

NORTHERN IRELAND PRISON SERVICE
ANNUAL REPORT AND ACCOUNTS 2019-20

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Northern Ireland Prison Service
Annual Report and Accounts
For the year ended 31 March 2020

*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

6 November 2020



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Any enquiries regarding this document should be sent to us at:

Northern Ireland Prison Service
Dundonald House
Upper Newtownards Road
BT4 3SU

This publication is also available to download from our website at:

<https://www.justice-ni.gov.uk/topics/prisons>.

CONTENTS	Page
<u>PERFORMANCE REPORT</u>	
Overview	
– Foreword by Accounting Officer	1
– Statement of Purpose and Activities	4
– Performance Summary and Forward Look	6
Performance analysis	12
<u>ACCOUNTABILITY REPORT</u>	
Corporate Governance Report	
– Directors’ Report	27
– Non-Executives’ Report	29
– Statement of Accounting Officer’s Responsibilities	31
– Governance Statement	32
Remuneration and Staff Report	42
Assembly Accountability and Audit Report	
– Assembly Accountability Disclosures	55
– Certificate and Report of the Comptroller and Auditor General	56
<u>FINANCIAL STATEMENTS</u>	
Statement of Comprehensive Net Expenditure	59
Statement of Financial Position	60
Statement of Cash Flows	61
Statement of Changes in Taxpayers’ Equity	62
Notes to the Accounts	63

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PERFORMANCE REPORT

OVERVIEW

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

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

FOREWORD BY ACCOUNTING OFFICER

I am pleased to present the 2019-20 Annual Report and Accounts for the Northern Ireland Prison Service (hereafter referred to as NIPS or the Service).

The end of this reporting year saw the outbreak of the Covid-19 pandemic across the world. This had a far-reaching impact on the work of the Service and I would like to pay tribute to our staff, and partners, who have risen to the challenge to ensure we keep everyone associated with prisons safe, and continue to support the people in our care through these extremely challenging times. We have taken a number of decisions to safeguard our prisons and, at the time of writing, have been largely successful in keeping the virus out of our Establishments.

Prior to the pandemic, the year had been highly demanding but rewarding in many ways. The demands in a custodial setting are ever present as we challenge and support those in our care to change; however the progress we are making has been recognised within Northern Ireland and beyond. 'Prisons 2020: The Way Forward', which was published in July 2018, continues to be our vehicle to drive continuous improvement as we focus on our rehabilitative work and of the 112 delivery targets in Year 2 only 7% were not achieved.

This year saw an unannounced inspection of Hydebank Wood College and Women's Prison by the Criminal Justice Inspection Northern Ireland (CJINI) and HM Inspectorate of Prisons (HMIP) Inspection. The Reports were published in June 2020 and both the College and the Women's prison would receive a total of 15 out of a possible 16 marks. This outcome is a remarkable achievement and credit must be given to the leadership team, staff and our partners at Hydebank.

The work of the Prison Service has not only received praise from inspectors, staff have also been recognised with Deputy Governor of Maghaberry, David Savage, achieving the Butler Trust's Princess Royal's Prize for Outstanding Achievement, the Northern Ireland Civil Service Awards and DoJ Valuing Our People Awards and by Her Majesty

the Queen who awarded an MBE to Prison Chaplain Fr Stephen McBrearty and a BEM to a long serving member of our administrative team, Lynda Storey. In addition to local recognition, Maghaberry Prison also received an international award for Offender Management and Reintegration at the annual conference in Buenos Aires of the International Corrections and Prison Association. It was a special moment when NIPS was recognised by our peers from around the world as leading the way in the care and rehabilitation of offenders.

Prisons Week 2019 culminated in the official opening of Davis House - a state of the art rehabilitative residential unit at Maghaberry. The building, which was delivered on time and on budget, represents a £54m investment in the NI Prison Service and has transformed how we challenge and support those placed in our care. I would like to pay particular credit to our Lead Architect Karen Crilly and her team for the extraordinary effort to complete the project.

Our Prisoner Escort and Court Custody Service has made great improvements this year with the modernisation of its fleet. Working with a local company we have developed vehicles that are designed to support rehabilitation and the care we provide. Our staff at Prison Service College continue to provide excellence in how we prepare our new recruits to become professional prison officers focused on supporting and challenging people to change. This year will see an unannounced inspection of Magilligan and I have no doubt the excellent work by the senior team, staff and partners delivered at the prison will be recognised by the inspection team. All of the work in our prisons could not be delivered without the support and dedication of our general service grades across all the sites and Headquarters.

We also launched the five year Strengthening Family Relations Strategy. The strategy recognises the crucial role that positive relationships and contact with family and support networks can have on the rehabilitation and reintegration of those in our care. We want to ensure families are safe and well, and that they along with those in our care can create positive changes and better lives. The strategy also focuses on children, who are often significantly affected by parental imprisonment.

As we look ahead, we will continue to meet the challenge presented by the pandemic and we will work with our partners, the people in our care and their families to ensure we maintain a safe environment for everyone. However we will also continue to improve as demonstrated with the introduction of virtual visits which have transformed the way families are keeping in contact through the restrictions in wider society.

In reflecting on the past year, I also want to remember the men and women in our care and their families. Whilst the management of prisoners is very challenging, we remain committed to doing everything we can to keep those in our care safe, and in particular those who are vulnerable. That will remain my top priority in 2020-21. Sadly, two prisoners passed away in our custody during the year. While both died of natural causes I want to take this opportunity to express the condolences of the Northern Ireland Prison Service to their families.

In concluding, I want to thank all our staff for the work they do on a daily basis and to pay tribute to our many partners from the statutory, voluntary and community sectors (VCS) who work with us. The contribution they make to supporting and challenging the people in our care to change, is greatly appreciated. Together we are playing our part in building a safer community in Northern Ireland.

Ronnie Armour
Director General and Accounting Officer

STATEMENT OF PURPOSE AND ACTIVITIES

History and statutory background

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

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

The Annual Report and Accounts of NIPS for the year ended 31 March 2020 will be laid in the Northern Ireland Assembly.

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

Statement of purpose

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

Vision

NIPS vision is that our Service will:

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

Strategic aims

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

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

Key risks and issues

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

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

Safety and security

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

Stability of workforce

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

Health and social care

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

Prison estate

Risks posed by an ageing prison estate.

Industrial relations

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

Staff retention

The number of staff leaving under medical retirement and injury on duty is increasing.

Female population

The risk of an increasing female population and resultant pressure of available suitable accommodation.

Holiday pay ruling

The Working Time Regulations (NI) provide that workers should receive a week's pay for each week taken as holiday. Recent court rulings have deemed that calculations for the purposes of holiday pay should not be restricted to basic pay but should extend to overtime and some allowances.

PERFORMANCE SUMMARY AND FORWARD LOOK

PERFORMANCE SUMMARY

Criminal Justice Inspectorate

Unannounced Inspection of Hydebank Wood College - November 2019

There was an unannounced inspection of Hydebank Wood College between 4 and 7 November 2019.

This inspection was carried out by Criminal Justice Inspection Northern Ireland (CJINI) and Her Majesty's Inspectorate of Prisons in England and Wales (HMIP) with support from the Regulation and Quality Improvement Authority (RQIA) and the Education and Training Inspectorate (ETI).

Inspections are based on four 'healthy prison' tests - safety, respect, purposeful activity and resettlement. Each is scored one (lowest) to four (highest).

The Inspectors published their reports on 9 June 2020 saying outcomes were found to be 'dramatically better than at comparable prisons in England and Wales'. Out of the ten 'healthy prison' tests Hydebank Wood College scored the highest level in eight areas, with the second highest level in the remaining two categories.

Report on Temporary Release

In December 2018 the Director General commissioned CJINI to review the Northern Ireland Prison Service's arrangements for testing prisoners before release.

The subsequent report, published in October 2019 contained six recommendations - two at a strategic level and four at an operational level. NIPS has developed an action plan to address the recommendations and a Working Group has been established to take forward the work required.

People At Risk In Our Care

NIPS has continued to work with our healthcare partners and a wide range of voluntary and community organisations to provide support to the people in our care.

Supporting Prisoners at Risk (SPAR) Evolution - our approach was developed and delivered with our healthcare partners, to support people who are at risk from suicide and/or self-harm has been embedded across the organisation. It has resulted in a significant reduction in incidents of self-harm and allowed people to be supported in a way that meets their specific needs.

We are working with South Eastern Trust and other organisations who work within our prisons to develop the Towards Zero Suicide concept. A highlight during the year was our joint event in January 2020 which brought together statutory, community and voluntary sector organisations to consider with us how we can support people at risk of suicide.

A harm reduction landing was successfully introduced within Magilligan Prison which supported people who wanted to reduce the harm they did to themselves to change their behaviours. Based on the principles of restorative practice, the landing staff, their Senior Officers and Governors delivered an outstanding model which was reflected fully in the Phase one evaluation.

Safety and support teams in all Establishments have worked closely with the mental health teams within the South Eastern Trust to ensure support for those in our care with mental health issues. An extensive array of interventions including wellbeing hubs, animals and bees, horticulture, peer support, therapeutic gardens, cookery classes and other activity has been put in place across the estate.

Modernisation and Digitalisation

Prisons 2020

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

NIPS will deliver our business through four key strands:

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

Underpinning the strategic overview are delivery plans, developed annually, which set out the actions which will be taken to work towards our strategic vision and the clear milestones to be achieved. During 2019-20 NIPS continued to deliver the Year 2 of the Prisons 2020 programme in a complex and challenging environment, and of the 112 delivery targets in Year 2 only 7% were not achieved.

Capital Estates Programme

In December 2018 NIPS issued Estates 2020, a discussion document setting out an alternative delivery plan for the redevelopment of the prison estate from that previously set out in the 2013 Strategy. Discussions concluded in February 2019 with general support indicated for the alternative delivery plan. Work is at an advanced stage to develop the individual Outline Business Cases (OBCs) which make up NIPS Capital Estate Programme (the delivery vehicle for Estates 2020). The OBCs all include the alternative delivery plan recommendations:

- a fit for purpose family focussed Welcome and Visits Centre in Maghaberry;
- the redevelopment of Magilligan Prison, to include a new 240 Accommodation Block, Independent Living Units for 40 prisoners, a new Welcome and Visits Centre, a new Energy Centre and a new Administration Block;
- a discrete Female Facility at Hydebank. The new Female Facility will provide: an open, therapeutic environment, a new Welcome and Visits Centre, a new Female Reception, single en-suite accommodation, a new Independent Living Unit (ILU), a new prison kitchen, a new health centre and a new sports centre; and
- in March 2019, NIPS secured funding for the fourth project, Magilligan Incoming Power Upgrade. Work is ongoing and is expected to complete in December 2020.

The official opening of Davis House at Maghaberry took place on 17 October 2019. This new accommodation block at Maghaberry incorporates 372 cells including 24 observation cells, eight listener cells and eight universal access cells, and also houses a 12 bed 'safer cell unit' equipped for vulnerable prisoners. It creates a safe, secure and decent environment, which helps staff to challenge and support people in our care. This new accommodation block will reduce overcrowding, increase prisoner engagement and thereby support the rehabilitation of prisoners.

