2,999</u></u>

7. Property, plant and equipment

	Land	Buildings	Vehicles	Plant & Machinery	Furniture & Fittings	Information Technology	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2014	5,634	221,072	3,955	26,551	1,875	4,047	5,757	268,891
Additions	-	292	232	640	19	85	5,997	7,265
Disposals	-	-	(23)	(26)	(6)	(84)	(46)	(185)
Transfers	-	-	-	156	-	-	-	156
Reclassifications	-	1,473	-	272	-	-	(1,745)	-
Impairments	-	-	-	-	-	-	-	-
Revaluation charged to SoCNE	-	771	(2)	-	-	-	-	769
Revaluations	32	17,869	(14)	326	8	(1)	-	18,220
At 31 March 2015	5,666	241,477	4,148	27,919	1,896	4,047	9,963	295,116
Depreciation								
At 1 April 2014	-	24,991	2,295	22,562	1,186	3,643	-	54,677
Charged in year	-	8,733	386	1,080	125	154	-	10,478
Disposals	-	-	(23)	(23)	(6)	(84)	-	(136)
Transfers	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-
Revaluation charged to SoCNE	-	141	-	-	-	-	-	141
Revaluations	-	2,636	(9)	222	5	-	-	2,854
At 31 March 2015	-	36,501	2,649	23,841	1,310	3,713	-	68,014
Carrying amount At 31 March 2015	5,666	204,976	1,499	4,078	586	334	9,963	227,102
Carrying amount At 31 March 2014	5,634	196,081	1,660	3,989	689	404	5,757	214,214

7. Property, plant and equipment (continued)

	Land	Buildings	Vehicles	Plant & Machinery	Furniture & Fittings	Information Technology	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Asset financing:								
Owned	5,666	204,976	1,499	4,078	586	334	9,963	227,102
Carrying amount At 31 March 2015	5,666	204,976	1,499	4,078	586	334	9,963	227,102

Land and Property Services (LPS) carried out a full valuation of land and buildings at 1 April 2011, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2016.

It is intended that the Prison Service College will be disposed of once the Northern Ireland Community Safety College is operational. Until this time, on the basis that all lands at Millisle will be sold together, the property at Lisnevin has been valued at its pro-rata replacement cost.

7. Property, plant and equipment

	Land	Buildings	Vehicles	Plant & Machinery	Furniture & Fittings	Information Technology	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2013	5,634	200,732	4,467	25,534	1,522	4,020	5,696	247,605
Additions	-	315	385	185	34	107	2,657	3,683
Disposals	-	(1)	(376)	(195)	-	(51)	(45)	(668)
Reclassifications	-	2,426	(518)	218	302	(24)	(2,551)	(147)
Impairments	-	-	-	-	-	-	-	-
Revaluation charged to SoCNE	-	1,823	-	9	-	-	-	1,832
Revaluations	-	15,777	(3)	800	17	(5)	-	16,586
At 31 March 2014	5,634	221,072	3,955	26,551	1,875	4,047	5,757	268,891
Depreciation								
At 1 April 2013	-	14,782	2,560	21,036	794	3,514	-	42,686
Charged in year	-	8,278	406	1,123	129	207	-	10,143
Disposals	-	(1)	(361)	(185)	-	(49)	-	(596)
Reclassifications	-	-	(308)	55	255	(26)	-	(24)
Impairments	-	-	-	-	-	-	-	-
Revaluation charged to SoCNE	-	187	-	9	-	-	-	196
Revaluations	-	1,745	(2)	524	8	(3)	-	2,272
At 31 March 2014	-	24,991	2,295	22,562	1,186	3,643	-	54,677
Carrying amount At 31 March 2014	5,634	196,081	1,660	3,989	689	404	5,757	214,214
Carrying amount At 31 March 2013	5,634	185,950	1,907	4,498	728	506	5,696	204,919

7. Property, plant and equipment (continued)

	Land	Buildings	Vehicles	Plant & Machinery	Furniture & Fittings	Information Technology	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Asset financing:								
Owned	5,634	196,081	1,660	3,989	689	404	5,757	214,214
Carrying amount At 31 March 2014	5,634	196,081	1,660	3,989	689	404	5,757	214,214

Land and Property Services (LPS) carried out a full valuation of land and buildings at 1 April 2011, in accordance with the RICS Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2016.

