

NORTHERN IRELAND PRISON SERVICE
ANNUAL REPORT AND ACCOUNTS 2021-22

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Northern Ireland Prison Service
Annual Report and Accounts
For the year ended 31 March 2022

*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

5 July 2022



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PERFORMANCE REPORT

OVERVIEW

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

a statement from the Director General providing his perspective on the performance of the Agency over the period;

a statement of the purpose and activities of the Agency;

the key issues and risks that could affect the Agency in delivering its objectives; and

a performance summary.

FOREWORD BY ACCOUNTING OFFICER

I have pleasure in presenting this Report at the end of what has been a challenging year during which we have been managing the ongoing impacts of the Covid-19 pandemic whilst seeking to deliver our recovery programme.

In facing the challenge of Covid we have been scrupulous in following the advice received from the Public Health Agency and our healthcare partners. From March 2020 to January 2022 only four prisoners in the general prison population tested positive. This was a remarkable achievement and I pay tribute to all prison and healthcare staff for all their diligence and hard work.

The onset of Omicron, coupled with the relaxation of restrictions across the community, resulted in 241 prisoners testing positive during the period February and March 2022. The vaccination programme implemented so effectively in our prisons meant that no one testing positive has been seriously ill or hospitalised.

In acknowledging work of prison staff throughout the pandemic, it is also right to acknowledge the cooperation we have received from those in our care and their families. I am grateful for their patience and understanding.

It is however with sadness that I record the death of a Prison Officer who sadly passed away as a result of Covid-19 in August 2021. He was a friend and much valued colleague and we as a Service mourn his passing.

The prison population has been steadily increasing during the year. Our remand population consistently accounts for 36-38% of our population, that means more than 500 individuals are on remand each day.

Addressing the needs of the prison population is becoming more challenging as we seek to deal with increasingly complex prisoner needs. Supporting those with mental health and addiction issues remains a priority.

FOREWORD BY ACCOUNTING OFFICER (CONTINUED)

The Regulation and Quality Improvement Authority 'Review of the Services for Vulnerable Persons detained in NI Prisons' published in October 2021 recognised the scale of the problems we face as demand greatly exceeds capacity in the context of prison healthcare underfunding.

The Criminal Justice Inspection NI published reports in relation to Magilligan; our Prisoner Escort and Court Custody Service (PECCS); and the Operation of our Care and Supervision units. The latter inspection made some important recommendations which we are currently implementing.

The Magilligan report was very positive in the context of the Covid challenges we were facing during the inspection and the PECCS Report acknowledged the positive work undertaken by our staff.

In September 2021 our Prisons 2020 Continuous Improvement Programme ended. Significant progress has been made and an initial assessment reported that more than 95% of 282 actions were designated as achieved. Prison 2020 was transformational in the changes it delivered and we look forward to launching our next Continuous Improvement Programme, Prisons 25 by 25, in June 2022.

In October we celebrated Prisons Week when we were honoured to hold our annual Service in Clonard Monastery. I am grateful to the Redemptorist community for hosting the event and for making us so welcome. Later in the week we opened a newly constructed House of Worship at Magilligan.

During the year Governor Austin Treacy, our Director of Prisons, retired. Austin had given over 40 years' service to the NI Prison Service and we were delighted to name the Learning and Skills building at Hydebank Wood after him. I want to place on record our thanks to Austin for all he has done for NIPS during his long career.

Finally I would like to thank all those who, like the members on our Independent Monitoring Boards, volunteer within our prisons. We rely greatly on the Voluntary and Community Sector as we challenge and support those in our care to change.

RONNIE ARMOUR
Director General and Accounting Officer
Northern Ireland Prison Service

STATEMENT OF PURPOSE AND ACTIVITIES

History and statutory background

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

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

The Annual Report and Accounts of NIPS for the year ended 31 March 2022 will be laid in the Northern Ireland Assembly.

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

Statement of purpose

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

Vision

NIPS vision is that our Service will:

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

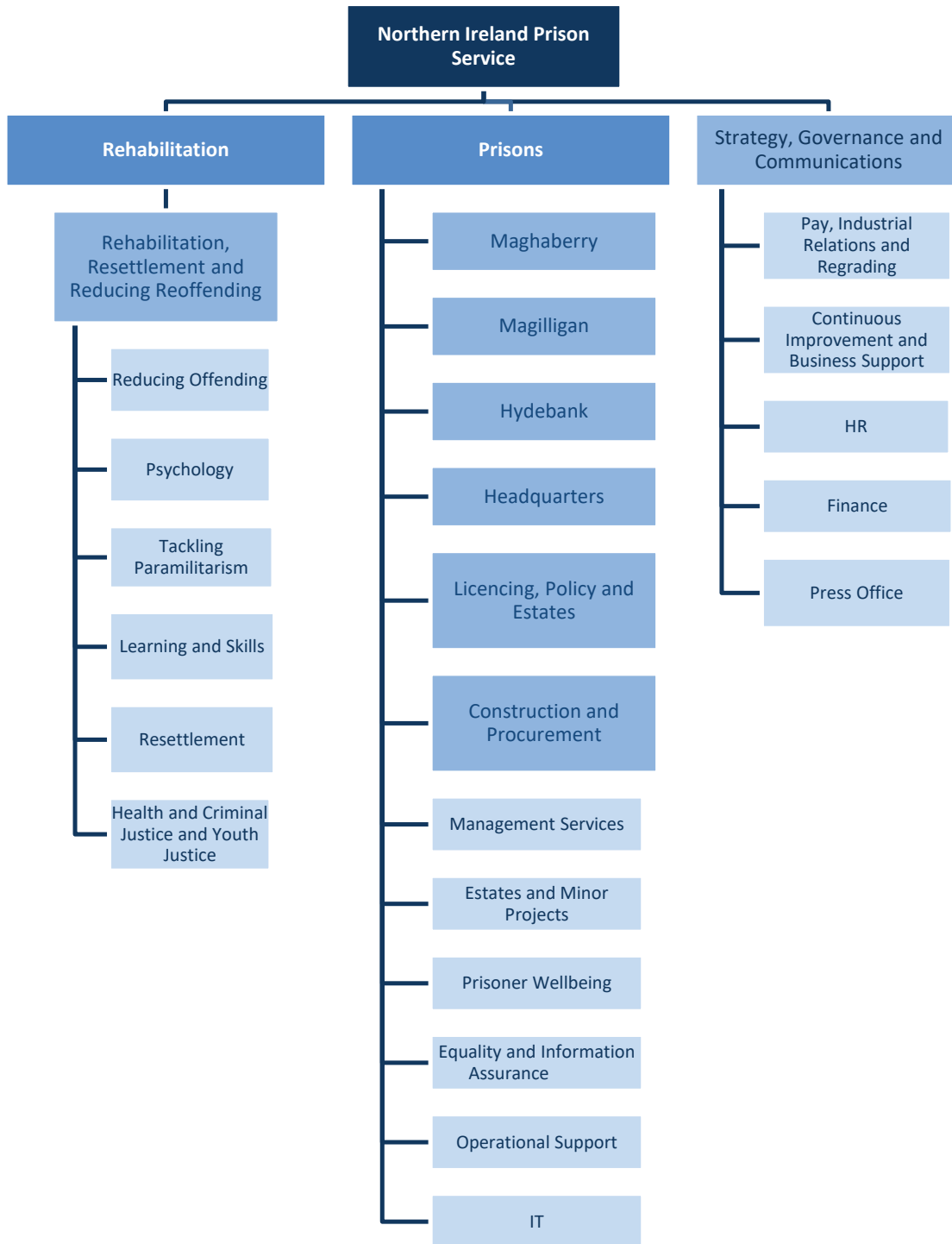
Strategic aims

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

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

Organisational structure

The organisational structure of NIPS is as follows:



Key risks and issues

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

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

Safety and security

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

Stability of workforce

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

Health and social care

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

Prison estate

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

Industrial relations

Risk posed by relations with staff associations which would disrupt operational delivery.

Staff retention

The number of staff leaving under medical retirement and injury on duty is increasing. This impacts the Service in a number of ways including more regular recruitment campaigns and impact on resources. The Department of Finance ran a consultation on the future provision for injury on duty from June to September 2021. They are now considering the responses received.

Response and recovery to Covid-19 pandemic

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

Equality of delivery of services to different groups in society

All prisoners have equal access to services provided within the prison. To promote good relations and eliminate discrimination, NIPS Prison Establishments each have an Equality & Diversity (E&D) Committee chaired by the Deputy Governor and supported by an E&D coordinator at Senior Officer Grade.

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

Prisoner Forums meet in advance of the main meeting to raise any issues prisoners may have. In addition to issues raised by prisoner representatives, statistical reports are reviewed and examined for any anomalies in decision making relating to the provision of services, discipline, drug testing, searches, complaints, adjudications etc. all broken down by Section 75 group. Governors are asked to investigate and explain any apparent anomalies.

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

On receipt of the 2018 CJINI Maghaberry Inspection Report recommendation to investigate the poorer outcomes experienced by Catholic prisoners in key areas, the Director General commissioned a research report from Queen's University Belfast.

The resulting report found no significant difference between Catholics and Protestants when all factors including individual, societal and prison related variables are considered in relation to adjudication charges, guilty adjudications, PREPS (Progressive Regime Earned Privileges Scheme) regime level and SPAR (Supporting People at Risk) involvement.

In relation to submission of complaints, religion was found to be a significant factor in a participant's likelihood of submitting complaints with Protestants having a lower likelihood of submitting complaints than Catholics. This report led to the development of a plan to universally apply these findings within the NIPS operational environment.