Davis House is the largest capital build undertaken by the Service in over 40 years and the largest within the Department of Justice since it was established in 2010. The contractor commenced work in July 2016, providing over 200 jobs on and off site. This contract exceeded NIPS Buy Social clauses and was completed within budget, on programme and to quality requirements.

Approximately 60 minor works projects totalling £9 million were also completed during the year. Examples of work over the past year include:

- re-modelling and upgrading the education building in Hydebank Wood Secure College to provide a modern, fully equipped Learning and Skills Centre. This new building provides a safe environment for staff and partner organisations, and supports the people in our care to re-engage with education and work based skills;
- upgrade of the Care and Supervision Unit (CSU) at Hydebank Wood Secure College;
- new House of Worship in Magilligan Prison which will provide a permanent dedicated building for prisoner worship and other communal activities as well as a permanent base for the chaplaincy to work from; and

- upgrade of boiler-houses, plantrooms and lighting throughout the prison estate which has delivered significant reductions in fossil fuels, carbon emissions and savings in energy costs, and strengthened the resilience of heating infrastructure.

The Central Procurement Unit (CPU) is a branch within NIPS and is responsible for all non-construction procurement within NIPS. CPU manages around 75 contracts with an overall value of approximately £123 million and annual spend in the region of £22 million. Over the past year the Team has collaborated with the Business Case Unit to develop and obtain approval for 11 business cases for contracts totalling £11 million. The CPU recently procured 25 new vehicles at a cost of £0.8m for NIPS fleet.

Digitalisation

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

- installation of in-cell telephones and in-cell computers across the estate - in total 718 in-cell phones have been installed across the NIPS estate, with installations in Davis House and Quoile House completed during 2019-20. These phones were available for prisoners to use as they were transferred to Davis House;
- full access to all functions available on the installed phones and in-cell computers is dependent upon Davis House being fully accommodated. There were 360 in-cell computers installed in Davis House and the Prisoner Portal system went live for inmates in August 2020 (90 inmates) and all 360 inmates in Davis House will have access in October 2020 (delayed due to Covid-19). The NIPS population on 31 March 2020 was 1,512 therefore phones were installed for 47% of the population and 24% of the population gained access to in-cell computers;
- tablet technology has been introduced on the SPAR Evolution project and has been rolled out in Magilligan, Hydebank and several houses in Maghaberry. The rollout of PRISM (Prisoner Records Information System) functionality on tablets is well advanced and has been completed for PDU (Prisoner Development Unit), Health and Safety and PREPS (Progressive Regime Earned Privileges Scheme);
- development of a self-service portal (for example: meal ordering, tuckshop), with Phase 1 of the project being completed by May 2020; and
- rollout of computer in PECCS courthouses - nine courthouses have been completed and investigations are taking place to find an IT solution for the remainder.

Covid-19

NIPS primary objective in managing risks associated with Covid-19 in prison Establishments was the safety of staff and those placed in our care.

NIPS Senior Management Team including Governing Governors, has taken proportionate decisions in response to the pandemic including:

- the temporary suspension of in-person visits;
- on-landing regimes;
- restricting access to all but prison and healthcare staff (with exceptions agreed by the Governor); and
- the suspension of pre-release testing.

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

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

NIPS has well-established and embedded arrangements for testing staff, and to track and trace close contacts if there is a positive case. Staff are also provided with information on an ongoing basis about the steps they should take to reduce the risks of infection from Covid-19.

As of 19 October 2020, 26 operational staff had been tested as positive for Covid-19, as well as five people in our care.

UK's withdrawal from the EU

During 2019-20 NIPS worked closely with DoJ and other partner agencies to plan for and mitigate against the potential implications for the prison service if the UK left the EU without a withdrawal agreement.

There was no expenditure required in 2019-20 in respect of these plans.

FORWARD LOOK

Moving into 2020-21, our focus will be on the recovery phase of the Covid-19 pandemic and putting plans in place for managing a potential second wave.

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

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

Aligned with operational delivery, we will progress our continuous improvement agenda through delivery of the final year of the Prisons 2020 programme and develop the next phase of the journey.

PERFORMANCE ANALYSIS

OBJECTIVES AND TARGETS FOR 2019-20

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

The Department of Justice is leading on Outcome Seven:

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

Underpinning Outcome Seven are three indicators, namely:

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

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

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

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

REVIEW OF PERFORMANCE 2019-20

Performance against Key Performance Targets

NIPS Business Plan for 2019-20, produced at the beginning of the year, set out **Key Performance Targets** (KPTs) to measure the Service's performance. These were developed in line with the NIPS Reform Programme and the intention is to continue to build on these measures.

Details of performance against each of the KPTs are set out in the table below:

Key Performance Targets	Comment	Year-end Status
1. Maintaining the safety and wellbeing of people in our care.		
<ul style="list-style-type: none"> Embed Supporting Prisoners at Risk (SPAR) Evolution across all Prison Service business areas. 	<p>SPAR Evolution has been embedded within Hydebank Wood College, and Magilligan. Rollout continues in Maghaberry, due to the Covid-19 situation.</p>	Partially achieved
<ul style="list-style-type: none"> Deliver a uniform approach to dealing with anti-social behaviour and violence reduction across all Prison Service sites by December 2019. 	<p>Workshops began in October 2019 with the new approach developed (with input from prisoners) by March 2020. This will now not be delivered due to Covid-19 situation. This work will be picked up following the recovery period.</p>	Partially achieved
<ul style="list-style-type: none"> Improve the engagement of people in our care with out-of-cell, purposeful activities including access to learning and skills, vocational training and offending reduction programmes during 2019-20. 	<p>Prison Governors are focussed on population management and the delivery of stable regimes at each establishment. This makes a significant contribution to maintaining access for prisoners to purposeful activity. Maghaberry has made notable progress in consistent daily delivery of prisoner activity.</p> <p>Work is ongoing to introduce a standardised mechanism for the measurement and oversight of constructive activity delivery. This will also contribute to improved scheduling of prisoner activity to maximise attendance in the available capacity.</p> <p>A refurbishment of the Learning and Skills facility has been completed at Hydebank Wood College and became fully operational in the first week of September 2019.</p>	Achieved

Key Performance Targets	Comment	Year-end Status
1. Maintaining the safety and wellbeing of people in our care (continued).		
<ul style="list-style-type: none"> Deliver relevant actions outlined in the Improving Health within Criminal Justice Joint Strategy Action Plan by March 2020. 	<p>Actions relevant to NIPS have been delivered or are on track for delivery:</p> <ul style="list-style-type: none"> NIPS has provided the necessary data to assist in developing a Prisoner Health Needs Assessment and understanding the varying levels of self-harm. Following the Suicide and Self-Harm Risk Management Strategy the SPAR has been fully implemented across Magilligan and Hydebank Wood and work continues on the roll out at Maghaberry as outlined above. NIPS has worked collaboratively with healthcare partners to identify prisoner needs and ensure those needs are met. Residential accommodation is in place in all three Establishments to respond to prisoners who require additional support such as mobility issues, disabled friendly cells and dementia cells. 	Partially achieved

Key Performance Targets	Comment	Year-end Status
2. Improving outcomes for people in our care through enhancing opportunities to address individual needs.		
<ul style="list-style-type: none"> • Develop and deliver an Action Plan for the new Strengthening Family Relations Strategy including the introduction of a new delivery model on the 'Family Matters' landing at Maghaberry; and the delivery of a revised contract for prison visits. 	<p>Strengthening Family Relations Strategy The Strategy was launched in November 2019 to coincide with the opening of the new refurbished 'Big Visit' area Maghaberry. DoJ/NIPS are seeking to schedule the first meeting of the Action Planning Group when the Covid-19 situation permits to shape the delivery of the Strategy through the development and delivery of an implementation plan. Officials have been liaising with the three Establishments to identify a baseline, this will inform key areas for action.</p> <p>New Delivery Model for Families Matter - NIPS has selected and embedded a Prison Officer within the Barnardo's led Families Matters programme in Maghaberry to enhance the sharing of knowledge and skills between both organisations.</p> <p>Prisons Visits Contract - a new contract was awarded to NIACRO effective from October 2019.</p>	Partially achieved
<ul style="list-style-type: none"> • Develop and consult upon new strategic approaches to: <ul style="list-style-type: none"> • education, skills and employability; • physical activity and wellbeing; • addressing the needs of women who offend; and • resettlement, including accommodation needs. 	<p>Education Skills and Employability - NIPS is currently working, in partnership with the Department for the Economy, towards developing the second iteration of the outsourced Learning and Skills arrangements with the Further Education (FE) Colleges to cover the period 2020 to 2025.</p>	Achieved

Key Performance Targets	Comment	Year-end Status
2. Improving outcomes for people in our care through enhancing opportunities to address individual needs (continued).		
<ul style="list-style-type: none"> • Develop and consult upon new strategic approaches to: <ul style="list-style-type: none"> • education, skills and employability; • physical activity and wellbeing; • addressing the needs of women who offend; and • resettlement, including accommodation needs. 	<p>Physical Activity and Wellbeing - NIPS has engaged with South Eastern Health and Social Care Trust to further develop Health and Wellbeing Hubs in each establishment. A wide range of sporting activities has continued in each establishment in partnership with Irish Football Association, Ulster GAA, Ulster Rugby, Ulster Boxing Council, Irish Athletic Boxing Association (IABA) and Belfast Community Sports Development Network.</p> <p>A Women's Strategy Development Group has been set up to develop the new justice-wide Strategy to Support and Challenge Women and girls who come in contact with the Justice System and a consultation document is in draft form. Officials intend to engage with Voluntary and Community Sector (VCS) partners and service users prior to seeking Ministerial permission for consultation this spring. It is hoped to launch the consultation document in early summer 2020 with responses populating the new Strategy.</p> <p>Accommodation needs - a Review group has been set up to review the use of bail hostels, tagging and alternatives in other jurisdictions to identify practical proposals for re-balancing our use of remand.</p> <p>A revision of the protocols with NI Housing Executive, Probation Board for Northern Ireland and other partners (for the management of the accommodation and related support needs of people in custody) is currently being undertaken by statutory and VCS partners in line with the Inter-departmental Homelessness action plan. It is anticipated that a revised protocol will be completed in the coming months.</p> <p>A specification in respect of research into access and retention of stable accommodation by individuals released from custody issued on 13 March 2020 to third party research organisations.</p>	<p>Achieved</p>

Key Performance Targets	Comment	Year-end Status
2. Improving outcomes for people in our care through enhancing opportunities to address individual needs (continued).		
<ul style="list-style-type: none"> Develop and commence delivery of an implementation plan in response to the report on education and training opportunities for prisoners in the separated regime. 	<p>In June 2016 a 'Fresh Start panel report on the Disbandment of Paramilitary Groups in Northern Ireland' was published including a series of recommendations for actions to be taken by the Northern Ireland Executive. In response, the Executive published a 'Tackling Paramilitary Activity, Criminality, and Organised Crime Action Plan' setting out the actions to be taken in response to each of the Fresh Start Panel's recommendations.</p> <p>Among the recommendations made by the Fresh Start Panel was B9:</p> <p>"Whilst ensuring that all prisoners are treated fairly, the Department of Justice should ensure that appropriate education and training opportunities are provided to prisoners in the separated regime."</p> <p>In response, the Executives' Action Plan stated that:</p> <p>"The Department of Justice will commission a consultative evaluation of constructive activity in separated prison accommodation leading to the development and delivery of a new model of constructive activity for separated prisoners focused upon positive educational and wellbeing outcomes".</p> <p>An implementation plan is in place to respond to the 28 recommendations included in the B9 report.</p> <p>NIPS appointed a panel of experts in the fields of education and prisoner engagement to engage with prisoners in separated accommodation with a view to designing a curriculum that provides constructive and purposeful activity focused upon positive educational and wellbeing outcomes.</p>	Achieved