It is intended that the Prison Service College will be disposed of once the new joint training facility is opened at Desertcreat. Until this time, on the basis that all lands at Millisle will be sold together, the property at Lisnevin has been valued at its pro-rata replacement cost.

8. Intangible assets

Intangible assets comprise purchased computer software licences.

	2014-15
Cost or valuation	£000
At 1 April 2014	17,511
Additions	1,071
Disposals	-
Reclassifications	-
Impairments	-
Revaluation charged to SoCNE	18
Revaluations	221
At 31 March 2015	<u>18,821</u>
Amortisation	
At 1 April 2014	11,246
Charged in year	1,880
Disposals	-
Reclassifications	-
Impairments	-
Revaluation charged to SoCNE	18
Revaluations	151
At 31 March 2015	<u>13,295</u>
Carrying amount at 31 March 2015	<u><u>5,526</u></u>
Carrying amount at 31 March 2014	<u><u>6,265</u></u>
Asset financing:	
Owned	<u>5,526</u>
Carrying amount at 31 March 2015	<u><u>5,526</u></u>

8. Intangible assets

Intangible assets comprise purchased computer software licences.

	2013-14
Cost or valuation	£000
At 1 April 2013	16,430
Additions	559
Disposals	-
Reclassifications	147
Impairments	30
Revaluation charged to SoCNE	-
Revaluations	345
At 31 March 2014	<u>17,511</u>
Amortisation	
At 1 April 2013	9,141
Charged in year	1,856
Disposals	-
Reclassifications	24
Impairments	-
Revaluation charged to SoCNE	28
Revaluations	197
At 31 March 2014	<u>11,246</u>
Carrying amount at 31 March 2014	<u>6,265</u>
Carrying amount at 31 March 2013	<u>7,289</u>
Asset financing:	
Owned	<u>6,265</u>
Carrying amount at 31 March 2014	<u>6,265</u>

9

. **Financial Instruments**

	2014- 15	2013- 14
	£000	£000
Housing Loans		
Balance at 1 April	851	1,239
Additions	-	-
Disposals	-	-
Repayments	(303)	(447)
Impairments	-	-
Revaluations	11	59
Balance at 31 March	559	851
Loans repayable within 12 months transferred to financial assets < 1 Year	(236)	(266)
Balance at 31 March due in more than 1 year	323	585
Balance at 31 March comprises:		
Carrying value	593	896
Net discount at 2.2%	(18)	(36)
Impairment	(16)	(9)
Amortised amount (Fair value) at 31 March	559	851
Loans repayable within 12 months transferred to financial assets < 1 Year	(236)	(266)
Balance at 31 March due in more than 1 year	323	585

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 2.2% in line with Treasury guidelines. NIPS had 202 loans to officers at 31 March 2015 (256 at 31 March 2014) and does not hold any other financial assets. NIPS is therefore exposed to little credit, liquidity or market risk.

10. Impairments

Under IAS 16 a revaluation surplus is credited directly to equity under the heading of revaluation surplus, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, when it should be credited to the profit or loss to that extent.

Likewise a revaluation deficit is debited directly to expense under the heading of impairment loss whenever the recoverable amount is below the carrying amount, unless it reverses a revaluation increase on the same asset previously recognised as a revaluation surplus, when it should be debited to equity under the heading of revaluation to that extent.

Net Revaluations to the Statement of comprehensive Net Expenditure for the financial year 2014-15 across all classes of assets except land amount to £628k (2013-14 £1,638k).