NIPS holds a number of events annually in all Establishments and provides training for prisoners and staff to raise awareness, foster good relations and provide a better understanding and appreciation of equality and diversity issues. These events and training such as Inter-cultural Diversity, Equality & Diversity, Dignity at Work, JAM (Just a Minute), Modern Slavery & Human Trafficking, Unconscious Bias etc. support people to change in new and innovative ways.

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

NIPS is an Equal Opportunities employer, where all eligible persons have equal opportunity for employment and advancement in the Service based on their ability, qualifications and aptitude for the work.

In addition, NIPS applies the recruitment principles as set out in the Recruitment Policy and Procedures Manual of the Northern Ireland Civil Service (NICS), appointing candidates based on merit through fair and open competition.

All panel members sitting on interview panels complete Recruitment and Selection training, which includes raising awareness of unconscious bias. In addition, in order to maintain and promote a diverse and inclusive workforce the NICS, including NIPS, have in place a range of policies and procedures, as well as the use of Positive Action Advertising Statements to encourage applications from under-represented groups, and the provision of support for reasonable adjustments required as a result of Disability Discrimination Act requirements.

PERFORMANCE SUMMARY AND FORWARD LOOK

PERFORMANCE SUMMARY

Covid-19

The Covid-19 pandemic has continued to be a significant challenge for NIPS during 2021-22. The Prison Service has consistently focussed on ensuring that robust safeguards are in place to mitigate against the risk of infection for people in our care and for staff.

This has meant keeping pace with the latest regulations and guidance from the NI Executive, the Chief Medical and Scientific Officers, the Public Health Agency, the UK Government (including SAGE), the World Health Organisation etc.

The expertise and resilience of everyone in the Service has been required to support and implement decisions taken by the Senior Management Team, including senior Governors, through the Executive Forum. Operational staff, as key workers, have continued to perform their frontline roles in challenging circumstances.

NIPS could not have responded to these challenges without the support of the South Eastern Health and Social Care Trust (SEHSCT) as a key partner. SEHSCT have supported our infection control arrangements, delivered testing and vaccinations for prisoners, and continued to provide physical and mental health services to people in our care. This has been an exceptionally challenging period for the healthcare system and we are very grateful to the Trust staff for their dedication.

The response for prisons is not as straightforward as applying the guidance for the community to people in our care.

Prisons share features with other complex residential settings like nursing homes, and have their own challenges and subtleties that have to be considered to inform actions in response to the trajectory of the virus. NIPS focus has been on delivering the best regime possible balanced against the risk of a widespread outbreak in a residential location or locations - an outcome that has been avoided to date.

When it was possible NIPS has also worked hard to deliver various steps towards recovery, introducing in-person visits again when possible, welcoming back key partners like Belfast Met, the Probation Board for Northern Ireland and many others from the statutory, voluntary and community sectors.

The emergence of the Omicron variant impacted upon the progress that had been made during December 2021 and January 2022, however we have quickly returned to phases of recovery as the year ends.

As society begins to return to normal, and we increasingly live with the virus as endemic not an epidemic, we will renew the ambition that was possible prior to March 2020. It is the case however that the major impact Covid-19 has had will mean returning our prisons to where they were before the pandemic will take time, effort and determination.

Covid-19 (continued)

Over the course of the year NIPS was allocated £4.200m funding for Covid-19 from the Executive. This was required to put in place a number of safety measures to mitigate the risk of the virus entering and/or spreading in our prisons. A total of £3.692m was drawdown from the Executive, £0.555m of Covid funding was returned to the Executive in the January monitoring round, leaving £3.137m that was actually spent on Covid-19 related measures during the year as follows:

additional pay and allowances - £2.222m; and
other measures to keep prisoners out of their cells and ensure their safety - £0.915m.

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

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

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

NIPS officials liaised with CJINI in their preparatory work for the review and also in facilitating fieldwork and stakeholder engagement. A review team consisting of CJINI, the Regulation and Quality Improvement Authority (RQIA) and the Education and Training Inspectorate (ETI) completed a week of fieldwork in each of the three Establishments in February 2021.

The Chief Inspector, Jacqui Durkin, wrote to the Minister in April 2021 providing an update on progress towards the completion of the review and at that stage the process of evidence gathering and analysis was ongoing. NIPS received the draft report in October 2021 for Factual Accuracy Review and submitted a response in November 2021. The final report was published on 2 February 2022 and contained 3 Strategic and 11 Operational Recommendations.

NIPS has developed an action plan to address the relevant recommendations and an Implementation Group at senior level has been established to oversee delivery of the action plan.

Unannounced Inspection of Magilligan Prison

The Criminal Justice Inspectorate NI carried out its latest unannounced inspection of Magilligan Prison from 21 May to 10 June 2021. The inspection took place as the Northern Ireland Prison Service was in the initial stages of its Covid recovery planning.

The impact of the global pandemic and the associated restrictions put in place by the NI Executive and the NI Prison Service - to keep those in our care safe - were a major contributory factor in the reduction in Magilligan's scores from the previous inspection in 2017.

Magilligan scored a 3 in Safety (outcomes for prisoners reasonably good); a 3 in Respect (outcomes for prisoners reasonably good), a 2 in Purposeful Activity (outcomes for prisoners not sufficiently good), and a 3 in Resettlement (outcomes for prisoners reasonably good).

However, in their report, inspectors did acknowledge the impact of the pandemic on the prison's ability to deliver a full regime and the opportunities for learning and skills development with individuals or in small groups in a safe environment. Inspectors also noted the overall assessment of outcomes reflected some deterioration when compared with their last inspection in 2017, but this largely reflected the limitations imposed by the Covid-19 pandemic.

People at risk in our care

NIPS has continued to work with our healthcare partners and a wide range of voluntary and community organisations to provide support to the people in our care. SPAR Evolution, our approach to support people at risk of suicide or serious self-harm, continues to be delivered in a multi-disciplined way, supporting people through periods of crisis or distress and attempting to address the root cause of it.

RQIA's report on the 'Support Available to Vulnerable Persons in NI Prisons' was published in October 2021 and included 16 recommendations. This included a recommendation for an external review of SPAR Evolution and this will be taken forward in 2022-23.

We are working with the SEHSCT and other organisations who work within our prisons to develop the Towards Zero Suicide (TZS) concept. A TZS co-ordinator was appointed by the SEHSCT in January 2022 and is working with NIPS to map the current position to inform delivery plans for the initiative in 2022-23.

The Covid-19 pandemic has impacted on all areas of prison life, and safety and support staff in all Establishments have worked closely with the mental health teams within SEHSCT to ensure support for those in our care with mental health issues.

It is significant to recognise that the increase in suicide attempts and acts of self-harm that has been documented in the rest of the UK during the pandemic has not been the case within NI prisons. An extensive array of interventions including wellbeing hubs, animals and bees, horticulture, peer support, therapeutic gardens, cookery classes and other activities are available across the estate.

Continuous development

Prisons 2020

In July 2018, NIPS launched 'Prisons 2020: The Way Forward'. The aim of Prisons 2020 was to ensure NIPS was 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 delivers its business through four key strands:

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

Underpinning the strategic overview are delivery plans, developed annually, which set out the actions which will be taken to work towards our strategic vision and the clear milestones to be achieved.

During 2020-21 NIPS continued to deliver the Year 3 of the Prisons 2020 programme in a complex and challenging environment. Due to the ongoing pandemic, and with the agreement of the Prison Service Management Board (PSMB), Year 3 was extended to autumn 2021.

Prisons 2020 has now concluded, our staff and partner organisations have successfully delivered over 170 projects during the first two years of the programme, with a further 97 in year three, which have resulted in significant improvements for both staff and people in our care.

The impact of the Prisons 2020 programme has been evidenced in many ways, not least by the positive inspection reports received over the past two years in Maghaberry, Hydebank, and Magilligan. An external evaluation has also been completed to help us understand how others view the journey the organisation has made in the past three years.

In January 2021, work began on the development of our next strategic programme, 'Prisons 25 by 25'. This will run from April 2022 to March 2025.

Work to set the vision of the programme concluded that the four pillars of the Prisons 2020 programme would remain the building blocks for the next three years. It was decided to complement these with a fifth pillar (Our Contribution) which focuses on how NIPS adds value for others.

Capital Estates Programme

Estates 2020 sets out an alternative delivery plan for the redevelopment of the prison estate from that previously set out in the 2013 Strategy.

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

Work has now commenced on delivery of the Outline Business Case 2 (OBC2) for both the New Female Facility and the New Welcome and Visits Centre in Maghaberry Prison. The OBC2 will provide detail of the full design and specification for the preferred option. It provides a basis for DoF approval to initiate the formal procurement process.

The Minor Works rolling programme has continued through the year with approximately 90 minor works projects completed totalling £8 million. Examples of work over the past year include:

- new stores in Magilligan;
- new tuck shop in Magilligan;
- infrastructure expansion works in Hydebank;
- dedicated staff search in Hydebank;
- upgrade silver command and security office in Hydebank;
- automated commercial vehicle wash at Maghaberry; and
- continuation of infrastructure programmes which include upgrading of boiler houses, plant rooms, lighting systems and specialist security systems throughout the prison estate.

The Central Procurement Unit (CPU) is a branch within NIPS, responsible for all non-construction procurement within NIPS. CPU manages around 100 contracts with annual spend in the region of £11.5 million. In addition to this the team has continued to work to secure and maintain a reliable supply chain for the provision of quality PPE that meets the standards set by the World Health Organisation.