Key Performance Targets	Comment	Year-end Status
2. Improving outcomes for people in our care through enhancing opportunities to address individual needs (continued).		
	<p>The Panel produced the B9 Review Report in March 2019 which contains 28 recommendations, of which 27 are directed to NIPS (the other to Education and Training Inspectorate), which are collectively aimed at supporting the overall outcomes of the Tackling Paramilitarism Programme, and in the particular context of NIPS responsibilities for promoting reintegration and transition (rather than reinforcing separation).</p> <p>Phase 1 of delivery began in September 2019.</p> <p>Phase 2 of the delivery is planned to commence in April 2020. Provision for the separated regime will be included in the development of the second iteration of the outsourcing Learning and Skills arrangements with the Further Education Colleges to cover the period 2020 to 2025.</p>	

Key Performance Targets	Comment	Year-end Status
3. Modernising the NI Prison Service to transform the delivery of services to people in our care.		
<ul style="list-style-type: none"> • Deliver Year 2 of the NIPS 2020 Continuous Improvement Programme. 	<p>While the Covid-19 pandemic presented considerable challenges towards the end of the year, NIPS continued to deliver continuous improvement in a complex and challenging environment. The delivery of Prisons 2020 remained our focus - of the 112 delivery targets in Year 2 only 7% were not achieved.</p>	Achieved
<ul style="list-style-type: none"> • Implement NIPS Estate Strategy including: <ul style="list-style-type: none"> • delivery of Davis House; and • completion of business cases for the Female Facility at Hydebank, the redevelopment of Magilligan, and a new Visitors Centre at Maghaberry. 	<p>Davis House has been handed over to NIPS and became operational in early 2020.</p> <p>The business cases are being progressed and it is expected that these will be completed by the end of 2020.</p>	Partially achieved
<ul style="list-style-type: none"> • Rollout of refreshed transport for PECCS by July 2019. 	<p>The purchase of 11 new vehicles, which includes two adapted for wheelchair use was completed and the vehicles are all in service within this financial year. Following this purchase a further order was placed for another six vehicles.</p>	Achieved

Financial Review

The net expenditure of the Agency for 2019-20 is compared to the previous two financial years in the table below:

	2019-20	2018-19	2017-18
	£000	*Restated £000	*Restated £000
Total operating income	(2,971)	(2,685)	(2,732)
Staff costs	70,536	64,403	61,705
Purchase of goods and services	30,649	30,324	30,785
Depreciation and impairment charges	12,200	12,015	11,186
Provision expense	8,151	4,045	951
Grants	2,296	2,172	1,188
Total operating expenditure	123,832	112,959	105,815
Net operating expenditure	120,861	110,274	103,083
Finance expense	1,747	1,242	746
Net expenditure for the year	122,608	111,516	103,829

* Please refer to Note 1.29 for further details.

Non-current assets

Non-Current Asset expenditure movements are detailed in the notes to the financial statements. Capital expenditure in 2019-20 totalled £18.5m (2018-19: £37.5m). Further details are contained in the Performance Summary.

Financial position

The total net assets of the Agency at 31 March 2020 were £197.5m (2018-19: £194.5m).

Cash flow

As detailed in the notes to the Accounts, the Agency's Net Assembly draw down in 2019-20 was £127.9m (2018-19: £126.0m) and the net increase in Cash and cash equivalents in the year was £2.8m (2018-19: decrease £0.1m).

Financial risk

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

Long-term expenditure trends

The charts below show:

- **Chart 1:** the movement in the Department of Justice non-ringfenced Resource DEL opening baseline over the period 2016-17 to 2020-21; and
- **Chart 2:** the 2020-21 non-ringfenced Resource DEL budget split by the Core Department, Executive Agencies and Non-Departmental Public Bodies.

Chart 1: DoJ Non-Ringfenced Resource DEL opening baselines

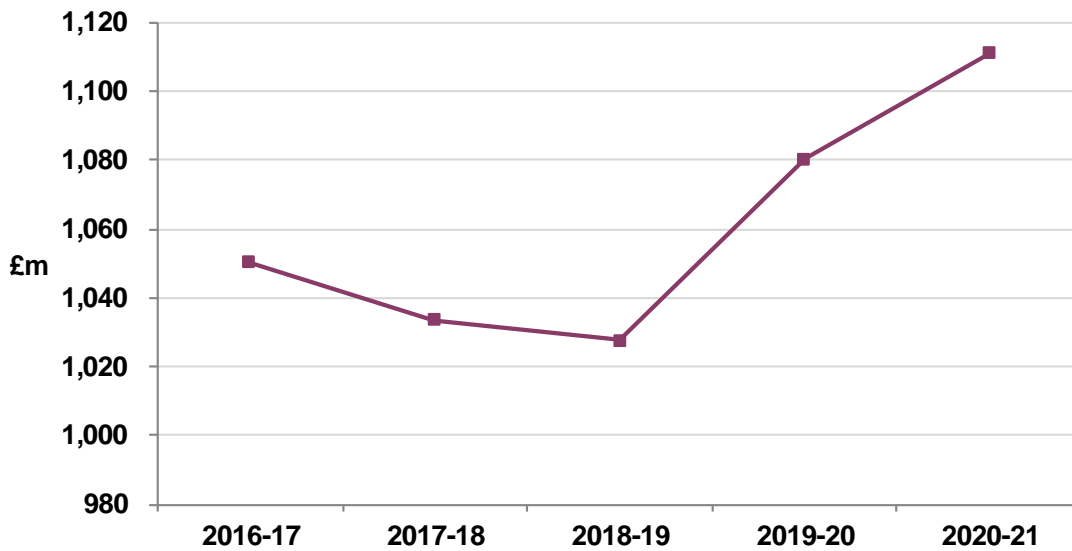
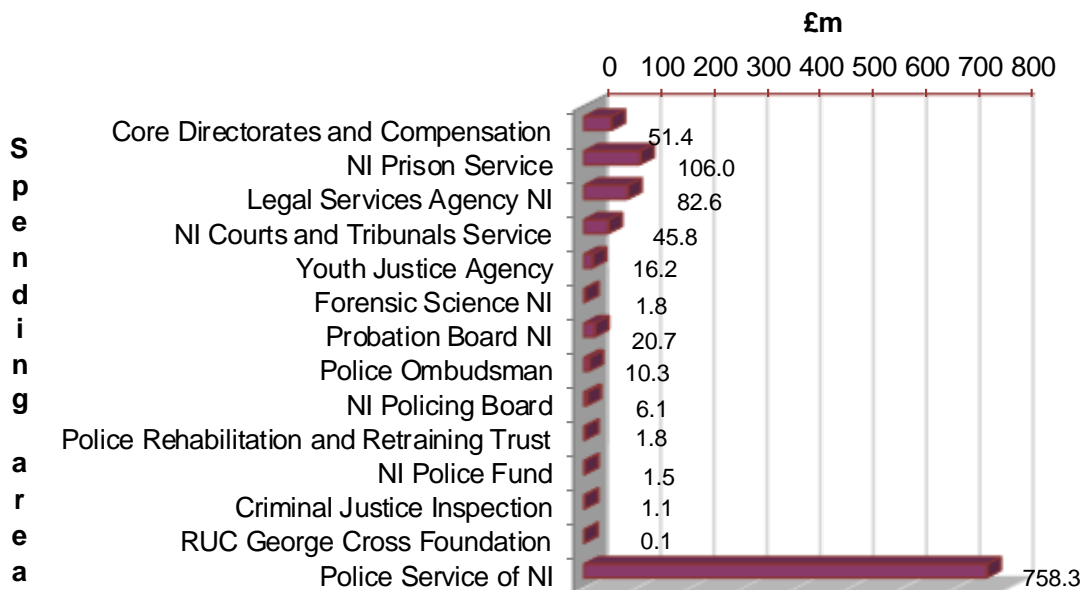


Chart 2: DoJ 2020-21 Non-Ringfenced Resource DEL Opening Budgets



2019-20 financial year

The Secretary of State announced a Northern Ireland 2019-20 budget on 28 February 2019. The Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a flat cash allocation (2018-19 opening baseline);
- £31.1m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- £11.3m was provided towards pressures identified by the Department;
- £32.0m contribution towards pension pressures; and
- £10.7m of funding for EU Exit costs.

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

2020-21 financial year

On 31 March 2020, the Finance Minister set out the 2020-21 budgets for Northern Ireland departments which have been agreed by the Executive. The Department of Justice's non-ringfenced Resource DEL Budget was as follows:

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

In setting 2020-21 budgets, the NI Prison Service allocation was increased by 3.2%

Cost per Prisoner Place

The Cost per Prisoner Place (CPPP), which excludes exceptional payments and the cost of the Prisoner Escorting and Court Custody Services, was £43,029 in 2019-20 (2018-19: £40,901 restated). A restatement was required to the CPPP calculation in order to make the reported figures comparable with other GB regions.

Auditors

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of these financial statements, was £33,000 (2018-19: £30,000).

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

Payment of suppliers

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

The Agency has achieved 94.9% (2018-19: 93.3%) of payments to suppliers within 10 working days and 97.6% (2018-19: 97.3%) of payments to suppliers within 30 days following receipt of a properly rendered invoice.

Human rights

NIPS staff have a statutory duty to respect, protect and fulfil people's human rights when delivering services. The Northern Ireland Human Rights Commission (NIHRC) interactive guide to Human Rights is available to NIPS staff to ensure they have knowledge of human rights law and standards and the core principles through which human rights are realised. The training is designed to increase human rights knowledge and strengthen the culture of human rights awareness and good practice within NIPS. 119 new recruits and staff have received Human Rights and Equality and Diversity (E&D) training during 2019-20.

Anti-corruption and anti-bribery

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

Energy and environmental management

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

Key sustainability actions taken in 2019-20

Ref	Area	Comment
1	Establishment of Sustainability Steering Group	NIPS Sustainability Steering Group was established to offer direction and decisions on sustainable development within the service.
2	Use of an Energy Monitoring and Targeting (M&T) System	NIPS use the system on a daily basis and it reflects a best practice approach to the oversight and delivery of energy management.
3	Building Management System (BMS) upgraded in 2019	A new BMS system was installed at Hydebank to improve the control of heating and help reduce energy consumption and CO ² emissions. Plans have progressed to install BMS at Magilligan to help reduce consumption and emissions.
4	LED Lighting Programme	Significant in-roads have been made across all sites to introduce LED lighting. NIPS have taken advantage of grants from Energia to help cover the capital outlay of lighting upgrades.
5	Plantroom upgrade programme	To strengthen resilience of heating and hot water infrastructure and reduce energy consumption NIPS has embarked on an annual plantroom upgrade programme. In the last three years 22 plantrooms have been refurbished. During Summer 2019 the plant and equipment in an additional six plantrooms were replaced.
6	Incorporation of Buy Social clauses within contracts	We have been adopting the use of Buy Social clauses within our contracts to offer employment opportunities and apprenticeship schemes. This has been utilised during the construction of Davis House and the current waste collection contract.
7	Establishment of recycling centres on each site	Recycling initiatives occur at the prisons. Compactors and balers have been installed at all sites and recycling initiatives help to reduce the amount of waste that would otherwise be sent to landfill.
8	Reduced waste sent to landfill	Food waste is segregated and collected separately from each site. This reduces the volume of waste sent to landfill. The food waste is put through an anaerobic digester - by the contractor - to generate heat/electricity.