11

. Inventories

	2014-15	2013-14
	£000	£000
Consumables and equipment	952	1,137
Fuel stores	213	435
	<u>1,165</u>	<u>1,572</u>

12

. Trade receivables and other current assets

	2014-15	2013-14
	£000	£000
(i) Amounts falling due within one year:		
Other receivables	134	337
Prepayments and accrued income	222	272
Recoverable VAT	852	623
	<u>1,208</u>	<u>1,232</u>
(ii) Amounts falling due after more than one year		
Other receivables	10	14
Prepayments and accrued income	-	-
	<u>10</u>	<u>14</u>

Included within Other receivables is £5,071 (2013-14: £6,351) that will be due to the Consolidated Fund once the debts are collected.

12.1 Intra-Government Balances

	2014-15 £000	2013-14 £000
(i) Amounts falling due within one year:		
Balances with other Central Government Bodies	968	824
Balances with local authorities	-	-
Balances with National Health Service (NHS) bodies	-	-
Balances with Public Corporations and Trading Funds	-	-
Balances with Bodies External to Government	240	408
	<u>1,208</u>	<u>1,232</u>
(ii) Amounts falling due after more than one year		
Balances with other Central Government Bodies	-	-
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Balances with Public Corporations and Trading Funds	-	-
Balances with Bodies External to Government	10	14
	<u>10</u>	<u>14</u>

13. Cash and cash equivalents

	2014-15 £000	2013-14 £000
Balance at 1 April	(301)	(5,642)
Net change in cash and cash equivalent balances	(2,842)	5,341
Balance at 31 March	<u>(3,143)</u>	<u>(301)</u>

The following balances at 31 March were held at :

Cash in hand	42	59
Commercial bank	(3,185)	(360)
Balance at 31 March	<u>(3,143)</u>	<u>(301)</u>

The amounts above do not include Prisoners' Private Cash Accounts or Prisoners' Amenities Funds which are held in public bank accounts but have been classified as Third Party Assets and are disclosed in Note 22.

14. Trade payables and other current liabilities		2014-15	2013-14
		£000	£000
(i) Amounts falling due within one year			
Taxation and social security		193	91
Trade payables		120	331
Capital retentions		5	275
Other payables		252	477
Accruals and deferred income		12,088	14,929
Consolidated Fund Extra Receipts <i>received</i> due to be paid to the Consolidated Fund		27	8
Consolidated Fund Extra Receipts <i>receivable</i> due to be paid to the Consolidated Fund		1	1
		<u>12,686</u>	<u>16,112</u>
(ii) Amounts falling due after more than one year			
Consolidated Fund Extra Receipts <i>receivable</i> due to be paid to the Consolidated Fund		4	5
		<u>4</u>	<u>5</u>
14.1 Intra-Government Balances		2014-15	2013-14
		£000	£000
(i) Amounts falling due within one year:			
Balances with other Central Government Bodies		1,644	4,129
Balances with local authorities		-	-
Balances with NHS bodies		-	-
Balances with Public Corporations and Trading Funds		-	76
Balances with Bodies External to Government		11,042	11,907
		<u>12,686</u>	<u>16,112</u>
(ii) Amounts falling due after more than one year			
Balances with other Central Government Bodies		4	5
Balances with local authorities		-	-
Balances with NHS bodies		-	-
Balances with Public Corporations and Trading Funds		-	-
Balances with Bodies External to Government		-	-
		<u>4</u>	<u>5</u>

15. Provisions for liabilities and charges

	Voluntary Early Retirement Scheme	Early Departure Costs	Injury Awards	Litigation	Borrowing Loss	Equal Opportunities	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2014	16,276	47	12,821	2,715	8,481	101	17	40,458
Provided in the year	1,666	1	771	2,667	5,344	37	-	10,486
Provisions not required written back	-	-	-	(557)	(8,255)	(95)	-	(8,907)
Provisions utilised in the year	(2,871)	(33)	(621)	(795)	(1,129)	(13)	(17)	(5,479)
Borrowing costs (unwinding of discount)	-	-	-	-	-	-	-	-
Actuarial Loss	-	-	1,070	-	-	-	-	1,070
At 31 March 2015	15,071	15	14,041	4,030	4,441	30	-	37,628