As a result of the Covid-19 pandemic, NIPS health and safety staff have worked tirelessly to keep staff safe and NIPS operational. Examples of the work undertaken includes the following:

- completion of Covid-19 Risk Assessments and spatial analysis of all administration offices and visits throughout the prison estate;
- extensive risk assessments to enable the annual Memorial Service to take place in line with government guidelines and limiting the risk, as far as possible, for all attendees;
- risk assessment of Learning and Skills areas to enable more attendees to safely attend classes; and
- assessment of ventilation within transport used for prisoner escort.

Digitalisation

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

the Prisoner Portal system - which is a self-service portal for inmates to enable them to perform basic functions i.e. meal ordering and tuckshop - is now live for all 360 cells in Davis House. The cabling has been installed for expansion of this service to two other houses, Quoile and Shimna, and the preparations are ongoing to install 140 in-cell PCs in the coming months, as Covid-19 restrictions on access are relaxed;

a new 3D schematic has been implemented on PRISM (Prisoner Records Information System) to assist officers managing the landings, by enabling better views of the cells and improved access to information. This has been implemented across Hydebank and Magilligan and is currently being implemented across Maghaberry;

the rollout of PRISM functionality on tablet technology has continued successfully in the last year across the NIPS estate, with the PREPS application now live in all three sites and three other applications in development for a directory of services, CSU (Care and Supervision Units) and PECCS (Prisoner Escorting and Court Custody Service). This will increase the suite of applications to nine in 2022;

since early 2021, PRISM has been undergoing a significant technical refresh of its software and hardware, migrating the system to our shared service provider IT Assist. This is due to be completed during 2022;

virtual visits capability was established in early April 2020 across all Establishments to assist NIPS in their response to the pandemic by enabling domestic visits (and later, professional visits) to continue virtually when in-person visits were suspended due to Covid-19 restrictions;

this functionality was extended to include virtual learning capability across the estate enabling educational classes to continue virtually. This service continues to be very successful with again over 50,000 virtual meetings (visits and learning) in the last year; and

this virtual visits service has seen many infrastructure changes in the last year through the installation of more PC-based terminals to release pressure from the video link units enabling court business to continue unaffected.

FORWARD LOOK

Moving into 2022-23, our focus will continue to be on the recovery phase of the Covid-19 pandemic, whilst striving for continuous improvement.

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

- maintaining the safety and wellbeing of people in our care;
- improving health within the justice system;
- improving outcomes for people in our care through enhancing opportunities to address individual needs; and
- modernising the NI Prison Service to transform the delivery of services to people in our care.

Due to the Covid-19 pandemic the Prison Service Management Board agreed to extend the final year of our continuous improvement programme, Prisons 2020, to September 2021. Following the completion of Prisons 2020, we have now commenced work on the next phase of our new continuous improvement programme, Prisons 25 by 25.

Given the success of Prisons 2020, NIPS was keen to harness the momentum and ensure that a successive programme is in place to continue the drive for business improvement across the organisation. During 2021, the senior team within NIPS worked on the development of our next strategic improvement programme, Prisons 25 by 25. The programme, which will run for a three year period (2022-2025), identifies 25 key areas to be progressed by 2025.

In shaping Prisons 25 by 25, NIPS maintained the guiding principles of Prisons 2020, recognising that the four pillars (*Our People, Our Services, Our Infrastructure, Our Partnerships*) would remain the building blocks of the organisation for the next three years and should be complemented by an additional pillar (*Our Contribution*) which focuses on how we add value for others.

PERFORMANCE ANALYSIS

OBJECTIVES AND TARGETS FOR 2021-22

The draft Programme for Government (PfG) outlines the major societal outcomes the NI 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: Reduce Reoffending. 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 2021-22

Performance against Key Performance Targets

The NIPS Business Plan for 2021-22 set out Key Performance Targets (KPTs) to measure the Service’s performance. These were developed in line with the NIPS Continuous Improvement Programme, Prisons 2020.

As was the case in 2020-21, the challenge of managing the pandemic continued to impact our ability to drive forward continuous improvement. However progress has been made in relation to the key performance areas listed in the tables below.

Key Performance Targets	Comment	Year-end Status
<p>1. Maintain the safety and wellbeing of people in our care.</p>		
<p>Work across government to further develop and implement actions in support of improved health (including mental health) within the justice system including:</p> <ul style="list-style-type: none"> continued delivery of the joint Department of Health (DoH)/DoJ Improving Health within Justice Strategy Action Plan; scoping the potential to capture improved outcomes for offenders with mental health issues flowing from the Department's reform initiatives; and participation and engagement within a range of fora to support the progression of initiatives to improve outcomes for those on the cusp of, or within the justice system. 	<p>ROD has continued to engage DoH in order to drive forward the progression of the joint Improving Health within Justice Strategy and Action Plan.</p> <p>Meetings of both the Health in Criminal Justice Oversight and Implementation Groups have taken place during the reporting year and progress has been made to resolve some of the key issues which had been impeding delivery of certain actions.</p> <p>At year end, 89% of the 45 actions in the plan have been rated as either on track for achievement or closed/embedded/completed. The plan has been extended for a further year to allow for the remaining outstanding actions to be progressed.</p> <p>A mental health dashboard, which includes both population level and justice specific indicators has been developed and shared with stakeholders. It is intended that it will be updated on an annual basis.</p> <p>The Department continues to engage with relevant stakeholders on initiatives aimed at improving outcomes for those in our care.</p> <p>This includes meetings on the implementation of relevant strategies, including the DoH-led Mental Health and Substance Use Strategies; as well as the new Department for Communities 'Sport and Physical Activity Strategy'. Officials are also represented on the Advisory Board of the Forensic Managed Care Network, which is driving further collaboration between health, justice and academia in order to improve outcomes for those with mental health issues and in contact with the justice system.</p> <p>Regular justice stocktake meetings with the Mental Health Champion continue and officials engage widely with stakeholders to co-ordinate justice inputs to the Executive Working Group on Mental Wellbeing, Resilience and Suicide Prevention.</p>	<p>Achieved</p>

Key Performance Targets	Comment	Year-end Status
<p>2. Improve the outcomes for people in our care by enhancing opportunities to address the needs of individuals, helping them address the root cause of their offending behaviour and reduce the rate of offending.</p>		
<p>Support the effective management of offenders, develop effective offences and penalties, facilitate rehabilitation, and publish an Adult Restorative Justice Strategy and Action Plan and a strategy to support and challenge women and girls in contact with the justice system.</p>	<p>The Adult Restorative Justice Strategy and associated multi-year Action Plan were published on 15 March 2022.</p> <p>The multi-agency Restorative Justice Working Group, which was engaged in the development of the Strategy, will now turn its attention to delivering the work to implement the identified actions, as well as monitoring and reporting on progress.</p> <p>On 23 March 2022 the new justice wide strategy 'Supporting Change: a strategy for women and girls in or at risk of contact with the justice system' was launched. This was the result of extensive engagement with key stakeholders, including a public consultation from January to March 2021.</p> <p>Following analysis of responses, officials produced a consultation report, which was presented to the Justice Committee on 30 September. Work will now commence on developing two action plans to deliver the strategy, one for women and another for girls.</p> <p>A public consultation has been undertaken on proposals to reform rehabilitation periods in Northern Ireland with a view to assisting ex-offenders to find employment and in turn, reduce reoffending.</p> <p>The Minister has approved an options paper on the way forward and a Summary of Responses and Way Forward report has been submitted to the Justice Committee for consideration.</p>	<p>Achieved</p>

Key Performance Targets	Comment	Year-end Status
<p>3. Put in place arrangements for the care of children in a safe, secure, therapeutic, child-centred environment supported by a youth justice policy and legislative framework with a coherent approach to early intervention.</p>		
<p>Develop a strategic Departmental approach to Early Intervention that includes:</p> <p>extending the Children's Diversion Forum, working collaboratively with other statutory agencies to co-ordinate the best approach in helping children avoid entry into the formal justice system; and</p> <p>in conjunction with the Department of Health, develop an implementation plan for the establishment of a Care and Justice Campus for approval by Ministers.</p>	<p>Work to develop a new diversionary scheme for young adult males and women has not been progressed due to resource pressures. This work will be picked up again at the earliest opportunity.</p> <p>Children's Diversion Forums have been rolled out across all five Area Teams in collaboration with PSNI, Education Authority and Health Trusts to co-ordinate the best approach in helping children avoid entry into the formal justice system. All Earlier Stage Diversion cases are discussed at Children's Diversion Forums to ensure consistency of approach.</p> <p>In March 2022, the Justice and Health Ministers made decisions on the way forward on the Regional Facilities Programme for Children and Young People.</p> <p>Following a public consultation, the two Ministers have decided that the Lakewood Secure Care Centre (run by the South-Eastern HSC Trust) and the Woodlands Juvenile Justice Centre (run by the Youth Justice Agency) will continue to operate independently but will co-operate more fully on the provision of harmonised shared services.</p> <p>In the year ahead, we will continue to work with Health colleagues on delivering this decision and the wider vision of improving the co-ordination and integration of community-based services that support vulnerable young people leaving the two centres and helping prevent the need for children to enter the centres in the first place.</p>	<p>Achieved</p>

Key Performance Targets	Comment	Year-end Status
<p>3. Put in place arrangements for the care of children in a safe, secure, therapeutic, child-centred environment supported by a youth justice policy and legislative framework with a coherent approach to early intervention.</p>		
<p>Develop a strategic framework for youth justice to build on the vision set out in <i>Transforming Youth Justice</i>, to include details of evidence, timescales and monitoring arrangements.</p>	<p>The new Strategic Framework for Youth Justice in Northern Ireland was published on 21 March 2022.</p> <p>It aims to deliver on the Department's vision of "a progressive youth justice system - delivering better outcomes for children and communities".</p> <p>Key to this work will be the continued delivery of, and investment in, initiatives aimed at diverting young people from the youth justice system at the earliest possible stage and the development of further measures aimed at ensuring custody for children is a last resort.</p> <p>The publication was accompanied by a 5-year Action Plan, a high-level summary of the Framework, and a summary of the consultations held with children and young people in the development of the new Framework.</p> <p>Work will now commence on the delivery of the identified actions.</p>	<p>Achieved</p>