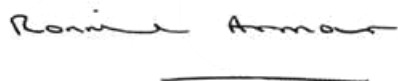
Ref	Area	Comment
9	Incorporation of BREEAM standard for all new build projects.	Since 2010 all major new accommodation blocks have achieved BREEAM Excellent rating (Quoile/Shimna/Davis). All future new builds over 1,000 m ² aim to achieve BREEAM rating of 'excellent'. All future major refurbishment projects over 1,000 m ² aim to achieve at least a BREEAM rating of 'Very Good'.

During the course of the financial year the environmental performance of the NIPS Estate was as shown below:

Supply metric	% Change from 2018-19 to 2019-20 per m2
Fossil fuels	Up 1.8%
Electricity	Up by 9.2%
Water	Up by 11.9%
CO ² emissions	Down by 2.8%
Waste collections	Down by 1.2%

Significant changes occurred to the Asset base during the reporting periods (Prison Service College, Millisle was sold and Davis House was being constructed and commissioned at Maghaberry) which distorts the annual consumption figures. The increases in some consumption levels are reflective of these changes and will be regulated in the 2020-21 reporting period.

PERFORMANCE REPORT



Ronnie Armour
Accounting Officer
21 October 2020

ACCOUNTABILITY REPORT

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

i - Corporate Governance Report

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

As a minimum, the corporate governance report must include:

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

ii - Remuneration and Staff Report

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

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

iii - Assembly Accountability and Audit Report

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

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

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Management Board

NIPS is headed by the Director General who is supported by a Management Board consisting of two Executive Directors, two Non-Executive Members and the Head of Strategy and Governance.

The Service's Management Board is responsible for the strategic and business management of the Agency's operations. At 31 March 2020, the Management Board was as follows:

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

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

Register of interests

A register of interests is maintained by the Service. Dale Ashford declared a conflict of interest when he was informed of his appointment as Chair of the Probation Board for Northern Ireland. He took up this role following his resignation as a Non-Executive Member within NIPS. The Board was content this did not cut across the workings of the Service. There were no other significant interests declared by Board Members which may conflict with their management responsibilities.

Reportable loss of data

There were no reportable losses of data during 2019-20. One compromise of NIPS information is currently being investigated by the Information Commissioner's Office.

Complaints procedure

When appropriate, the Service follows Departmental procedures in respect of complaints made by members of the general public. During 2019-20 two complaints were raised through Departmental procedures and are currently ongoing. Complaints made by prisoners and their families are initially dealt with internally but, if required, may be escalated to the Prisoner Ombudsman.

Whistleblowing

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

NON-EXECUTIVES' REPORT

During 2019-20 the Northern Ireland Prison Service (NIPS) has been focussed on efficient and effective delivery of its services, on delivery of its continuous improvement plan Prisons 2020 and on good governance. The focus of NIPS is on its mission of making Northern Ireland a safer place by reducing reoffending.

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

- Dale Ashford - April to June 2019;
- Claire Keatinge - April 2019 onwards; and
- Sarah Wakfer - July 2019 onwards.

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

- Olwen Laird - April to May 2019; and
- Colm O'Hagan - May 2019 onwards.

Prison Service Management Board (PSMB)

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

PSMB meets regularly in different NIPS Establishments. Prior to meetings of PSMB, NEMs have had the opportunity to tour the premises and to talk with staff and people in custody in all of the Establishments. NEMs welcome the open approach taken by the Director General and wider NIPS staff to their membership of, and participation in, the work of PSMB.

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

Audit and Risk Committee (ARC)

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

ARC was chaired by Dale Ashford March 2019 to May 2019, and by Claire Keatinge May 2019 to March 2020.

ARC formally considered its own effectiveness through undertaking a self-assessment review in line with the guidance from the National Audit Office (NAO). This self-assessment was brought to the ARC meeting in January 2020 and areas for action were agreed.

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

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

ARC has provided clear and effective scrutiny, challenge and support to NIPS throughout 2019-20.

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

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) has directed the NIPS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NIPS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NIPS' assets, are set out in the Accounting Officer's Memorandum, issued by DoF and published in Managing Public Money Northern Ireland.

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

GOVERNANCE STATEMENT

1. Scope of responsibility

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

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

2. Purpose of the governance framework

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

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

There is also a risk management system in place which is designed to identify the Agency's risk appetite and prioritise the risks to the achievement of Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised, their potential impact and to manage them effectively. The system of internal control has been in place in the Agency throughout the year ended 31 March 2020 and up to the date of approval of the accounts.

3. Governance framework

The governance framework supports me in my role as Accounting Officer. The framework provides detail on NIPS approach to ensure the proper and effective governance and management of its affairs, outlining NIPS governance and accountability arrangements, both external and internal. NIPS complied with the Corporate Governance Code during 2019-20. A copy of the framework can be accessed on NIPS website under Publications/Corporate Documents.

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

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

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

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

- Note 22 to the Accounts details Related Party Transactions; and
- Board Members are asked to declare any potential conflicts of interest to items on the agenda at the start of each PSMB and ARC meeting.

There was one conflict of interest declared in the 2019-20 year, and the Board was content this did not cut across the workings of the Service.

Prison Service Management Board (PSMB)

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

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

PSMB met on eight occasions during 2019-20; attendance by members is shown in the table below:

Member	Attendance
Director General - Ronnie Armour	8
Acting Director of Prisons - Austin Treacy	7
Director of Rehabilitation - Paul Doran	7
Head of Strategy and Governance - Brendan Giffen	7
Non-Executive Member - Dale Ashford	2
Non-Executive Member - Claire Keatinge	8
Non-Executive Member - Sarah Wakfer	6

Among matters considered by the Board during 2019-20 were:

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

Audit and Risk Committee (ARC)

ARC is appointed by the Board and its members are two Non-Executive Members and an Independent Board Member. Dale Ashford's responsibility to the Committee finished on 30 June 2019 and a new Non-Executive Member, Sarah Wakfer, was appointed on 1 July 2019. Claire Keatinge remains as a Non-Executive Member. Olwen Laird was an Independent Board Member until June 2019 to provide continuity through the 2018-19 Annual Report process with Colm O'Hagan joining in May 2019 to assist with a smooth transition process. The Committee is assisted by attendees from relevant NIPS business areas as required.

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

ARC met four times during 2019-20; attendance by members is shown in the table below.

Member	Attendance
Non-Executive Member - Dale Ashford	2
Non-Executive Member - Claire Keatinge	4
Non-Executive Member - Sarah Wakfer	2
Independent Board Member - Olwen Laird	2
Independent Board Member - Colm O'Hagan	4

Key matters considered during 2019-20 included:

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

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

Operational Management Board (OMB)

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

OMB met on 12 occasions during 2019-20; attendance by members is shown in the table below.

Member	Attendance
Acting Director of Prisons (Chair)	7
Governor, Maghaberry	10
Governor, Magilligan	10
Governor, Hydebank Wood	10
Head of Prisoner Escorting and Court Custody Services (PECCS)	10
Director of Rehabilitation	8
Deputy Director - Operational Management	7
Deputy Director of Operations and Security/Head of Security Management	10
Head of Licensing Legislation and Estates	8
Head of Strategy and Governance	5
Head of Wellbeing	9
Head of Operational Support	8

Finance Committee

The Finance Committee is an Executive Committee chaired by the Director General and supported by the Department's Financial Services Division (FSD). Its purpose is to discuss and scrutinise key strategic finance plans and financial issues impacting on NIPS. Among the matters considered by the Committee during 2019-20 were:

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

During 2019-20 the Finance Committee met nine times. Members attended as follows:

Member	Attendance
Director General	9
Acting Director of Prisons	9
Director of Rehabilitation	8
Head of Strategy and Governance	5

4. Risk management and internal control

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

The NIPS Corporate Risk Register 2019-20 consisted of eight risks. PSMB took the approach of reviewing and addressing in depth one risk per meeting while providing continuous assessment to the risk register as a whole. Underpinning this, each Establishment and Branch had their own 2019-20 risk register, continually reviewed and formally updated quarterly. Risks are managed locally to a level appropriate to their authority and duties, with the most serious being escalated to PSMB. I am content that the methods in place to monitor risk have proved effective in identifying risks as they arise, quickly and efficiently.

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

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

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

5. Review of effectiveness of the governance framework

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

My review of the effectiveness of the system of internal control has been informed by the reports produced by Internal Audit. During 2019-20 Internal Audit reviewed four key areas and conducted two follow up reviews. The key areas reviewed were Creditors Payments, Information Assurance and GDPR Compliance, NIPS Funding Agreements within Offender Services and NIPS Business Continuity Plan. The follow up reviews were carried out in the areas of NIPS Behaviour and Discipline and Central and Local Stores.

Of the three audits completed, two received a satisfactory assurance and one received a limited assurance (Agreements within Offender Services). The fourth audit remains in draft form awaiting management response which has been delayed due to Covid-19. The follow up review of Central and Local Stores received a satisfactory assurance and the Behaviour and Discipline follow up received a limited assurance. In the Head of Internal Audit's Annual Report and Opinion for 2019-20 she has given NIPS an overall opinion rating of Satisfactory.

There were three Priority 1 recommendations made to NIPS with several Priority 2 and 3 recommendations which have all been accepted. The Priority 1 recommendations related to concerns raised by Internal Audit during the audits of:

- Funding Agreements within Offender services - in relation to the senior management team within Resettlements Branch ensuring the agreement is tailored for the services provided and that business cases are prepared and approved on a timely basis; and
- Behaviour and Discipline - in relation to processes for professional standards and code of conduct.

These recommendations are being taken forward by the NIPS Management Team and Internal Audit will review progress on the implementation of these recommendations during 2020-21.

Ministerial directions

No Ministerial Directions were given to NIPS during this year.

6. Budget position

The Assembly passed the Budget Act (Northern Ireland) 2020 in March 2020 which authorised the cash and use of resources for all departments for the 2019-20 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2020 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2020-21 financial year.

While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Bill before the summer recess, the Covid-19 emergency and the unprecedented level of allocations which the Executive has agreed in response, has necessitated that the Budget (No. 2) Bill is instead authorising a further Vote on Account to ensure departments have access to the cash and resources through to the end of October 2020, when the Main Estimates will be brought to the Assembly and the public expenditure position is more stable.

7. Significant internal control issues

Effective governance arrangements and senior oversight are maintained to ensure appropriate and timely responses to such issues that arise. The following issues were noted for 2019-20:

Deaths in custody

During this year there have been two deaths in custody, neither of which were self-inflicted. The cause of death in each instance has not been confirmed pending Coroner's Inquests taking place. The Prisoner Ombudsman's Office was notified following each death in custody and their investigations into the circumstances are ongoing. The NIPS extends its sympathy to the families of those who have died.