Analysis of expected timing of discounted flows*

	Voluntary Early Retirement Scheme	Early Departure Costs	Injury Awards	Litigation	Borrowing Loss	Equal Opportunities	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
No later than one year	3,251	15	560	2,441	2,380	30	-	8,677
Later than one year and not more than five years	10,715	-	2,120	1,589	2,061	-	-	16,485
Later than five years	1,105	-	11,361	-	-	-	-	12,466
At 31 March 2015	15,071	15	14,041	4,030	4,441	30	-	37,628

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

15. Provisions for liabilities and charges

	Voluntary Early Retirement Scheme	Early Departure Costs	Injury Awards	Litigation	Borrowing Loss	Equal Opportunities	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	21,443	77	9,588	1,986	2,876	85	36	36,091
Provided in the year	(755)	2	465	3,141	9,003	56	-	11,912
Provisions not required written back	(4,094)	-	-	(1,353)	(2,850)	(7)	(10)	(8,314)
Provisions utilised in the year	(318)	(32)	(512)	(1,059)	(548)	(33)	(9)	(2,511)
Borrowing costs (unwinding of discount)	-	-	-	-	-	-	-	-
Actuarial Loss	-	-	3,280	-	-	-	-	3,280
			12,821					40,458
At 31 March 2014	16,276	47	1	2,715	8,481	101	17	8

Analysis of expected timing of discounted flows*

	Voluntary Early Retirement Scheme	Early Departure Costs	Injury Awards	Litigation	Borrowing Loss	Equal Opportunities	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
No later than one year	2,836	47	510	2,547	1,261	101	17	7,319
Later than one year and not more than five years	10,815	-	1,950	168	7,220	-	-	20,153
Later than five years	2,625	-	10,361	-	-	-	-	12,986
At 31 March 2014	16,276	47	12,821	2,715	8,481	101	17	40,458

* The only cash flows shown as discounted in the table above relate to the injury awards as NIPS do not discount other provisions as 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.

Voluntary Early Retirement Scheme

The provision for VER costs relates to the early retirement payments arising in respect of employees who depart early from the Service under the Scheme. The provision consists of additional pension costs due to the PCSPS (NI), which NIPS provides for when the VER becomes binding by establishing a provision for the estimated payments. These costs are payable over the period between early

departure and normal retirement date for the respective employees. The provision runs through to 2021-22.

Early Departure Costs

The provision for Early Departure Costs relates to additional compensation payments and flexible early retirement payments arising in respect of employees who depart early from the Service. The provision consists of additional pension costs due to the PCSPS (NI), which NIPS provides for when the early retirement programme becomes binding by establishing a provision for the estimated payments. These costs are payable over the period between early departure and normal retirement date for the respective employees. The provision runs through to 2015-16.

Injury Awards

From 1 April 2006 all benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to NIPS are charged to NIPS by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life. An estimated life expectancy of 70 years has been applied. 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 pensioners.

This year the injury awards were valued under IAS 19 Employee Benefits by GAD. IAS 19 requires the employer to also 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.

The split of the provision is shown below;

	2014-15	2013-14
	£'000	£'000
Liability in respect of;		
Active members	(1,041)	(2,060)
Pensions in payment (Injury Awards)	(13,000)	(10,761)
	<u>(14,041)</u>	<u>(12,821)</u>

Litigation

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.

16. Capital commitments

	2014-15	2013-14
	£000	£000
Contracted capital commitments at 31 March 2015 not otherwise included in these accounts:		
Property, plant and equipment	1,466	2,048
Intangible assets	252	47
	<u>1,718</u>	<u>2,095</u>

17. Commitments under leases

17.1 Operating leases

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

Obligations under operating leases comprise:

	2014-15 £000	2013-14 £000
Buildings		
Not later than one year	187	168
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>187</u>	<u>168</u>
Other		
Not later than one year	3	3
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>3</u>	<u>3</u>

17.2 Finance leases

NIPS does not presently hold any finance leases.