Key Performance Targets	Comment	Year-end Status
4. Modernise the delivery of services to support NIPS staff and people in our care.		
<p>Deliver year three of the Prisons 2020 Continuous Improvement Programme (ending October 2021) and develop a successive continuous improvement programme for 2022-2025, deliver the recommendations from the Ministerial review of support services to current and former Prison Officers and progress delivery of the NIPS estates strategy.</p>	<p>Due to the pandemic, the completion date for Prisons 2020 was extended to 30 September 2021 by the Prisons Service Management Board. Initial assessment shows that 95% of 282 actions (over the three year continuous improvement programme) were designated as achieved.</p> <p>An evaluation document was shared with stakeholders and their feedback was considered as part of the work to develop Prisons 25 by 25.</p> <p>An extensive consultation also took place regarding Prisons 25 by 25 and included the Minister, Justice Committee, political parties, stakeholders, staff as well as prisoners and their families.</p> <p>The responses have been analysed and delivery plans are being developed in response.</p>	<p>Achieved</p>

Financial Review

The net expenditure of the Agency for 2021-22 is compared to the previous two financial years in the table below:

	2021-22 £000	2020-21 £000	2019-20 £000
Total operating income	3,589	3,322	2,971
Staff costs	75,905	78,323	70,536
Purchase of goods and services	33,243	33,240	30,649
Depreciation and impairment charges	13,916	15,598	12,200
Provision expense	1,481	253	8,151
Grants	2,202	2,073	2,296
Total operating expenditure	126,747	129,487	123,832
Net operating expenditure	123,158	126,165	120,861
Finance expense	1,115	1,392	1,747
Net expenditure for the year	124,273	127,557	122,608

Non-current assets

Non-Current Asset expenditure movements are detailed in Notes 8 and 9 to the financial statements. Capital expenditure in 2021-22 totalled £9.0m (2020-21: £11.2m). Further details are contained in the Performance Summary.

Financial position

The total net assets of the Agency at 31 March 2021 were £184.0m (2020-21: £185.3m).

Cash flow

As detailed in the Statement of Cash Flows, the Agency's Net Assembly draw down in 2021-22 was £120.4m (2020-21: £124.6m) and the net increase in Cash and cash equivalents in the year was £0.2m (2020-21: decrease £0.5m).

Financial risk

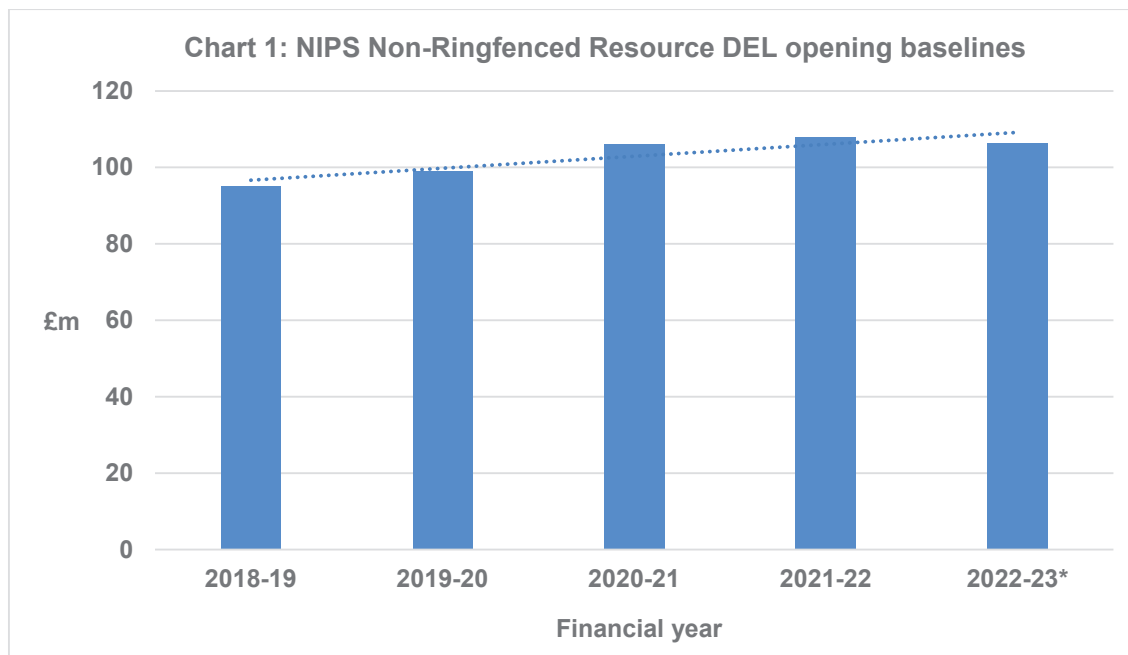
The Agency relies on the Department of Justice for funding and the risk to this funding is low. The Agency accounts for all transactions in sterling and has no borrowings. As such, the Agency is not exposed to any exchange rate or liquidity risk.

Cost per Prisoner Place

The Cost per Prisoner Place (CPPP), which excludes exceptional payments and the cost of the Prisoner Escorting and Court Custody Services, was £44,868 in 2021-22 (2020-21: £44,956).

Long-term expenditure trends

The chart below shows the movement in the Agency's opening baseline for non-ringfenced Resource Departmental Expenditure Limit (DEL) over the period 2018-19 to 2022-23. This budget pays for programme delivery and running costs excluding non-cash charges for depreciation and impairment of assets.



* NIPS Contingency Planning Envelope for 2022-23

2021-22 financial year

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

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

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

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

Long-term expenditure trends (continued)

2022-23 financial year

Following the resignation of the First Minister and the subsequent lack of an Executive, a Budget for 2022-23 could not be finalised. The Finance Minister wrote to departments to set out a way forward in the absence of an Executive to agree a Budget. This process involved DoF issuing departments with contingency planning envelopes for the 2022-23 financial year. These envelopes provided departments with an assessment of the minimum funding they could reasonably expect for 2022-23 and allowed departments to plan for expenditure until such times as a Budget could be agreed.

It is important to note that the contingency planning envelope is not a replacement for an agreed Executive Budget. Rather it represents an understanding of funding for which there may be a reasonable degree of certainty will be reflected in a Budget position brought to a future Executive for consideration.

The Department of Justice's non-ringfenced Resource DEL Contingency Planning envelope is £1,130.7m, made up as follows:

- a flat cash allocation (2021-22 opening baseline);
- additional security funding for the PSNI of £31.2m; and
- funding for the Tackling Paramilitarism Programme of £13.0m (this is total programme funding to be distributed across various departments and is not solely for the use of DoJ - it is not included in the DoJ baseline).

The Contingency Planning Envelope for 2022-23 provides a flat cash allocation of £106.3m for the NI Prison Service.

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 £38,500 (2020-21: £36,000).

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

Payment of suppliers

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

The Agency has achieved 94.0% (2020-21: 94.0%) of payments to suppliers within 10 working days and 97.5% (2020-21: 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.

In addition, new entrants (discipline grade) to the NIPS receive a Human Rights awareness session delivered in partnership with the Ulster University as part of the accredited Initial Induction Programme. There have been 45 new entrants who received this training since 1 April 2021 to present day.

Anti-corruption and anti-bribery

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

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

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

Energy and environmental management

NIPS is committed to ensuring the delivery of sustainable and cost efficient services. During 2021-22 NIPS has continued to manage our environmental commitments across its operations and through its supply chain in a number of ways:

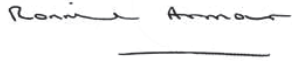
Ref	Area	Comment
1	Sustainability Steering Group	NIPS operates a Sustainability Steering Group which offers decisions and direction on sustainable development initiatives across the service.
2	Use of an Energy Monitoring & Targeting (M&T) System	NIPS has been at the forefront of energy monitoring and targeting across central Government since its installation in 2014. The M&T system is managed on a daily basis to provide a best practice approach to the oversight and delivery of energy management.
3	Building Management System (BMS)	BMS systems operate across all our sites to improve the control of heating and reduce energy consumption and CO ² emissions. A new BMS has been installed at Magilligan. Works were completed in March 2022 and a further reduction in fossil fuel use is expected over the next 12 months.
4	LED lighting programme	The roll-out of replacement LED lighting has continued during the year across the prison estate. Upgrades have been carried out on all refurbished accommodation, boiler houses and plant rooms.
5	Boiler house and plant room upgrade programme	During the last 12 months NIPS has refurbished a further 2 boiler houses and 4 plant rooms. These have been part of our annual upgrade programme to strengthen the resilience of heating and hot water infrastructure and reduce energy consumption. In the last five years, 34 boiler houses and plant rooms have been refurbished.
6	Incorporation of Social Value measures within constructions contracts	The use of Buy Social clauses has been adopted within our construction contracts and has been used to create skilled training and employment opportunities. The use of the new Social Value measures will continue to be applied whenever we tender construction contracts.