Reports by the Northern Ireland Audit Office

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

8. Accounting officer statement on assurance

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

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

Remuneration policy

The pay policy for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary set the 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 has been finalised and paid.

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

Service contracts

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

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

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

Dale Ashford and Claire Keatinge were appointed as Non-Executive Members on 1 November 2017 for a period of three years, renewable by agreement. Dale Ashford was appointed as the Chair of the Probation Board for Northern Ireland and left his role as Non-Executive Member on 30 June 2019. Sarah Wakfer was appointed from 1 July 2019 to replace him.

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

Remuneration and pension entitlements

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

[Audited information]

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

** 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.*

[Audited information]

Single total figure of remuneration				
2018-19				
Board Member	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total
	£000	£000	£000	£000
Ronnie Armour Director General	90-95	-	42	135-40
Austin Treacy Acting Director of Prisons	75-80	-	8	85-90
Paul Doran Director of Rehabilitation (from 1 October 2018)	35-40 (full year equivalent 70-75)	-	(1)	35-40
Louise Cooper Acting Director of Rehabilitation (until 29 September 2018)	30-35 (full year equivalent 60-65)	-	5	35-40
Brendan Giffen Head of Strategy and Governance	60-65	-	29	90-95
Dale Ashford Non-Executive Member	10-15	0.2	-	10-15
Claire Keatinge Non-Executive Member	10-15	2.2	-	10-15

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

Salary

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

Benefits in kind

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

Pay multiples

[Audited information]

	2019-20	2018-19
Band of highest paid director's total remuneration*	£90-95,000	£90-95,000
Median total remuneration*	£28,537	£27,723
Ratio	3.24	3.34

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

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

The banded remuneration of the highest-paid director in NIPS in the financial year 2019-20 was £90-95,000 (2018-19: £90-95,000). This was 3.24 times (2018-19: 3.34 times) the median remuneration of the workforce, which was £28,537 (2018-19: £27,723). The above remuneration band of the highest paid Director is lower than the banded salary included in his single total figure of remuneration due to the inclusion of salary arrears in the latter.

In 2019-20, no employees (2018-19: None) received remuneration in excess of the highest paid Director.

Remuneration ranged from £18,000 to £90-95,000 (2018-19: £17,000 to £90-95,000).

Pension entitlements*[Audited information]*

Board Member	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19 Restated*	Real increase in CETV
	£000	£000	£000	£000	£000
Ronnie Armour Director General	45-50 plus lump sum 110-115	2.5-5 plus lump sum 0-2.5	929	*853	34
Austin Treacy Acting Director of Prisons	45-50 plus lump sum 135-140	0-2.5 plus lump sum 0-2.5	962	*966	(2)
Paul Doran Director of Rehabilitation	35-40 plus lump sum 60-65	0-2.5 plus lump sum 0-2.5	765	711	35
Brendan Giffen Head of Strategy and Governance	20-25 plus lump sum 40-45	0-2.5 plus lump sum 0-2.5	388	302	19

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

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

Northern Ireland Civil Service (NICS) Pension Schemes

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

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

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 to 31 March 2021 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution Rate - all members
From	To	
£0	£23,999.99	4.60%
£24,000.00	£55,499.99	5.45%
£55,500.00	£152,499.99	7.35%
£152,500.00 and above		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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office

There were no compensation benefits paid by the Agency to any senior staff members during the financial year (2018-19: £Nil).

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

			2019-20	2018-19 *Restated
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	51,519	267	51,786	49,378
Social security costs	5,449	-	5,449	5,264
Other pension costs	13,301	-	13,301	9,761
Total costs	70,269	267	70,536	64,403

* Figures for 2018-19 have been restated to reclassify Apprenticeship levy expenditure of £221,000 as Social security costs rather than Wages and salaries.

Pensions

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £13,287,486 were payable to the NICS pension arrangements (2018-19: £9,746,446) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% per annum above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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. Employers' contributions of £13,263 (2018-19: £14,011) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-19: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £554, 0.5% (2018-19: £581, 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

39 persons (2018-19: 37 persons) retired early on ill health grounds; the total accrued pension liabilities in the year amounted to £3,816 (2018-19: £12,084).

Average number of persons employed

[Audited information]

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

			2019-20	2018-19
	Permanently employed staff	Others	Total	Total
Operational staff	1,335	-	1,335	1,352
Administration staff	154	2	156	124
Staff engaged on capital projects	7	-	7	13
Total number of staff	1,496	2	1,498	1,489

Staff composition

The table below provides a gender breakdown of all operational and non-operational staff at 31 March 2020:

	Female staff	Male staff	Total staff
Prison Service Management Board	2	4	6
Senior Civil Service	-	3	3
Staff	431	1,118	1,549

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 across NIPS continues to be high and the provisional figures supplied by the Northern Ireland Statistics and Research Agency for 2019-20 indicate that this was 20.1 days per employee, a slight increase on the previous year (2018-19: 19.3 days). This level of absence has had a significant impact on the prison regime. However, sickness absence management has been and continues to be proactively addressed by the NICS Employee Relations Team and HR Business Partner in partnership with Governors. The various interventions in place to support staff through any difficulties they may experience are widely publicised throughout the prison Establishments and fully utilised by staff with some positive results, although this remains a challenging issue.

Occupational support

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

Employee Wellbeing

NIPS launched the Prisons WELL programme in March 2019 which aims to support staff wellbeing across four key strands: Support; Prevent; Inform; Assist. The focus for Year 1 was to improve staff awareness about the wide range of services they have access to. Key achievements to date have included:

- establishment of a WELL Hub in NIPS Headquarters supported by a network of Wellbeing champions based across business areas who act as advocates for the programme, facilitate local initiatives and signpost staff to further help if required;
- a series of local and corporate events supporting initiatives such as men's health week;
- a winter donation campaign, in partnership with the Welcome organisation, allowing staff to make their contribution to the community;
- delivery of vaccinations schemes for both flu and hepatitis B; and
- development of a health and wellbeing guide which has been issued to every member of staff, providing signposting information on the key charities and services who can support them.

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

STAFF POLICIES

Employment 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.

Equality and diversity

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

Training has been provided to senior members of staff by the Equality Commission NI on Section 75 and the screening process and a Diversity Masterclass delivered by the Rainbow Project was held for the Senior Management Team. NIPS has been represented at number of events throughout the year and the NIPS Establishments have held a number of events for both staff and prisoners around Equality, Diversity and Disability. A timetable of events for 2020-21 has recently been agreed which will see a range of events going forward at each of the Establishments.

Equality and Diversity training has been provided to all new recruits during the year as part of their induction training. This training encompasses best practice and knowledge established through a number of recent case studies. Training has also been provided to the NIPS Equality and Diversity Co-ordinators, Senior Officers and Prisoner Representatives. In addition to E&D training during induction the Prison Service College has delivered the following training: Autism Training, Deaf Awareness, Traveller Awareness, First Aid, Suicide Awareness, Mental Health Awareness, Barnardo's Child Protection Awareness, Disability Awareness Frontline, Dementia Training, Safeguarding Vulnerable Adults, Schizophrenia Awareness, Supporting Prisoners At Risk Training and Applied Suicide Intervention Skills Training.

Career development

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

Staff information

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

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

- local Whitley meetings in each establishment chaired by the Governor;
- quarterly Headquarters meetings chaired by a Grade 6;
- six monthly meetings chaired by the Director of Prisons; and
- annual Whitley Council chaired by the Director General of NIPS.

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

Expenditure on consultancy

NIPS incurred £3,763 expenditure on consultancy during 2019-20 (2018-19: £51,679).

Off-payroll engagements

There were no off-payroll engagements requiring disclosure during 2019-20 (2018-19: Nil).

Reporting of Civil Service and other compensation schemes - exit packages

There were no exit packages requiring disclosure during 2019-20 (2018-19: Nil).

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

ASSEMBLY ACCOUNTABILITY DISCLOSURES

Regularity of expenditure

[Audited information]

Losses

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

Special payments

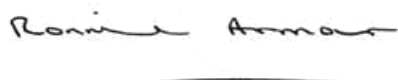
Included in the provision note (Note 17) are special payments. Amounts utilised during the year included 166 compensation payments (2018-19: 248) totalling £1,107,935 (2018-19: £1,002,979).

Remote contingent liabilities

[Audited information]

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Agency had no significant remote contingent liabilities during 2019-20 that require disclosure. Note 21 provides further details regarding the contingent liabilities that are included within the financial statements.

ACCOUNTABILITY REPORT



Ronnie Armour
Accounting Officer
21 October 2020

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

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Prison Service for the year ended 31 March 2020 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Prison Service's affairs as at 31 March 2020 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Northern Ireland Prison Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Northern Ireland Prison Service's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Northern Ireland Prison Service has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Northern Ireland Prison Service's ability to continue to adopt the going concern basis.

Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

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

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

Matters on which I report by exception

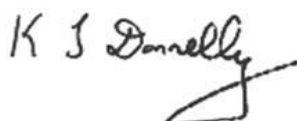
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability 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 the Department of Finance's guidance.

Report

My report on Injury on duty schemes for officers in the Police Service of Northern Ireland and the Northern Ireland Prison Service was published on 10 March 2020. It highlighted that costs in both schemes had increased significantly over the last five years. During my audit of the 2019-20 financial statements of both of these bodies I queried the assumptions underlying the provision for injury on duty awards. I found that the assumptions were based on figures, up to and including 2015, that had been averaged across other UK police forces.

As a result, further work was undertaken by the Police Service of Northern Ireland and Northern Ireland Prison Service with the Government Actuary's Department leading to a specific injury rate being calculated for both police and prison officers in Northern Ireland, based on up to date information at 31 March 2020. This resulted in the provision for injury on duty awards within the Northern Ireland Prison Service accounts increasing from £67.5 million per the draft accounts to £76.6 million in the final 2019-20 accounts. Adjustments have also been made to the balances of these provisions at 31 March 2019 and 1 April 2018 using information that would have been available at that time. Further detail on this is provided in Note 17. The audit opinion has not been qualified in respect of this matter.



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

26 October 2020

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2020

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

	Note	2019-20 £000	2018-19 *Restated £000
Revenue from contracts with customers	3	(2,869)	(2,653)
Other operating income	3	(102)	(32)
Total operating income		(2,971)	(2,685)
Staff costs	3	70,536	64,403
Purchase of goods and services	3	30,649	30,324
Depreciation and impairment charges	3	12,200	12,015
Provision expense	3	8,151	4,045
Grants	3	2,296	2,172
Total operating expenditure		123,832	112,959
Net operating expenditure		120,861	110,274
Finance expense	3	1,747	1,242
Net expenditure for the year		122,608	111,516
Non-operating activities:			
Loss on net assets transferred in	1.28	-	1,101
Net expenditure after non-operating activities		122,608	112,617
Other comprehensive net expenditure			
Items that will not be reclassified to Net operating expenditure:			
- Net (gain)/loss on revaluation of property, plant and equipment	8	(10,882)	(5,799)
- Net (gain)/loss on revaluation of intangibles	9	(30)	(38)
- Actuarial (gain)/loss on provisions	17	16,078	11,066
Comprehensive net expenditure for the year		127,774	117,846

* Please refer to Note 1.29 for further details.