18. Grant Commitments

At the year end NIPS is committed to the following grant payments:

	2014-15	2013-14
	£000	£000
Not later than one year	700	285
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>700</u>	<u>285</u>

19. Contingent liabilities disclosed under IAS 37

At the year end NIPS has estimated contingent liabilities of £398k (2013-14: £590k) in respect of litigation claims against NIPS. These claims relate to legal claims against the NIPS by staff, prisoners and third parties for injuries and other damage. They have not been provided for in the financial statements as the NIPS considers that it is not probable that they will be successful.

Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the reporting date, there is a possible obligation on the agency which may give rise to a liability should any of the agency's employees apply and be successful. It is not possible, at the reporting date, to quantify what this potential liability may be.

20. Losses and special payments

(a) Losses

During 2014-15 losses payments were made in 11 cases (2013-14: 13). The total amount paid in these cases was £54k (2013-14: £2k). There were no individual payments exceeding £250k.

(b) Special Payments

Included in the provision note (Note 15) are special payments. Amounts utilised during the year included 300 compensation payments (2013-14: 176) totalling £887k (2013-14: £826k). There were no individual payments exceeding £250k.

(c) Other notes

Over claiming and subsequent overpayments to a single building contractor have been identified over a five year period since 2002. Following a review of internal procedures in 2007 the over claiming was identified and remedial action taken immediately. This case is currently the subject of arbitration proceedings to recover the monies. (A total of £130k is being retained on invoices submitted until resolution).

A wider review identified two other contractors who similarly have been over claiming on invoices over a five year period since 2002. A total of £314k is being withheld by the Northern Ireland Prison Service on invoices submitted until resolution. DFP approved the retention of unpaid invoices in full settlement of both contractor cases. One contractor has agreed with this approach and the case against them is now closed. The remaining contractor declined to settle on the terms offered and the case is now subject to ongoing legal action to conclude matters.

NIPS does not hold general insurance, but instead charges expenditure in connection with uninsured risks as incurred.

21. Related Party Transactions

NIPS is an Executive Agency of the DOJ which was regarded as a related party. During the year the Agency has had various material transactions with the DOJ and with other entities for which the DOJ is the parent Department, viz:

- Forensic Science Northern Ireland
- The Northern Ireland Courts and Tribunals service
- The Youth Justice Agency
- The Northern Ireland Policing Board
- Police Service of Northern Ireland
- The Probation Board for Northern Ireland

In addition NIPS has had various material transactions with other government Departments and other central government bodies. Most of these transactions have been with the Department of Health, Social Services and Public Safety, DFP and related Agencies.

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

Amounts totalling £57k were paid to G4S (Phil Wheatley provides consultancy services to G4S). The balance of monies owing at 31 March 2015 was £0.

Amounts totalling £2k were paid to Serco (Phil Wheatley provides consultancy services to Serco). The balance of monies owing at 31 March 2015 was £0.

22. Third Party Assets

There is a 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. The average prisoner private cash balance at 31 March 2015 was £157 (2013-14: £107).

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 2014	Gross Inflows	Gross Outflows	31 March 2015
	£'000	£'000	£'000	£'000
Monetary assets such as bank balances and balances on deposit				
Prisoners' Private Cash Accounts	118	2,791	(2,638)	271
Prisoners' Amenities Funds	240	157	(167)	230
	358	2,948	(2,805)	501

23. Events after the reporting period

Since 31 March 2015, applications for the Voluntary Exit Scheme are being processed, communicated and agreed with staff based on conditional offers. This will result in an obligation arising on the agency since the reporting date, but the value of the liability cannot be quantified at this stage. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2015-16 financial year.

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 30 June 2015.