Ref	Area	Comment
7	Establishment of recycling centres on each site	An independent review of recycling arrangements took place during the year which has offered recommendations to further strengthen the rates of recycling at each of our sites.
8	Reduce waste sent to landfill	Food waste is segregated and collected separately from each site. This reduces the volume of waste sent to landfill. Following collection the food waste is put through an anaerobic digester to generate heat/electricity.
9	Incorporation of BREEAM environmental standard for all new build projects	Since 2010 all major new build projects (which has included the construction of the new accommodation blocks – Quoile/ Shimna/ Davis) have achieved BREEAM ‘excellent’. All future new builds over 1,000m ² aim to achieve a BREEAM rating of ‘excellent’. All future major refurbishment projects over 1,000m ² aim to achieve at least a BREEAM rating of ‘very good’.
10	Biodiversity	Biodiversity Action Plans have been produced for each prison site. Wildflower meadows have been created at Magilligan and Hydebank.

The energy management strategy for Northern Ireland seeks to lower net energy consumption by 30% across central Government by 2030 (from a 2016-17 baseline). By 31 March 2022 the Northern Ireland Prison Service had achieved the following energy and environmental reductions:

Energy and Environmental Metric	Reductions achieved to date as we seek to lower consumption by 30% by 2030 (from a 2016-17 baseline)
Fossil fuels	(24%)
Electricity	(5%)
Water	(10%)
CO ² emissions	(44%)
Waste collections	(16%)

PERFORMANCE REPORT



A handwritten signature in cursive script that reads "Ronnie Armour". Below the signature is a horizontal line.

**Ronnie Armour
Accounting Officer
1 July 2022**

ACCOUNTABILITY REPORT

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

i - Corporate Governance Report

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

The Corporate Governance Report includes:

Directors' Report;

Non-Executive Members' Report;

Statement of Accounting Officer's responsibilities; and

Governance Statement.

ii - Remuneration and Staff Report

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

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

iii - Assembly Accountability and Audit Report

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

Assembly accountability disclosures; and

Certificate and Report of the Comptroller and Auditor General to the Assembly.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Management Board

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

The Service's Management Board is responsible for the strategic and business management of the Agency's operations.

At 31 March 2022, the Management Board was as follows:

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

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

Register of interests

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

Reportable loss of data

There were no reportable losses of data during 2021-22.

Complaints procedure

When appropriate, the Service follows Departmental procedures in respect of complaints made by members of the general public. During 2021-22 no complaints were raised through Departmental procedures.

Complaints made by prisoners and their families are initially dealt with internally but, if required, may be escalated to the Prisoner Ombudsman. There were no complaints which did not fall into one of these categories.

Whistleblowing

The Department's Whistleblowing policy, which includes the Northern Ireland Prison Service (NIPS), is designed to reassure staff that it is safe and acceptable to speak up should they have a concern about malpractice.

The procedures provide arrangements in order that concerns can be addressed at an early stage and in a fair and proper way.

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

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

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

NON-EXECUTIVE MEMBERS' REPORT

During 2021-22 the Northern Ireland Prison Service has been focussed on efficient and effective delivery of its services, on delivery of its continuous improvement plan Prisons 2020, and on good governance, all in the context of managing the continuing pandemic. The focus of NIPS is on its mission of making Northern Ireland a safer place by reducing reoffending.

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

Claire Keatinge; and
Sarah Wakfer.

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

Colm O'Hagan - Principal Officer in Department of Finance.

Prison Service Management Board (PSMB)

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

PSMB would normally meet regularly in different NIPS Establishments. Due to the Covid-19 pandemic PSMB meetings have had to take place virtually.

Meetings of PSMB took place at six week intervals and members were updated throughout the pandemic by a Weekly Covid Situation Report and with additional, urgent briefings as required. PSMB Members were also kept up to date with important information throughout the course of the year.

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

This collaborative and open approach was welcomed by the NEMs. Work on these areas was delayed due to the pandemic however, improvements will continue to be implemented. NEMs welcomed the continued progress in areas of 'Prisons 2020: Driving continuous improvement in the Prison Service' despite the very significant challenges facing the Service throughout the year.

Prison Service Management Board (PSMB) (continued)

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

The publication of the 'Review of Support Services for Operational Prison Staff' was also welcomed and will enhance the support available to existing, and retired, prison staff. NIPS NEMs note and commend the very significant achievement of NIPS in its dynamic, proportionate and effective work throughout the Covid-19 pandemic.

Audit and Risk Committee (ARC)

The ARC is appointed by the PSMB to support the Director General of NIPS in his role as Accounting Officer in monitoring the corporate governance and control systems (including financial reporting) in NIPS.

The primary function of the ARC is to test and challenge the assurances which the Board and Accounting Officer have identified as meeting their assurance needs. ARC advises on the way these assurances are developed, and on the management priorities and approaches. The ARC is advisory and has no executive powers.

ARC was chaired by Claire Keatinge during the reporting period. ARC has carried out its work in line with its terms of reference, including having a focus on:

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

ARC has provided clear and effective scrutiny, challenge and support to NIPS throughout 2021-22.

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

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

make judgements and estimates on a reasonable basis;

state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements;

prepare the financial statements on a going concern basis; and

confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

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

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

GOVERNANCE STATEMENT

1. Scope of responsibility

As the designated Accounting Officer for the Agency, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI).

I am accountable for the effective, efficient and economic use of resources provided to the Agency; for the regularity and propriety of its expenditure; and for ensuring that the requirements of MPMNI are met.

In addition to my role as Accounting Officer and Director General for NIPS, I hold the role of Director, Reducing Offending. Reducing Offending Directorate is one of the four Directorates within the Department of Justice, and has a sponsorship role for both NIPS and the Youth Justice Agency.

I am a member of the Department's Board, held to account by the Departmental Accounting Officer (Chair of the Departmental Board), which takes the form of regular reports to the Department, as well as regular bi-lateral discussions with the Departmental Accounting Officer.

2. Purpose of the governance framework

MPMNI summarises the purpose of the Governance Statement as being to record the stewardship of the organisation to supplement the accounts, providing a sense of how successfully it has coped with the challenge it faces.

The Agency's governance framework consists of the Board operating framework, the risk management framework, financial management systems, and supporting policies and procedures.

The governance framework delivers the systems and processes as well as the culture and values by which the Agency is directed and managed. It sets out how the Agency monitors the achievement of its strategic objectives and considers whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

There is also a risk management system in place which is designed to identify the Agency's risk appetite and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised, their potential impact and to manage them effectively. The system of internal control has been in place in the Agency throughout the year ended 31 March 2022 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 2021-22. A copy of the framework can be accessed on NIPS website under Publications/Corporate Documents.

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

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

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

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

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

There were no conflicts of interest declared in the 2021-22 year.

Prison Service Management Board (PSMB)

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

The Board works to a scheduled Forward Work Programme with key items scheduled at each meeting and recurring issues scheduled on a quarterly basis. A feature of the Board is its focus on exception reporting and monthly 'progress and challenge' reports from Executive Directors, each of which highlights quickly and efficiently the key issues from the previous month, allowing the Board to focus their attention on the key issues and request further information on topics of concern.

The information received is considered to be of a high standard and allows the Board to be kept informed of any issues that it needs to be aware of to support decision making and drive improvement. The Board provides an effective challenge function for the senior team as it reviews performance, governance and risk with independent members providing challenge and guidance when required.

PSMB met on eight occasions during 2021-22; attendance by members is shown in the table below.

Member	Attendance
Director General - Ronnie Armour	8
Director of Prisons - David Kennedy	8
Director of Rehabilitation - Paul Doran	6
Head of Strategy and Governance - Brendan Giffen	8
Acting Director of Rehabilitation - Steven McCourt	2
Non-Executive Member - Claire Keatinge	8
Non-Executive Member - Sarah Wakfer	8

Among matters considered by the Board during 2021-22 were:

- Strategic and business planning;
- Performance;
- Financial planning and management, with particular regard to budget pressures; and
- Human resource management, including staffing levels and sickness absence.

Audit and Risk Committee (ARC)

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

The primary function of the Committee is to test and challenge the assurances which the Board and the Accounting Officer have identified as meeting their needs, the way in which these assurances are developed and the management priorities and approaches on which the assurances are premised.

In addition, ARC ensures that recommendations are implemented by reviewing the actions taken by management in response to the Northern Ireland Audit Office's 'Report to Those Charged with Governance'.

ARC met four times during 2021-22; attendance by members is shown in the table below.

Member	Attendance
Non-Executive Member - Claire Keatinge	4
Non-Executive Member - Sarah Wakfer	4
Independent Board Member - Colm O'Hagan - Principal Officer in Department of Finance.	3

Key matters considered during 2021-22 included:

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

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

Operational Management Board (OMB)

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

OMB met on 11 occasions during 2021-22; attendance by members is shown in the table below.

Member	Attendance
Director of Prisons (Chair)	11
Governor, Maghaberry	11
Governor, Magilligan	11
Governor, Hydebank Wood	11
Head of Prisoner Escorting and Court Custody Services	11
Director of Rehabilitation	10
Deputy Director - Operational Management*	2
Deputy Director - Operations and Security	11
Head of Licensing and Legislation and Estates	8
Head of Strategy and Governance	5
Head of Wellbeing	9
Head of Operational Support	10

* Retired in June 2021

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 2021-22 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 2021-22 the Finance Committee met 11 times. Members attended as follows:

Member	Attendance
Director General - Ronnie Armour	11
Director of Prisons - Austin Treacy*	1
Director of Prisons - David Kennedy	9
Director of Rehabilitation - Paul Doran	6
Acting Director of Rehabilitation - Steven McCourt	2
Head of Reducing Offending Division - Steven McCourt	5
Head of Strategy and Governance - Brendan Giffen	8

* Retired in April 2021

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 2021-22 consisted of seven risks. PSMB has taken the approach of reviewing and addressing, in-depth, one risk per meeting while providing continuous assessment to the risk register as a whole. Underpinning this, each Establishment and Branch had their own 2021-22 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 2021-22 there was a total of six separate audits in the overall NIPS Internal Audit Plan. Provision was also made should any whistleblowing investigations arise throughout the year. The key areas reviewed included Establishment Cafes, Virtual Visits, Attendance Management - Operational Staff, Procurement and Contract Management and Fine, Bail and Offender Levy Monies. The audit of Central Detailing Units was postponed at the request of Internal Audit due to year-end pressures caused by the loss of two auditors on promotion. A follow up review to the previous audit during 2018-19 found that the previous recommendations had all been implemented. Internal Audit has included this area in the plan for 2023-24.