The notes on pages 63 to 98 form part of these Accounts.

Statement of Financial Position

As at 31 March 2020

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

		2020	2019	2018
			*Restated	*Restated
	Note	£000	£000	£000
Non-current assets				
Property, plant and equipment	8	307,708	290,680	259,391
Intangible assets	9	2,078	1,871	1,786
Trade and other receivables	15	22	-	-
Financial assets	11	10	6	23
Total non-current assets		309,818	292,557	261,200
Current assets				
Assets classified as held for sale	10	-	-	1,700
Inventories	13	1,193	1,340	928
Trade and other receivables	15	1,788	1,794	1,613
Financial assets	11	8	20	17
Cash and cash equivalents	14	870	255	88
Total current assets		3,859	3,409	4,346
Total assets		313,677	295,966	265,546
Current liabilities				
Trade and other payables	16	(25,544)	(31,271)	(23,269)
Provisions	17	(4,689)	(6,835)	(8,391)
Total current liabilities		(30,233)	(38,106)	(31,660)
Total assets less current liabilities		283,444	257,860	233,886
Non-current liabilities				
Provisions	17	(85,906)	(63,334)	(51,375)
Total non-current liabilities		(85,906)	(63,334)	(51,375)
Total assets less total liabilities		197,538	194,526	182,511
Taxpayers' equity and other reserves:				
General fund		112,795	116,848	106,039
Revaluation reserve		84,743	77,678	76,472
Total equity		197,538	194,526	182,511

* Please refer to Note 1.29 for further details.



Ronnie Armour
Accounting Officer

21 October 2020

The notes on pages 63 to 98 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2020

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

	Note	2019-20 £000	2018-19 *Restated £000
Cash flows from operating activities			
Net expenditure for the year		(122,608)	(111,516)
Adjustments for non-cash transactions	4	25,012	21,240
(Increase)/decrease in trade and other receivables	15	(16)	(181)
(Increase)/decrease in inventories	13	147	(412)
Increase/(decrease) in trade and other payables	16	(3,554)	7,768
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	16	6,505	(10,380)
Use of provisions	17	(5,547)	(6,915)
Machinery of Government transfer	1.28	-	(138)
Net cash outflow from operating activities		(100,061)	(100,534)
Cash flows from investing activities			
Purchase of property, plant and equipment		(24,409)	(26,506)
Purchase of intangible assets		(608)	(602)
Proceeds of disposal of assets		15	1,535
Repayments from and loans to other bodies	11	7	17
Net cash outflow from investing activities		(24,995)	(25,556)
Cash flows from financing activities			
Net Assembly Funding - draw n down		127,882	125,987
Net financing		127,882	125,987
Net increase/(decrease) in cash and cash equivalents before adjustment for receipts and payments to Consolidated Fund		2,826	(103)
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		29	68
Payments of amounts due to the Consolidated Fund		(67)	(32)
Net increase/(decrease) in cash and cash equivalents after adjustments for receipts and payments to the Consolidated Fund		2,788	(67)
Cash and cash equivalents at the beginning of the period	14	(2,838)	(2,771)
Cash and cash equivalents at the end of the period	14	(50)	(2,838)

* Please refer to Note 1.29 for further details.

The notes on pages 63 to 98 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

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

	Note	General Fund *Restated £000	Revaluation Reserve *Restated £000	Taxpayers' Equity *Restated £000
Balance at 31 March 2018		113,370	76,471	189,841
Prior period adjustment	1.29	(7,330)	-	(7,330)
Reclassifications		(1)	1	-
Restated balance		106,039	76,472	182,511
Net Assembly Funding		125,987	-	125,987
Comprehensive net expenditure for the year		(123,683)	5,837	(117,846)
Auditors Remuneration	5	30	-	30
Other notionals	5	3,844	-	3,844
Transfers between reserves		4,631	(4,631)	-
Balance at 31 March 2019		116,848	77,678	194,526
Net Assembly Funding		127,882	-	127,882
Comprehensive net expenditure for the year		(138,686)	10,912	(127,774)
Auditors Remuneration	5	33	-	33
Other notionals	5	2,871	-	2,871
Transfers between reserves		3,847	(3,847)	-
Balance at 31 March 2020		112,795	84,743	197,538

* Please refer to Note 1.29 for further details.

The notes on pages 63 to 98 form part of these Accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of NIPS for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIPS are described below. They have been applied consistently in dealing with items considered material to the financial statements.

1.1 Accounting convention

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

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

1.2 Operating income

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

1.3 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 3.7%. 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 and external doors, internal walls and partitions, internal doors, floors/wall/ceiling finishes.
Engineering systems	Sanitary appliances, services equipment, disposal installation, water installation, heat source, space heating and air treatment, ventilation systems, electrical, gas, lift and protective installations.
Equipment and security installations	CCTV, access control, alarm systems, control rooms including all associated Information and Communications Technology hardware and software; fixed furniture, fittings, equipment and appliances.
External works	Roads, footpaths, drainage, fences, gates, boundary walls, street furniture, landscaping and external lighting.

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

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

1.7 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

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

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

1.10 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 Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

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

1.13 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 DoF.

1.18 Notional costs

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

1.19 Insurance

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

1.20 Income

Financing

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

Revenue from contracts with customers

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

Sale of goods and services

Revenue from the sale of goods is recognised either:

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

Other operating income

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

Rental income

Rent revenue from properties is recognised on a straight-line basis over the lease term.

Other income

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

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 23 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 were it is probable that the claim will be successful. NIPS also carry out an objective exercise to compare estimates to actual settlements in current and previous years and will adjust the provisions in line with these findings on an annual basis.

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

1.24 Voluntary Early Retirement (VER) Scheme

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

1.25 Accounting standards, interpretations and amendments to published standards and FReM - issued and effective in 2019-20 for the first time

NIPS has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for accounting periods beginning on or after 1 April 2019 or later periods, but which NIPS has not adopted early. NIPS considers that these are not relevant or material to its operations.

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

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

Standard	IFRS 16 <i>Leases</i> (replaces IAS 17 <i>Leases and related interpretations</i>)
Effective date	January 2019 (EU endorsed 31 October 2017)
FReM application	2021-22
Description of revision	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
Comments	<p>IFRS 16 <i>Leases</i> replaces IAS 17 <i>Leases</i> and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2021.</p> <p>NIPS considers that this Standard is not likely to have a material impact on its liabilities or Statement of Comprehensive Net Expenditure.</p>

1.27 Financial reporting - future developments

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

1.28 Machinery of government transfer

A number of functions previously carried out by Reducing Offending Directorate in DoJ Core Department transferred to NIPS on 1 April 2018. This was accounted for by way of machinery of government (MoG) and the following balances transferred:

	1 April 2018 £000
Provisions	963
Payables	138
Total	1,101

1.29 Prior year restatements

The previously audited financial information for 2018-19 has been restated to reflect the following:

(i) - Prior period adjustment

Following a review of the information available to NIPS, the assumptions underpinning the actuarial valuation of the injury on duty provision were revised as follows:

- rate of future injury award - increased from 1% to 3.5%; and
- current service cost - increased from 2% to 6%.

These changes reflect the information that would have been available in prior years in relation to injury on duty, however in those years 2015 information was used instead. As more accurate information was available in prior years but was not used, it is appropriate for the change to be presented as a prior period adjustment due to the level of materiality applicable to the NIPS financial statements. Please also refer to Note 17.1 for further details.

(ii) - Reclassifications

Some 2018-19 figures have been restated to reflect changes made to account code mapping by the Department of Justice as part of its preparatory work for the implementation of the Review of Financial Process. This includes items of expenditure being reclassified within categories of administration and programme expenditure, as well as minor adjustments to rounded figures used.

1.29 Prior year restatements (continued)***Impact on Financial Statements***

The tables below summarise the overall impact of the above on comparative amounts in the Statement of Comprehensive Net Expenditure and Statements of Financial Position.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	2018-19 Published Accounts £000	Prior Period Adjustment £000	Reclassifi- cations £000	2018-19 Restated £000
Total operating income	(2,685)	-	-	(2,685)
Staff costs	64,402	-	1	64,403
Purchase of goods and services	30,326	-	(2)	30,324
Depreciation and impairment charges	12,017	-	(2)	12,015
Provision expense	4,338	760	(1,053)	4,045
Grants	2,172	-	-	2,172
Total operating expenditure	113,255	760	(1,056)	112,959
Net operating expenditure	110,570	760	(1,056)	110,274
Finance expense	(3)	190	1,055	1,242
Net expenditure for the year	110,567	950	(1)	111,516
Non-operating activities:				
Loss on net assets transferred in	1,101	-	-	1,101
Net expenditure after non-operating activities	111,668	950	(1)	112,617
Other comprehensive net expenditure				
Items that will not be reclassified to Net operating expenditure:				
- Net (gain)/loss on revaluation of property, plant and equipment	(5,798)	-	(1)	(5,799)
- Net (gain)/loss on revaluation of intangibles	(38)	-	-	(38)
- Actuarial (gain)/loss on provisions	12,296	(1,230)	-	11,066
Comprehensive net expenditure for year	118,128	(280)	(2)	117,846

1.29 Prior year restatements (continued)

Statement of Financial Position as at 31 March 2018

	2018-19 Published Accounts £000	Prior Period Adjustment £000	Reclassifi- cations £000	31 March 2018 Restated £000
Non-current assets				
Property, plant and equipment	259,392	-	(1)	259,391
Intangible assets	1,787	-	(1)	1,786
Trade and other receivables	-	-	-	-
Financial assets	22	-	1	23
Total non-current assets	261,201	-	(1)	261,200
Current assets				
Assets classified as held for sale	1,700	-	-	1,700
Inventories	928	-	-	928
Trade and other receivables	1,613	-	-	1,613
Financial assets	17	-	-	17
Cash and cash equivalents	88	-	-	88
Total current assets	4,346	-	-	4,346
Total assets	265,547	-	(1)	265,546
Current liabilities				
Cash and cash equivalents	(2,859)	-	2,859	-
Trade and other payables	(20,410)	-	(2,859)	(23,269)
Provisions	(8,392)	-	1	(8,391)
Total current liabilities	(31,661)	-	1	(31,660)
Total assets less current liabilities	233,886	-	-	233,886
Non-current liabilities				
Provisions	(44,045)	(7,330)	-	(51,375)
Total non-current liabilities	(44,045)	(7,330)	-	(51,375)
Total assets less total liabilities	189,841	(7,330)	-	182,511
Taxpayers' equity and other reserves:				
General fund	113,370	(7,330)	(1)	106,039
Revaluation reserve	76,471	-	1	76,472
Total equity	189,841	(7,330)	-	182,511

1.29 Prior year restatements (continued)

Statement of Financial Position as at 31 March 2019

	2018-19 Published Accounts £000	Prior Period Adjustment £000	Reclassifi- cations £000	31 March 2019 Restated £000
Non-current assets				
Property, plant and equipment	290,677	-	3	290,680
Intangible assets	1,873	-	(2)	1,871
Trade and other receivables	-	-	-	-
Financial assets	7	-	(1)	6
Total non-current assets	292,557	-	-	292,557
Current assets				
Assets classified as held for sale	-	-	-	-
Inventories	1,340	-	-	1,340
Trade and other receivables	1,794	-	-	1,794
Financial assets	18	-	2	20
Cash and cash equivalents	255	-	-	255
Total current assets	3,407	-	2	3,409
Total assets	295,964	-	2	295,966
Current liabilities				
Cash and cash equivalents	(3,093)	-	3,093	-
Trade and other payables	(28,178)	-	(3,093)	(31,271)
Provisions	(6,835)	-	-	(6,835)
Total current liabilities	(38,106)	-	-	(38,106)
Total assets less current liabilities	257,858	-	2	257,860
Non-current liabilities				
Provisions	(56,284)	(7,050)	-	(63,334)
Total non-current liabilities	(56,284)	(7,050)	-	(63,334)
Total assets less total liabilities	201,574	(7,050)	2	194,526
Taxpayers' equity and other reserves:				
General fund	123,898	(7,050)	-	116,848
Revaluation reserve	77,676	-	2	77,678
Total equity	201,574	(7,050)	2	194,526

2. Statement of Operating Expenditure by Operating Segment

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

2018-19	Maghaberry *Restated £000	Magilligan *Restated £000	Hydebank *Restated £000	Others *Restated £000	Total *Restated £000
Gross expenditure	42,854	19,931	13,994	37,422	114,201
Income	(1,381)	(847)	(349)	(108)	(2,685)
Net expenditure	41,473	19,084	13,645	37,314	111,516

* Please refer to Note 1.29 for further details.