APPENDICES

In addition to the information included in these appendices, the Northern Ireland Statistics and Research Agency publish a digest of Prisons Statistics on an annual basis. This information can be accessed at: <http://www.nisra.gov.uk>

APPENDIX 1

PRISON POPULATION 2014-15¹

Establishment	Lowest number of prisoners held	Highest number of prisoners held	Average number of prisoners held
Magilligan	521	573	556
Maghaberry	962	1,095	1,032
Hydebank Wood <ul style="list-style-type: none"> • All young males • Young Offenders • Juveniles 	110	167	147
	110	167	147
	0	0	0
Hydebank Wood Prison Females	56	77	65

	2009-10	2010-11	2011-12	2012-13	2013 – 14	2014 – 2015
Lowest number of prisoners held overall	*1,336	*1,402	*1,619	*1,665	*1,778	*1,705
Highest number of prisoners held overall	*1,542	*1,644	*1,830	*1,822	*1,900	*1,895
Average number of prisoners held overall	1,449	1,507	1,729	*1,776	*1,844	*1,801

¹ Figures are based on information taken from the Prison Database

* The totals of highest and lowest recorded prison population figures differ from the sum for individual prison establishments due to differences in the time period when high and low numbers were recorded.

The statistics in the above table are provided by NISRA.

APPENDIX 2

AVERAGE PRISON POPULATION BY TYPE OF PRISONER 2014-15²

	REMANDS	SENTENCED TO IMMEDIATE CUSTODY	FINE DEFAULTERS	IMMIGRATION DETAINEES	TOTAL*
MALE	398	1,335	3	1	1,736
FEMALE	21	44	0	0	65
TOTAL	419	1,379	3	1	1,801

² Figures are based on daily snapshots

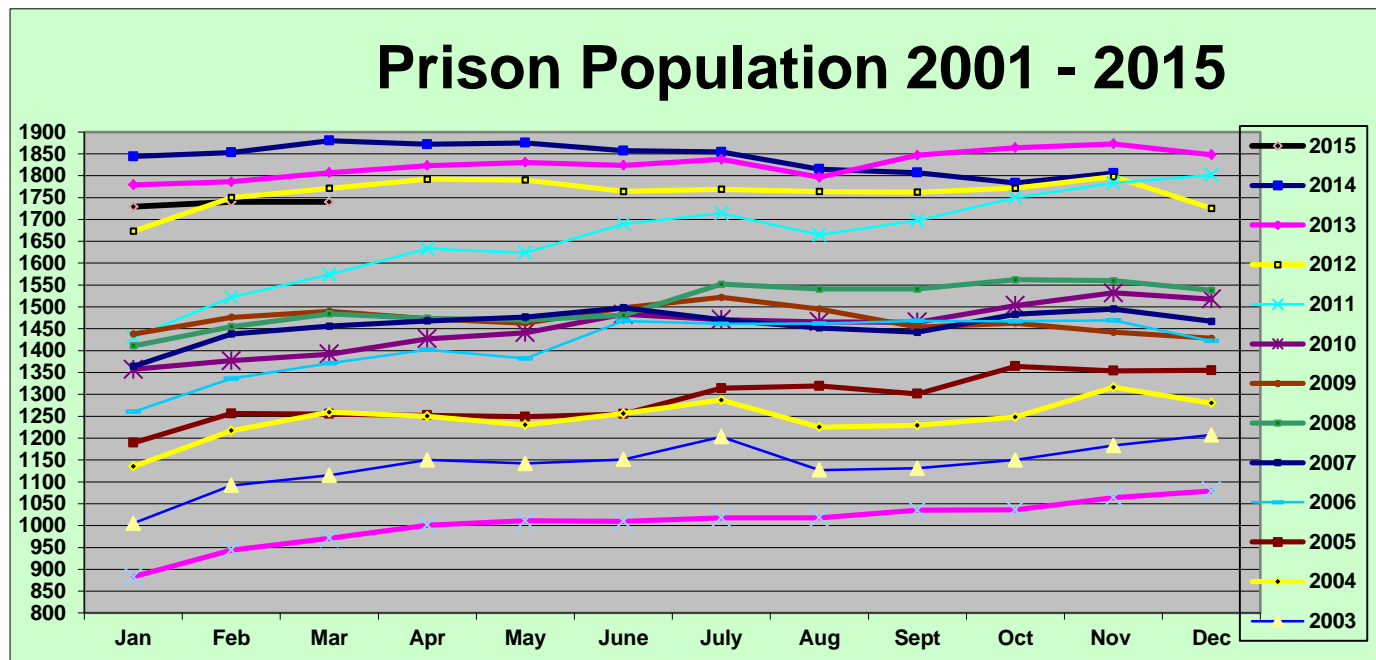
* Totals may not sum due to rounding

The statistics in the above table are provided by NISRA.