Sufficient audit work has however been completed to enable assurance to be reported in the Head of Internal Audit's Annual Assurance Report and Opinion for 2021-22 as this is based on a cumulative assurance over the past three years.

The overall assurance rating provided by Internal Audit for 2020-21 was satisfactory. However as part of a follow up audit on a Behaviour and Discipline report from 2018-19 there remains a limited assurance rating. The work relating to the Priority One recommendation is being progressed by NIPS. Internal Audit will seek a progress update in 2022-23.

All internal audits from 2021-22 plan had a satisfactory opinion with no Priority One recommendations. There has been one Priority Three recommendation which was accepted by management. The overall acceptance rate is 100% against the performance target of 90%.

6. Budget position

The Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for all departments for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments' access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

7. Significant internal control issues

Effective governance arrangements and senior oversight are maintained to ensure appropriate and timely responses to such issues that arise. The following issue was noted for 2021-22:

Deaths in custody

During this year there have been five deaths in custody, two of which are likely to have been natural causes and three of which were likely to have been self-inflicted. The cause of death in each instance has not been confirmed pending Coroner's Inquests taking place.

The Prisoner Ombudsman's Office was notified following each death in custody and their investigations into the circumstances are ongoing. The NIPS extends its sympathy to the families of those who have died.

8. Accounting Officer statement on assurance

NIPS has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity, and by Internal Audit operating to Government Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering the Agency's systems over time.

The Head of Internal Audit provides me with an Annual Report and her professional opinion on the level of assurance that she can provide based on the work done. The Head of Internal Audit forms her professional opinion on the basis of the Internal Audit work completed over a three year period and she has provided overall satisfactory assurance.

NIPS has maintained a framework of control to ensure that there are sufficient control processes in place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control.

I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support the Agency in delivering its statutory duties and to meet the aims and objectives set by the Minister, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in Managing Public Money Northern Ireland.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay awards for NICS staff, including SCS, for 2020-21 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

Service contracts

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

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

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

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

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

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				
2021-22				
Board Member	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total
	£000	£000	£000	£000
Ronnie Armour Director General	100-105	-	56	160-165
Austin Treacy Acting Director of Prisons (until 30 April 2021)	10-15 (FYE 85-90)	-	(1)	10-15
David Kennedy Director of Prisons (from 1 May 2021)	75-80 (FYE 85-90)	-	9	85-90
Paul Doran Director of Rehabilitation	85-90	-	50	135-140
Steven McCourt Acting Director of Rehabilitation (from 7 Jan 2022)	15-20 (FYE 70-75)	-	37	50-55
Brendan Giffen Head of Strategy and Governance	65-70	-	32	100-105
Claire Keatinge Non-Executive Member	5-10	2.6	-	10-15
Sarah Wakfer Non-Executive Member	5-10	-	-	5-10

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

Remuneration and pension entitlements (continued)*[Audited information]*

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

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

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments. This report is based on accrued payments made by the Northern Ireland Prison Service and thus recorded in these accounts.

Benefits in kind

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

Fair pay disclosures

Pay ratios

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

The banded remuneration of the highest paid director in the Northern Ireland Prison Service in the financial year 2021-22 was £100,000 - £105,000 (2020-21, £95,000 - £100,000). The relationship between the mid point of this band and the remuneration of the organisation's workforce is disclosed below.

[Audited information]

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

<u>2020-21</u>	25th percentile	Median	75th percentile
Total remuneration (£)	27,277	31,633	39,911
Pay ratio	3.6:1	3.1:1	2.4:1

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

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £23,436, £24,154 and £31,020 respectively.

In 2021-22, no employees (2020-21: None) received remuneration in excess of the highest paid Director.

Remuneration ranged from £19,000 to £102,500 (2020-21: £19,000 to £97,500).

Percentage Change in Remuneration

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

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

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

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

[Audited information]

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

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

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

The 2021-22 financial year is the first year disclosures in respect of the percentage changes are required and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21 v 2019-20.

Pension entitlements*[Audited information]*

Board Member	Accrued pension at pension age as at 31/3/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at *31/3/22	CETV at **31/3/21 ***Restated	Real increase in CETV
	£000	£000	£000	£000	£000
Ronnie Armour Director General	55-60 plus lump sum 125-130	2.5-5 plus lump sum 0-2.5	1,115	1,017	40
Austin Treacy Acting Director of Prisons (until 30 April 2021)	45-50 plus lump sum 135-140	0 plus lump sum 0	951	951	-
David Kennedy Director of Prisons (from 1 May 2021)	45-50 plus lump sum 145-150	0-2.5 plus lump sum 0-2.5	1,055	990	8
Paul Doran Director of Rehabilitation	45-50 plus lump sum 70-75	2.5-5 plus lump sum 2.5-5	907	813	61
Steven McCourt Acting Director of Rehabilitation (from 7 Jan 2022)	35-40 plus lump sum 105-110	0-2.5 plus lump sum 2.5-5	867	805	36
Brendan Giffen Head of Strategy and Governance	25-30 plus lump sum 45-50	0-2.5 plus lump sum 0-2.5	421	380	18

* Or date of leaving if earlier

** Or date of joining if later

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

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

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) also moved to alpha from that date. At that time members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the discrimination identified by the Courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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%.

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

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

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

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

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

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65.

The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

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

Employee contribution rates for all members for the period covering 1 April 2022 to 31 March 2023 are as follows:

Annualised rate of pensionable earnings (Salary Bands)		Contribution rates - all members
From	To	
£0	£24,449.99	4.60%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Compensation for loss of office

There were no compensation benefits paid by the Agency to any senior staff members during the financial year (2020-21: £Nil).

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

			2021-22	2020-21
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	55,798	95	55,893	57,516
Social security costs	6,049	-	6,049	6,323
Other pension costs	14,006	-	14,006	14,671
Total costs	75,853	95	75,948	78,510

Of which:		2021-22	2020-21
	Note	Total	Total
		£000	£000
Admin staff costs	5	5,929	6,117
Programme staff costs	6	69,976	72,206
Total admin and programme staff costs	3	75,905	78,323
Capital projects		43	187
Total costs		75,948	78,510

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

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

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

Staff costs (continued)

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

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

For 2021-22, employers' contributions of £14,044,654 were payable to the NICS pension arrangements (2020-21: £14,618,528) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution. Employers' contributions of £13,664 (2020-21: £12,347) 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% (2020-21: 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 £549, 0.5% (2020-21: £526, 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.

31 persons (2020-21: 9 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £32,195 (2020-21: £11,654).

Average number of persons employed*[Audited information]*

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

			2021-22	2020-21
	Permanently employed staff	Others	Total	Total
Operational staff	1,369	3	1,372	1,380
Administration staff	162	1	163	166
Staff engaged on capital projects	2	-	2	10
Total number of staff	1,533	4	1,537	1,556

Staff composition

The table below provides a gender breakdown of all operational and non-operational staff at 31 March 2022:

	Female staff	Male staff	Total staff
Prison Service Management Board	2	4	6
Senior Civil Service	1	4	5
Staff	613	947	1,560

Management of sickness absence

The NICS HR Handbook contains a section on Sickness Absence which provides a framework for the management of staff who are absent for work due to illness.

Long term sickness absence (absences of 20 consecutive working days or more) accounts for the majority of sickness absence in NIPS. All reasonable action is taken to support staff to achieve a return to work at the earliest possible time and to support their colleagues who are providing service delivery in their absence.

Sickness absence levels across NIPS continues to be high and the true effects of the worldwide Covid pandemic on attendance at work are yet to be explained. Figures supplied by the Northern Ireland Statistics and Research Agency for 2021-22 note that this was 25.3 days per employee compared to 16.4 days per employee in 2020-21.

Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2021/22” report at [Sickness Absence in the Northern Ireland Civil Service 2021/22 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk/publications/sickness-absence-in-the-northern-ireland-civil-service-2021-22).

This level of absence has had a significant impact on the prison regime. However, sickness absence management has been and continues to be proactively managed by the NICS HR Business Partnering Team in collaboration with Governors. The various interventions in place to support staff through any difficulties they may experience are widely publicised throughout the Prison Establishments and fully utilised by staff with some positive results, although this remains a challenging issue.

Occupational support

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

Employee wellbeing

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 of the programme is to improve staff awareness about the wide range of services they have access to. During 2021-22 we have continued to deliver our programme online with a number of virtual events including; wellbeing talks, telephone health checks and promoting the importance of looking after health and wellbeing with key messages.

In January 2022 we launched our new Critical Incident Support Management (CISM) programme which provides peer support to staff that are involved in a critical incident in the workplace. In partnership with NICS Well we have also launched a new smartphone PrisonsWell app providing staff access to support services and have wraparound care in times of need.

Work has also commenced on the re-purposing of an existing space in Maghaberry to develop a staff wellbeing hub with plans to roll this project out to the other Establishments and provide the same space for our staff to help manage their health and wellbeing.