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

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

3. Summary of information for Statement of Comprehensive Net Expenditure

2019-20	Note	Administration £000	Programme £000	Total £000
Revenue from contracts with customers	7	-	(2,869)	(2,869)
Other operating income	7	-	(102)	(102)
Total operating income		-	(2,971)	(2,971)
Staff costs	5, 6	5,829	64,707	70,536
Purchase of goods and services	5, 6	5,231	25,418	30,649
Depreciation and impairment charges	5, 6	-	12,200	12,200
Provision expense	6	-	8,151	8,151
Grants	6	-	2,296	2,296
Total operating expenditure		11,060	112,772	123,832
Net operating expenditure		11,060	109,801	120,861
Finance expense	5, 6	-	1,747	1,747
Net expenditure for the year		11,060	111,548	122,608
2018-19		Administration *Restated £000	Programme *Restated £000	Total *Restated £000
Revenue from contracts with customers	7	-	(2,653)	(2,653)
Other operating income	7	-	(32)	(32)
Total operating income		-	(2,685)	(2,685)
Staff costs	5, 6	5,229	59,174	64,403
Purchase of goods and services	5, 6	6,609	23,715	30,324
Depreciation and impairment charges	5, 6	-	12,015	12,015
Provision expense	6	-	4,045	4,045
Grants	6	-	2,172	2,172
Total operating expenditure		11,838	101,121	112,959
Net operating expenditure		11,838	98,436	110,274
Finance expense	5, 6	-	1,242	1,242
Net expenditure for the year		11,838	99,678	111,516

* Please refer to Note 1.29 for further details.

4. Non-cash costs

2019-20		Administration	Programme	Total
	Note	£000	£000	£000
Purchase of goods and services	5, 6	2,904	10	2,914
Depreciation and impairment	5, 6	-	12,200	12,200
Provision expense	6	-	8,151	8,151
Grants	6	-	-	-
Finance expense	5, 6	-	1,747	1,747
Grant income	7	-	-	-
Total		2,904	22,108	25,012

2018-19		Administration	Programme	Total
	Note	£000	*Restated £000	*Restated £000
Purchase of goods and services	5, 6	3,874	-	3,874
Depreciation and impairment	5, 6	-	12,015	12,015
Provision expense	6	-	4,045	4,045
Grants	6	-	67	67
Finance expense	5, 6	-	1,241	1,241
Grant income	7	-	(2)	(2)
Total		3,874	17,366	21,240

* Please refer to Note 1.29 for further details.

5. Other administrative expenditure

	2019-20	2018-19
Note	£000	*Restated £000
Staff Costs**		
Wages and salaries	4,144	3,899
Social security costs	462	434
Other pension costs	1,223	896
	5,829	5,229
Purchase of goods and services		
Accommodation costs, maintenance and utilities	366	338
IT, communications and office services	934	837
Consumables, equipment and transport costs	2	3
Contracted out and managed services	219	795
Professional and consultancy costs	80	60
Rentals under operating leases	174	174
Staff related costs	548	510
Other costs	4	18
	2,327	2,735
Non-cash items:		
Auditors' remuneration	33	30
Notional charges	2,871	3,844
	2,904	3,874
	5,231	6,609
Depreciation and impairment charges	8, 9	-
Finance expense		-
Total administrative expenditure	11,060	11,838

* Please refer to Note 1.29 for further details.

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

6. Programme expenditure

		2019-20	2018-19
	Note	£000	*Restated £000
Staff Costs**			
Wages and salaries		47,642	45,479
Social security costs		4,987	4,830
Other pension costs		12,078	8,865
		64,707	59,174
Purchase of goods and services			
Accommodation costs, maintenance and utilities		9,451	8,869
IT, communications and office services		403	424
Consumables, equipment and transport costs		796	917
Contracted out and managed services		80	2
Professional and consultancy costs		1,027	812
Prisoner costs		12,052	11,471
Rentals under operating leases		35	9
Staff related costs		1,352	1,195
Other costs		212	16
		25,408	23,715
Non-cash items:			
(Profit)/loss on disposal of non-current assets	8, 9	10	-
		10	-
		25,418	23,715
Depreciation and impairment charges			
Depreciation	8	12,251	11,657
Amortisation	9	425	529
Revaluation and impairment released to SoCNE	12	(476)	(171)
		12,200	12,015
Provisions expense			
Provisions: provided for in year	17	11,148	4,963
Provisions: written back in year	17	(2,997)	(918)
		8,151	4,045
Grants			
		2,296	2,172
Finance expense			
		1,747	1,242
Total programme expenditure			
		114,519	102,363

* Please refer to Note 1.29 for further details.

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

7. Income

	2019-20	2018-19
Note	£000	*Restated £000
Administration income	-	-
Programme income:		
Revenue from contracts with customers		
Sale of goods and services	2,869	2,653
Other operating income		
Other non-trading income	5	-
Grant income	97	30
Notional income	-	2
Total operating income	2,971	2,685

* Please refer to Note 1.29 for further details.

Income can be further analysed as follows:

2019-20	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	1,518	882	382	87	2,869
Other operating income	4	-	-	98	102
Net expenditure	1,522	882	382	185	2,971
2018-19	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	1,382	846	348	77	2,653
Other operating income	-	-	2	30	32
Net expenditure	1,382	846	350	107	2,685

8. Property, plant and equipment

2019-20

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

Land and Property Services (LPS) carried out a full valuation of land and buildings at 1 April 2016, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2021. As a result of Covid-19, LPS considers that, as at 31 March 2020, it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuations this year are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty - and a higher degree of caution - should be attached to them than would normally be the case.

8. Property, plant and equipment (continued)**2018-19**

	Land	Buildings *Restated	Vehicles, Plant & Machinery *Restated	Information Technology *Restated	Assets Under Construct- ion *Restated	Total *Restated
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	4,345	246,175	13,051	656	27,301	291,528
Additions	-	130	2,675	899	33,146	36,850
Disposals	-	-	(48)	(11)	-	(59)
Transfers and reclassifications	-	4,659	(210)	23	(4,662)	(190)
Revaluation charged to SoCNE	-	395	4	-	-	399
Revaluations	-	6,571	79	5	-	6,655
At 31 March 2019	4,345	257,930	15,551	1,572	55,785	335,183
Depreciation						
At 1 April 2018	-	21,461	10,233	443	-	32,137
Charged in year	-	10,881	692	84	-	11,657
Disposals	-	-	(42)	(7)	-	(49)
Transfers and reclassifications	-	-	(148)	(5)	-	(153)
Revaluation charged to SoCNE	-	54	1	-	-	55
Revaluations	-	796	57	3	-	856
At 31 March 2019	-	33,192	10,793	518	-	44,503
Carrying amount at 31 March 2019	4,345	224,738	4,758	1,054	55,785	290,680
Carrying amount at 31 March 2018	4,345	224,714	2,818	213	27,301	259,391
Asset financing:						
Owned	4,345	224,738	4,758	1,054	55,785	290,680
Carrying amount at 31 March 2019	4,345	224,738	4,758	1,054	55,785	290,680

* Please refer to Note 1.29 for further details.

9. Intangible assets

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

9. Intangible assets (continued)

2018-19	Software and Licences *Restated £000	Assets Under Construction £000	Total *Restated £000
Cost or valuation			
At 1 April 2018	20,314	357	20,671
Additions	14	588	602
Disposals	(1)	-	(1)
Transfer and reclassifications	469	(495)	(26)
Revaluation charged to SoCNE	-	-	-
Revaluations	69	-	69
At 31 March 2019	20,865	450	21,315
Amortisation			
At 1 April 2018	18,885	-	18,885
Charged in year	529	-	529
Disposals	(1)	-	(1)
Transfer and reclassifications	-	-	-
Revaluation charged to SoCNE	-	-	-
Revaluations	31	-	31
At 31 March 2019	19,444	-	19,444
Carrying amount at 31 March 2019	1,421	450	1,871
Carrying amount at 31 March 2018	1,429	357	1,786
Asset financing:			
Owned	1,421	450	1,871
Carrying amount at 31 March 2019	1,421	450	1,871

* Please refer to Note 1.29 for further details.

10. Assets classified as held for sale

IFRS 5 requires that non-current assets classified as held for sale must be disclosed separately from other assets in the Statement of Financial Position. The value of these assets is shown below.

	2019-20	2018-19
Note	£000	£000
Balance 1 April	-	1,700
Disposals	-	(1,527)
Impairment	-	(173)
At 31 March	-	-

11. Financial assets

Housing Loans Scheme	2019-20	2018-19
	£000	*Restated £000
Balance at 1 April	26	40
New Loans	-	1
Repayments	(7)	(18)
Revaluations	(1)	3
Balance at 31 March	18	26
Current Assets	8	20
Non-current Assets	10	6
Balance at 31 March	18	26

* Please refer to Note 1.29 for further details.

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

Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current and Current Financial Assets. The carrying value has been discounted at a rate of 3.7% (2018-19: 3.7%). NIPS had 9 loans to officers at 31 March 2020 (12 at 31 March 2019) and does not hold any other financial assets. NIPS is therefore exposed to little credit, liquidity or market risk.

12. Impairments

		2019-20	2018-19
	Note	£000	*Restated £000
Charged directly to SoCNE			
Property, plant and equipment	8	(476)	(344)
Assets held for sale		-	173
		(476)	(171)
Taken through Revaluation Reserve			
Property, plant and equipment	8	(10,882)	(5,799)
Intangible assets	9	(30)	(38)
		(10,912)	(5,837)
Total charge for the year		(11,388)	(6,008)

* Please refer to Note 1.29 for further details.