APPENDIX 3

NIPS PRISONER POPULATION STATISTICS

For the financial year 2014-15 the Northern Ireland Prison Service held an average of 1801 prisoners representing a decrease of 2.33% in prisoner population over the similar period from the previous year. (The outcome during the financial year 2013-14 was 1844).



APPENDIX 4

RECRUITMENT AND SELECTION CODE OF PRACTICE

The Northern Ireland Prison Service has systems in place to ensure that selection for appointment is made in accordance with the Civil Service Commissioners for Northern Ireland Recruitment Code and Northern Ireland Civil Service Policies and Procedures.

All applicants are considered systematically against the organisation's recruitment practices and in line with published suitability criteria. The recruitment systems are evaluated on a regular basis to ensure they meet with the Commissioners' guidelines and are in line with best practice as recommended by the Chartered Institute of Personnel and Development and the Equality Commission.

During this reporting period no recruitment campaigns were launched and no appointments from recruitment campaigns were made.

There were, however, 11 appointments made under Regulation 3 of the Commissioners' General Regulations.

APPENDIX 5

CORRESPONDENCE RECEIVED

Category of Correspondence	Number received 1 April 2014 – 31 March 2015
Correspondence Cases (to include part inputs)	155
Director General Cases	9
Invitation Cases	27
Locally Answered	11

Assembly Questions	Number received 1 April 2014 – 31 March 2015
Assembly Questions Written (to include priority, named day and part inputs)	417
Assembly Questions Oral (to include part inputs)	35

APPENDIX 6

FREEDOM OF INFORMATION AND DATA PROTECTION METRICS

Freedom of Information Act 2000

Summary of Cases Received – 1 April 2014 – 31 March 2015

Total No of Requests Received	Total Number Answered on Time	Refusal Notice Issued	Late But Closed	Still Within 20 Day Timescale	Extended
307	297	39	2	8	0

Data Protection Act 1998

Summary of Cases Received – 1 April 2014 – 31 March 2015

Total No of Cases Received	Total Number Processed within 40 Days	Total No outside 40 Days	Late but Closed	Still within 40 Day Timescale
208	204	0	0	4

Percentage of Total Requests Received Answered Within Time Limit – 99.6%

APPENDIX 7

DEFINITIONS

Approved or accredited activities

Any activities and/or programmes, which have been verified by an internal approval panel or external accreditation body.

An assault

When the victim has sustained an injury resulting in his/her death, or his/her detention in an outside hospital as an inpatient, or any of the following injuries whether or not detained in hospital: fractures, concussion, internal injuries, crushing, severe cuts or lacerations, severe bruising, burns or scalds or severe general shock requiring medical treatment.

Certified Normal Accommodation (CNA)

Accommodation which meets the Prison Service's own measurable standards for the provision of good decent accommodation for the secure and humane confinement of persons who have been given into custody by the courts.

Constructive activity

All pursuits that play a part in the enhancement of the individual's skills, knowledge, attitudes and behaviour or contribute to the reduction in the likelihood of re-offending (and including activities such as orderly duties, use of gym, visits, education and attendance at court). For separated prisoners time out of cell will count as constructive activity.

Prisoner

Any person who has been committed to a prison or young offenders centre by the courts.

Category A prisoner

A prisoner whose escape would be highly dangerous to the public or the police or the security of the state, no matter how unlikely that escape might be, and for whom the aim of the Prison Service must be to make escape impossible.

Category B prisoner

A prisoner for who the very highest conditions of security are not necessary, but for who escape must be made very difficult.