These initiatives support progress of the recommendations contained within the Independent Review of the Support Services provided for Operational Staff which was commissioned by the Justice Minister in July 2020, and published in January 2021.

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

STAFF POLICIES

Employment, training and advancement of disabled persons

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

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

The NICS undertakes outreach activities to promote career opportunities to the disability sector and offers a Work Experience Scheme for People with Disabilities and participates in the annual International Job Shadow Day. In 2021-22 the NICS offered a number of work experience opportunities under the JobStart Scheme.

In 2021-22, the NICS implemented a Guaranteed Interview Scheme (GIS).

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

Equality, diversity and inclusion

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

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

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

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

Equality, diversity and inclusion (continued)

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

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS Human Resources Statistics section of the [Northern Ireland Statistics and Research Agency \(NISRA\)'s website](#).

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

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

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website www.justice-ni.gov.uk.

Learning and development

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

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

Talent management is a key theme of the NICS People Strategy and this year the focus continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing talent management toolkit.

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

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

Staff information

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

This is in addition to the normal day to day engagement between managers and staff. Formal Whitley structures facilitate communication between staff and their representatives, the meetings are:

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

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

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

Employee Consultation and Trade Union Relationships

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

Staff engagement survey

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI.

All staff working in these organisations were invited to take part in the survey. For the DoJ there were 3,378 (2019: 3,343) staff invited to complete the survey, of which 1,091 individuals participated, including temporary/agency workers (2019: 1,366); a response rate of 31.3% (2019: 41.4%) excluding temporary/agency workers.

Due to the short timeframe for completion of the 2020 survey it was not possible to put in place the necessary arrangements to allow full participation by NIPS operational staff which impacted on response rates.

The Employee Engagement Index (EEI) is the weighted average of responses to the five employee engagement questions, and it ranges from 0% to 100%. DoJ responses indicated an Employee Engagement Index of 55% (2019: 51%), compared to the NICS average of 57% (2019: 51%). Details of the Benchmark Scores can be accessed at www.finance-ni.gov.uk/publications/nics-people-survey-results.

NIPS are working with NISRA to develop a staff survey which is specifically targeted at Operational Staff, with the aim of launching this in 2022-23.

Staff turnover

The Agency Turnover percentage (the total number of people that have left the Agency including those who have moved within the NICS) for 2021-22 is 7.8%, and the General Turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 7.4%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

	2021-22	2020-21
Departmental Turnover Rate	7.8%	4.1%
General Turnover Rate	7.4%	3.6%

Expenditure on consultancy

NIPS incurred £Nil expenditure on consultancy during 2021-22 (2020-21: £5,000).

Off-payroll engagements

There were no off-payroll engagements requiring disclosure during 2021-22 (2020-21: Nil).

Reporting of Civil Service and other compensation schemes - exit packages

There were no exit packages requiring disclosure during 2021-22 (2020-21: Nil).

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

ASSEMBLY ACCOUNTABILITY DISCLOSURES

[Audited information]

Losses

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

Special payments

Included in the provision note (Note 16) are special payments. Amounts utilised during the year included 85 compensation payments (2020-21: 80) totalling £959,701 (2020-21: £1,028,321).

Remote contingent liabilities

[Audited information]

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

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

ACCOUNTABILITY REPORT



Ronnie Armour
Accounting Officer
1 July 2022

**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 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

give a true and fair view of the state of the Northern Ireland Prison Service's affairs as at 31 March 2022 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Northern Ireland Prison Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)****Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Northern Ireland Prison Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Prison Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other Information

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

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

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)****Opinion on other matters**

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

the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and

the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Prison Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

adequate accounting records have not been kept; or

the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or

certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or

I have not received all of the information and explanations I require for my audit;
or

the Governance Statement does not reflect compliance with the Department of Finance's guidance.

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)****Responsibilities of the Accounting Officer for the financial statements**

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

the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

assessing the Northern Ireland Prison Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Prison Service will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Prison Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered include the Prison Act (Northern Ireland) 1953 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010;

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

making enquires of management and those charged with governance on the Northern Ireland Prison Service's compliance with laws and regulations;

making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;

completing risk assessment procedures to assess the susceptibility of the Northern Ireland Prison Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the area of posting unusual journals;

engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;

designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and

addressing the risk of fraud as a result of management override of controls by:

- performing analytical procedures to identify unusual or unexpected relationships or movements;
- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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

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

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

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB
Date: 4 July 2022

FINANCIAL STATEMENTS**Statement of Comprehensive Net Expenditure****For the year ended 31 March 2022**

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.

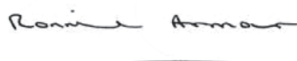
	Note	2021-22 £000	2020-21 £000
Revenue from contracts with customers	3	(3,499)	(3,280)
Other operating income	3	(90)	(42)
Total operating income		(3,589)	(3,322)
Staff costs	3	75,905	78,323
Purchase of goods and services	3	33,243	33,240
Depreciation and impairment charges	3	13,916	15,598
Provision expense	3	1,481	253
Grants	3	2,202	2,073
Total operating expenditure		126,747	129,487
Net operating expenditure		123,158	126,165
Finance expense	3	1,115	1,392
Net expenditure for the year		124,273	127,557
Other comprehensive net expenditure			
Items that will not be reclassified to Net operating expenditure:			
- Net (gain) on revaluation of property, plant and equipment	8	(14,040)	(41)
- Net (gain) on revaluation of intangibles	9	(155)	(14)
- Actuarial loss on provisions	16	14,915	12,278
Comprehensive net expenditure for the year		124,993	139,780

The notes on pages 73 to 104 form part of these Accounts.

Statement of Financial Position**As at 31 March 2022**

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

	Note	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	8	311,750	302,675
Intangible assets	9	2,932	2,725
Trade and other receivables	14	22	21
Financial assets	10	10	12
Total non-current assets		314,714	305,433
Current assets			
Inventories	12	1,244	1,178
Trade and other receivables	14	2,096	2,271
Financial assets	10	4	6
Cash and cash equivalents	13	367	295
Total current assets		3,711	3,750
Total assets		318,425	309,183
Current liabilities			
Trade and other payables	15	(22,483)	(25,057)
Provisions	16	(5,419)	(6,833)
Total current liabilities		(27,902)	(31,890)
Total assets less current liabilities		290,523	277,293
Non-current liabilities			
Provisions	16	(106,547)	(92,030)
Total non-current liabilities		(106,547)	(92,030)
Total assets less total liabilities		183,976	185,263
Taxpayers' equity and other reserves:			
General fund		93,960	104,781
Revaluation reserve		90,016	80,482
Total equity		183,976	185,263



Ronnie Armour
Accounting Officer

1 July 2022

The notes on pages 73 to 104 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2022

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	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net expenditure for the year		(124,273)	(127,557)
Adjustments for non-cash transactions	4	19,890	20,125
Decrease/(increase) in trade and other receivables	14	174	(482)
(Increase)/decrease in inventories	12	(66)	15
(Decrease) in trade and other payables	15	(2,414)	(378)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		1,923	(383)
Use of provisions	16	(4,405)	(5,649)
Net cash outflow from operating activities		(109,171)	(114,309)
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,358)	(9,738)
Purchase of intangible assets		(588)	(1,089)
Proceeds of disposal of assets		7	30
Loans to other bodies		-	(7)
Repayments from other bodies	10	5	6
Net cash outflow from investing activities		(10,934)	(10,798)
Cash flows from financing activities			
Net Assembly Funding - drawn down		120,356	124,618
Net financing		120,356	124,618
Net increase/(decrease) in cash and cash equivalents before adjustment for receipts and payments to Consolidated Fund		251	(489)
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		16	32
Payments of amounts due to the Consolidated Fund		(35)	(9)
Net increase/(decrease) in cash and cash equivalents after adjustments for receipts and payments to the Consolidated Fund		232	(466)
Cash and cash equivalents at the beginning of the period	13	(516)	(50)
Cash and cash equivalents at the end of the period	13	(284)	(516)

The notes on pages 73 to 104 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2022

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

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2020		112,795	84,743	197,538
Net Assembly Funding		124,618	-	124,618
Comprehensive net expenditure for the year		(139,835)	55	(139,780)
Auditors Remuneration	5	36	-	36
Other notionals	5	2,851	-	2,851
Transfers between reserves		4,316	(4,316)	-
Balance at 31 March 2021		104,781	80,482	185,263
Net Assembly Funding		120,356	-	120,356
Comprehensive net expenditure for the year		(139,188)	14,195	(124,993)
Auditors Remuneration	5	39	-	39
Other notionals	5	3,311	-	3,311
Transfers between reserves		4,661	(4,661)	-
Balance at 31 March 2022		93,960	90,016	183,976

The notes on pages 73 to 104 form part of these Accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of NIPS for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIPS are described below. They have been applied consistently in dealing with items considered material to the financial statements.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories and the revaluation of financial instruments which are recorded in the Statement of Financial Position at their fair value, being the carrying amount discounted to present value at the effective rate of interest of 1.9%.

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

1.2 Property, plant and equipment

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

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

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

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

1.3 Intangible assets

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

1.4 Depreciation and amortisation

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

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

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

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

1.5 Realised element of depreciation from Revaluation Reserve

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

1.6 Inventories

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

1.7 Financial instruments

Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current and Current Financial Assets. The carrying value has been discounted at a rate of 1.9%. NIPS does not hold any other financial instruments.

1.8 Pension costs

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

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

1.9 Early retirement costs

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

1.10 Employee benefits

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

1.11 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. Final payments under the Scheme were made in 2021-22.