13. Inventories

	2019-20	2018-19	2017-18
	£000	£000	£000
Consumables and equipment	896	1,027	757
Fuel stores	297	313	171
	1,193	1,340	928

14. Cash and cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April	(2,838)	(2,771)
Net change in cash and cash equivalent balances	2,788	(67)
Balance at 31 March	(50)	(2,838)

The following balances at 31 March were held at :

Commercial bank and cash in hand	(50)	(2,838)
Balance at 31 March	(50)	(2,838)

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

	2019-20	2018-19	2017-18
	£000	£000	£000
Current assets	870	255	88
Current liabilities	(920)	(3,093)	(2,859)
Total	(50)	(2,838)	(2,771)

15. Trade receivables, financial and other assets

	2019-20	2018-19	2017-18
	£000	£000	£000
Amounts falling due within one year			
VAT	910	1,265	1,192
Trade receivables	40	129	38
Other receivables	16	14	160
Prepayments and accrued income	822	386	223
	1,788	1,794	1,613
Amounts falling due within one year			
Other receivables	22	-	-
	22	-	-
Total	1,810	1,794	1,613

16. Trade payables, financial and other liabilities

	2019-20	2018-19	2017-18
	£000	£000	£000
Amounts falling due within one year			
Bank overdraft	920	3,093	2,859
Trade payables	124	763	163
Other payables	935	827	679
Accruals and deferred income	23,565	26,550	19,566
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund - Received	-	38	2
	25,544	31,271	23,269

17. Provisions for liabilities and charges

	Injury Awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
Balance at 1 April 2019	59,870	6,266	3,105	928	70,169
Machinery of government transfer	-	-	-	-	-
Provided in the year	1,475	9,633	39	-	11,147
Provisions not required written back	(249)	(2,625)	(124)	-	(2,998)
Provisions utilised in the year	(2,236)	(1,439)	(1,806)	(66)	(5,547)
Provisions borrowing costs	1,720	-	-	26	1746
Actuarial loss	15,980	-	-	98	16,078
At 31 March 2020	76,560	11,835	1,214	986	90,595

Analysis of expected timing of discounted flows*

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

17. Provisions for liabilities and charges (continued)

	Injury Awards *Restated £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total *Restated £000
Balance at 1 April 2018	41,070	5,722	5,644	-	52,436
Prior period adjustment	7,330	-	-	-	7,330
Machinery of government transfer	-	-	-	963	963
Provided in the year	1,515	3,313	135	-	4,963
Provisions not required written back	-	(918)	-	-	(918)
Provisions utilised in the year	(2,325)	(1,851)	(2,674)	(65)	(6,915)
Provisions borrowing costs	1,220	-	-	24	1,244
Actuarial loss	11,060	-	-	6	11,066
At 31 March 2019	59,870	6,266	3,105	928	70,169

Analysis of expected timing of discounted flows**

	Injury Awards *Restated £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total *Restated £000
No later than one year	1,500	2,595	2,674	66	6,835
Later than one year and not more than five years	5,940	3,671	431	261	10,303
Later than five years	52,430	-	-	601	53,031
At 31 March 2019	59,870	6,266	3,105	928	70,169

* Please refer to Notes 1.29 and 17.1 for further details.

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

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

17. Provisions for liabilities and charges (continued)**17.1 Injury awards £76.560m (2018-19: £59.870m restated)**

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

The injury awards were valued under IAS 19 by the Government Actuary's Department (GAD). IAS 19 requires the employer to value the expected injury awards for active members, who may become injured in the future, and include the value in the Accounts. Following a review of the information available to NIPS, the assumptions underpinning the actuarial valuation of the liability were revised as follows:

- rate of future injury award - increased from 1% to 3.5%; and
- current service cost - increased from 2% to 6%.

These changes reflect the information that would have been available in prior years in relation to injury on duty, however in those years 2015 information was used instead. As more accurate information was available in prior years but was not used, it is appropriate for the change to be presented as a prior period adjustment due to the level of materiality applicable to the NIPS financial statements. Please also refer to Note 1.29 for further details.

As a result of these changes to the assumptions, the liability in the 2019-20 Accounts for NIPS includes an increased current service cost of £0.720m (2018-19: £0.760m), increased interest cost of £0.210m (2018-19: £0.190m) and additional actuarial losses of £1.050m (2018-19: £1.230m reduction).

The overall impact of the prior period adjustment on the liability for 2018-19 is shown below:

	2018-19 Published Accounts £000	Prior Period Adjustment	2018-19 Restated £000
Net deficit at 1 April	41,070	7,330	48,400
Current service cost	380	760	1,140
Past service cost	370	-	370
Net interest on the net defined benefit liability	1,030	190	1,220
Benefits paid (recurring element)	(1,950)	-	(1,950)
Benefits paid (lump sums)	(370)	-	(370)
Re-measurements of the net defined liability	12,290	(1,230)	11,060
Net deficit at 31 March	52,820	7,050	59,870

17. Provisions for liabilities and charges (continued)

The split of the provision is shown below:

	2019-20	2018-19
	£000	Restated £000
Liability in respect of:		
Active members	12,640	9,870
Pensions in payment (injury awards)	63,920	50,000
Total	76,560	59,870

Key financial assumptions:

	2019-20	2018-19
	%	%
Rate of discounting scheme liabilities	1.80%	2.90%
Rate of CPI inflation	2.35%	2.60%
Pension increase awarded	2.35%	2.60%
Long-term rate of increase in salaries	4.10%	4.10%

Key demographic assumptions:

	2019-20	2018-19
	Years	Years
Average expected future life at age 65 for:		
Male currently aged 65	21.5	22.2
Female currently aged 65	23.2	23.9
Male currently aged 45	23.2	24.2
Female currently aged 45	24.8	25.7

Incidence of injury awards:

	2019-20	2018-19
	%	Restated %
Liability (proportion of liability of active members in respect of non-injury Pension Scheme benefits)	3.5%	3.5%
Current service cost (proportion of current service cost in respect of main Pension Scheme benefits)	6.0%	6.0%

17. Provisions for liabilities and charges (continued)**Analysis of movement in scheme liability:**

	2019-20	2018-19
	£000	Restated £000
Net deficit at 1 April	59,870	48,400
Current service cost	1,080	1,140
Past service cost	390	370
Net interest on the net defined benefit liability	1,720	1,220
Benefits paid (recurring element)	(2,090)	(1,950)
Benefits paid (lump sums)	(390)	(370)
Re-measurements of the net defined liability	15,980	11,060
Net deficit at 31 March	76,560	59,870

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

	2019-20	2018-19
	£000	Restated £000
Experience (gains) and losses arising on the pension liabilities	7,020	15,200
Changes in financial assumptions underlying the present value of the pension liabilities	10,900	(4,140)
Changes in demographic assumptions underlying the present value of the pension liabilities	(1,940)	-
Re-measurements of the liability	15,980	11,060

Covid-19

The financial statements are being prepared at a time when the UK is in the midst of dealing with the Covid-19 pandemic. As outlined in the Report prepared by GAD, it is too early to speculate on any potential long-term effects of the pandemic on future economic/salary growth, mortality rates or financial assumptions underpinning the injury on duty liability as at 31 March 2020. At this stage, the full impact of the Covid-19 pandemic is not known and will remain uncertain until further evidence is available. No adjustments have been applied to the GAD analysis to reflect these risks.

17. Provisions for liabilities and charges (continued)**17.2 Litigation claims £11.835m (2018-19: £6.266m)*****Holiday pay £5.918m (2018-19: £Nil)***

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. Due to delays in relation to the Covid-19 situation, it is expected that this will not be heard until 2021 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998.

The Holiday Pay provision includes an estimate provided by NIPS for operational prison grades for the period from 1998 to 31 March 2020 of £5.800m (2018-19: £Nil). The provision also includes an estimate provided by NICS HR for administrative staff for the same period of £0.118m (2018-19: £Nil). An adjustment has been included by NIPS in respect of the period prior to on-boarding of administrative staff to HR Connect in April 2015 which is not covered in the NICS HR estimate.

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

- the appeal to the Supreme Court (as detailed above);
- lack of accessible data for years previous to 2011 and for some groups of staff beyond 2011;
- uncertainty around eligibility;
- ongoing negotiations with Trade Unions;
- a reliable estimate for the pension element is not yet available so this has not been factored into the provision; and
- the provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions. Taxation issues are still under discussion with HMRC so the position is subject to change.

Legal cases £5.486m (2018-19: £5.313m)

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.

17. Provisions for liabilities and charges (continued)***Hearing loss £0.431m (2018-19: £0.953m)***

The hearing loss provision relates to claims from current and ex-prison officers for occupational hearing loss. The provision reflects claims up to March 2020 - the number of claims likely to be received in the future is uncertain and cannot be reliably estimated. Each case will be considered on its own merits and any settlement based on the severity of hearing loss.

17.3 Voluntary Early Retirement (VER) Scheme £1.214m (2018-19: £3.105m)

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

17.4 Early departure costs £0.986m (2018-19: £0.928m)

This provision relates to inherited pension costs (Note 1.28) associated with the early departure of staff and benefits payable in respect of loss of earning capacity (or loss of support in respect of a death). The pension costs are payable to NILGOSC over the lifetime of the retired staff member and his/her spouse (where applicable).

18. Leases**18.1 Operating leases**

£0.209m (2018-19: £0.183m) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

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

	2019-20 £000	2018-19 £000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	188	173
Later than one year and not later than five years	376	-
Later than five years	-	-
	564	173
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Total	564	173

18.2 Finance leases

NIPS does not presently hold any finance leases.

19. Capital commitments

	2019-20 £000	2018-19 £000
Contracted capital commitments at 31 March not otherwise included in these accounts:		
Property, plant and equipment	3,722	7,108
Intangible assets	135	-
	3,857	7,108

20. Other financial commitments

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

	2019-20	2018-19
	£000	£000
Not later than one year	2,404	1,690
Later than one year and not later than five years	-	-
Later than five years	-	-
	2,404	1,690

21. Contingent liabilities

At the year end NIPS has estimated contingent liabilities of £5.5m (2018-19: £5.5m) in respect of litigation claims against NIPS. £5.5m of this relates to a legal claim by former staff for fair employment, industrial tribunal and court proceedings. The remaining amount relates to legal claims against NIPS by staff, prisoners and third parties for injuries and other damage. They have not been provided for in the financial statements as NIPS considers that it is not probable that they will be successful.

22. Related party transactions

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

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

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

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

23. Third-party assets

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

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

	1 April 2019 £000	Gross Inflows £000	Gross Outflows £000	31 March 2020 £000
Monetary assets such as bank balances and balances on deposit:				
Prisoners' Private Cash Accounts	158	4,122	(4,105)	175
Prisoners' Amenities Funds	260	164	(151)	273
	418	4,286	(4,256)	448

24. Events after the reporting period

Other than as noted below, there were no events after the reporting period that required disclosure.

Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020

These Regulations came into operation on 24 April 2020 and allows those workers for whom it was not reasonably practicable to take annual leave as a result of the pandemic to carry over up to four weeks of annual leave into the next two leave years. Any exemption will apply only to circumstances where it was not reasonably practicable for workers to take their leave as a result of the outbreak, and carry over of annual leave will be limited to the next two leave years. The change in regulations may lead to an increase in the value of accrued annual leave carried over in the next two years by NIPS. It is not possible for NIPS to give a reasonable estimate of the impact at this time.

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 26 October 2020.