Category C prisoner

A prisoner who cannot be trusted in open conditions, but who does not have the resources or the will to make a determined escape attempt.

Category D prisoner

A prisoner who can be reasonably trusted in open conditions.

Regime

The regime describes the activities, opportunities and privileges available to prisoners on a daily basis.

Separated conditions

The regime in Maghaberry in which loyalist and republican prisoners who are members or supporters of proscribed organisations and who meet the other criteria are accommodated separately.

Appendix 8

Glossary

Acronym	Details
ALB	Arm's Length Bodies
ARC	Audit and Risk Committee
ASSI	Area of Special Scientific Interest
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CB	Companion of the Most Honourable Order of the Bath
CBE	Commander of the Order of the British Empire
CEP	Capital Estates Programme
CETV	Cash Equivalent Transfer Value
CJINI	Criminal Justice Inspectorate Northern Ireland
CNA	Certified Normal Accommodation
CPI	Consumer Price Index
CPO	Custody Prison Officer
CSP	Civil Service Pensions
DFP	Department of Finance and Personnel
DHSSPS	Department of Health and Social Services and Public Safety
DOJ	Department of Justice
DSO	Departmental Strategic Objective
ESOL	English Speaking for Other Languages
FC	Finance Committee
FReM	Financial Reporting Manual
FYE	Full Year Equivalent
GAD	Government Actuary's Department
HR	Human Resources
HM	Her Majesty's
HQ	Headquarters
IA	Information Assurance
ICO	Information Commissioner's Office
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IROC	Information Risk Owner's Council
IT	Information Technology
KPT	Key Performance Target
LPS	Land and Property Services
M&T	Monitoring and Targeting
NAO	National Audit Office
NHS	National Health Service
NIA	Northern Ireland Assembly
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NICSC	Northern Ireland Community Safety College
NIO	Northern Ireland Office
NIPS	Northern Ireland Prison Service
NISRA	Northern Ireland Statistics and Research Agency
NOMS	National Offender Management Service
OBC	Outline Business Case
OMB	Operational Management Board
PECCS	Prisoner Escorting and Court Custody Services
PBNI	Probation Board for Northern Ireland
PCSPS	Principal Civil Service Pension Scheme
PCO	Prisoner Custody Officer
PPC	Prisoner's Personal Cash

PRT	Prison Review Team
PSMB	Prison Service Management Board
PSNI	Police Service of Northern Ireland
PST	Prison Service Trust
QPM	Queen's Police Medal
RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index
RSPB	Royal Society of the Protection of Birds
SCS	Senior Civil Service
SEE	Strategic Efficiency and Effectiveness
SEHSCT	South Eastern Health and Social Care Trust
SIB	Strategic Investment Board
SLA	Service Level Agreement
TOM	Target Operating Model
UK	United Kingdom
UUJ	University of Ulster Jordanstown
VAT	Value Added Tax
VER	Voluntary Early Retirement
WPFGB	World Police and Fire Games
WOU	Working Out Unit

APPENDIX 9

ADDRESSES AND CONTACT NUMBERS

PRISON SERVICE HEADQUARTERS

Dundonald House
Upper Newtownards Road
BELFAST
BT4 3SU
Telephone: (028) 9052 2922

PRISON SERVICE COLLEGE

Woburn House
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MAGHABERRY PRISON

Old Road
Ballinderry Upper
LISBURN
Co Antrim
BT28 2NF
Telephone: (028) 9261 1888

MAGILLIGAN PRISON

Point Road
LIMAVADY
Co Londonderry
BT49 0LR
Telephone: (028) 7776 3311

HYDEBANK WOOD YOUNG OFFENDERS' CENTRE AND PRISON

Hospital Road
BELFAST
BT8 8NA
Telephone: (028) 9025 3666

E-mail: info@niprisonsservice.gov.uk

Web site: www.dojni.gov.uk/ni-prison-service

**General Enquiry Line
with Text Facilities:** (028) 9052 2922

A braille version of this document is available on request.