1.12 Provision for liabilities and charges

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

1.13 Contingent liabilities

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

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

1.14 Operating leases

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

1.15 Grants

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

1.16 Value Added Tax (VAT)

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

1.17 Administration and Programme expenditure

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

1.18 Notional costs

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

1.19 Insurance

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

1.20 Third-party assets

NIPS holds, as custodian, certain assets belonging to third parties. These assets consist of cash held in respect of a Prisoners' Amenity Fund administered by each Prison Establishment and used for the welfare and benefit of all prisoners. Also included are cash amounts belonging to prisoners in the Prisoners' Personal Cash (PPC) accounts, held in the NIPS bank account. PPC balances are disclosed at Note 22 but not elsewhere in these accounts since neither NIPS nor the Government more generally has a direct beneficial interest in them.

1.21 Related party transactions

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

1.22 Operating income

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

1.23 Income

Financing

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

Revenue from contracts with customers

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

Sale of goods and services

Revenue from the sale of goods and services is recognised either:

at the point in time when the customer obtains control of the goods, which is generally at the time of delivery; or

over time as the services are rendered based on either a fixed price or an agreed rate.

Other operating income

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

Other income

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

1.24 Critical accounting estimates and key judgements

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

(i) Depreciation of property, plant and equipment

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

(ii) Impairment of property, plant and equipment

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

(iii) Injury on duty awards life expectancy assumption

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

(iv) Litigation provisions

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

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

1.25 Accounting standards, interpretations and amendments to published standards and FReM - issued and effective in 2021-22 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 2021 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 2022 or later periods, but which NIPS has not adopted early. Other than as outlined below, NIPS considers that these Standards are not relevant or material to its operations.

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

1.27 Financial reporting - future developments

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

2. Statement of Operating Expenditure by Operating Segment

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

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

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

2021-22		Administration	Programme	Total
	Note	£000	£000	£000
Revenue from contracts with customers	7	-	(3,499)	(3,499)
Other operating income	7	-	(90)	(90)
Total operating income		-	(3,589)	(3,589)
Staff costs	5, 6	5,929	69,976	75,905
Purchase of goods and services	5, 6	5,713	27,530	33,243
Depreciation and impairment charges	5, 6	-	13,916	13,916
Provision expense	6	-	1,481	1,481
Grants	6	-	2,202	2,202
Total operating expenditure		11,642	115,105	126,747
Net operating expenditure		11,642	111,516	123,158
Finance expense	5, 6	-	1,115	1,115
Net expenditure for the year		11,642	112,631	124,273
2020-21				
	Note	Administration	Programme	Total
		£000	£000	£000
Revenue from contracts with customers	7	-	(3,280)	(3,280)
Other operating income	7	-	(42)	(42)
Total operating income		-	(3,322)	(3,322)
Staff costs	5, 6	6,117	72,206	78,323
Purchase of goods and services	5, 6	5,241	27,999	33,240
Depreciation and impairment charges	5, 6	-	15,598	15,598
Provision expense	6	-	253	253
Grants	6	-	2,073	2,073
Total operating expenditure		11,358	118,129	129,487
Net operating expenditure		11,358	114,807	126,165
Finance expense	5, 6	-	1,392	1,392
Net expenditure for the year		11,358	116,199	127,557

4. Non-cash costs

2021-22		Administration	Programme	Total
	Note	£000	£000	£000
Purchase of goods and services	5, 6	3,350	32	3,382
Depreciation and impairment	5, 6	-	13,916	13,916
Provision expense	6	-	1,481	1,481
Finance expense	5, 6	-	1,111	1,111
Total		3,350	16,540	19,890

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

5. Other administrative expenditure

	2021-22	2020-21
Note	£000	£000
Staff costs*		
Wages and salaries	4,225	4,242
Social security costs	471	502
Other pension costs	1,233	1,373
	5,929	6,117
Purchase of goods and services		
Accommodation costs, maintenance and utilities	288	347
IT, communications and office services	1,186	1,051
Consumables, equipment and transport costs	13	5
Contracted out and managed services	369	280
Professional and consultancy costs	36	41
Rentals under operating leases	190	190
Staff related costs	277	385
Other costs	4	55
	2,363	2,354
Non-cash items:		
Auditors' remuneration	39	36
Notional charges	3,311	2,851
	3,350	2,887
	5,713	5,241
Total administrative expenditure	11,642	11,358

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

6. Programme expenditure

	Note	2021-22 £000	2020-21 £000
Staff costs*			
Wages and salaries		51,638	53,141
Social security costs		5,574	5,807
Other pension costs		12,764	13,258
		69,976	72,206
Purchase of goods and services			
Accommodation costs, maintenance and utilities		11,991	11,332
IT, communications and office services		362	355
Consumables, equipment and transport costs		575	1,930
Contracted out and managed services		102	104
Professional and consultancy costs		686	939
Prisoner costs		12,703	12,281
Rentals under operating leases		16	92
Staff related costs		1,097	1,188
Other costs		(34)	(221)
		27,498	28,000
Non-cash items:			
(Profit)/loss on disposal of non-current assets	8, 9	32	(1)
		32	(1)
		27,530	27,999
Depreciation and impairment charges			
Depreciation	8	11,816	15,094
Amortisation	9	489	452
Revaluation and impairment released to SoCNE	11	1,611	52
		13,916	15,598
Provisions expense			
Provisions: provided for in year	16	4,624	4,201
Provisions: written back in year	16	(3,143)	(3,948)
		1,481	253
Grants			
		2,202	2,073
Finance expense			
Interest payable and similar charges		4	4
Interest charges (non-cash)		(1)	1
Borrowing costs on provisions (non-cash)	16	1,112	1,387
		1,115	1,392
Total programme expenditure			
		116,220	119,521

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

7. Income

	2021-22 £000	2020-21 £000
Administration income	-	-
Programme income:		
Revenue from contracts with customers		
Sale of goods and services	3,499	3,280
Other operating income		
Other non-trading income	33	12
Grant income	57	30
	90	42
Total operating income	3,589	3,322

Income can be further analysed as follows:

2021-22	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	2,064	1,090	331	14	3,499
Other operating income	1	30	-	59	90
Net expenditure	2,065	1,120	331	73	3,589
2020-21	Maghaberry £000	Magilligan £000	Hydebank £000	Others £000	Total £000
Revenue from contracts with customers	1,985	943	338	14	3,280
Other operating income	4	-	7	31	42
Net expenditure	1,989	943	345	45	3,322

8. Property, plant and equipment

2021-22

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

8. Property, plant and equipment (continued)

2020-21	Land £000	Buildings £000	Vehicles, Plant & Machinery £000	Information Technology £000	Assets Under Construct -ion £000	Total £000
Cost or valuation						
At 1 April 2020	4,345	323,260	16,346	2,341	19,005	365,297
Additions	-	103	1,343	212	8,441	10,099
Disposals	-	(83)	(1,565)	(3)	-	(1,651)
Transfers and reclassifications	-	9,420	35	68	(9,519)	4
Revaluation charged to SoCNE	-	-	(1)	-	-	(1)
Revaluations	-	-	84	6	-	90
At 31 March 2021	4,345	332,700	16,242	2,624	17,927	373,838
Depreciation						
At 1 April 2020	-	46,293	10,841	455	-	57,589
Charged in year	-	13,577	1,083	434	-	15,094
Disposals	-	(83)	(1,534)	(3)	-	(1,620)
Transfers and reclassifications	-	-	-	-	-	-
Revaluation charged to SoCNE	-	51	-	-	-	51
Revaluations	-	-	47	2	-	49
At 31 March 2021	-	59,838	10,437	888	-	71,163
Carrying amount at 31 March 2021	4,345	272,862	5,805	1,736	17,927	302,675
Carrying amount at 31 March 2020	4,345	276,967	5,505	1,886	19,005	307,708
Asset financing:						
Owned	4,345	272,862	5,805	1,736	17,927	302,675
Carrying amount at 31 March 2021	4,345	272,862	5,805	1,736	17,927	302,675

8. Property, plant and equipment (continued)

Land and Property Services (LPS) carried out a full valuation of land and buildings at 1 April 2021, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2026.

Indexation is applied between asset revaluations to update the asset register, taking into account the general market in property values and building costs. The indices used for buildings were set at 5.1% by LPS for 2021-22. Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

LPS noted the following in its 2021 Valuation Report for NIPS:

Market Conditions Explanatory Note: Novel Coronavirus (Covid-19)

The above overview notwithstanding, the outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity.

Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of Covid-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at or returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuations are not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

9. Intangible assets

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

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

9. Intangible assets (continued)

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

10. Financial assets

Housing Loans Scheme	2021-22	2020-21
	£000	£000
Balance at 1 April	18	18
New Loans	-	7
Repayments	(5)	(6)
Revaluations	1	(1)
Balance at 31 March	14	18
Current Assets	4	6
Non-current Assets	10	12
Balance at 31 March	14	18

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

Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current and Current Financial Assets. The carrying value has been discounted at a rate of 1.9% (2020-21: 3.7%). NIPS had 5 loans to officers at 31 March 2022 (10 at 31 March 2021) and does not hold any other financial assets. NIPS is therefore exposed to little credit, liquidity or market risk.

11. Impairments

	Note	2021-22	2020-21
		£000	£000
Charged directly to SoCNE			
Property, plant and equipment	8	1,610	52
Intangible assets	9	1	-
		1,611	52
Taken through Revaluation Reserve			
Property, plant and equipment	8	(14,040)	(41)
Intangible assets	9	(155)	(14)
		(14,195)	(55)
Total charge for the year		(12,584)	(3)

12. Inventories

	2021-22	2020-21
	£000	£000
Consumables and equipment	915	905
Fuel stores	329	273
	1,244	1,178

13. Cash and cash equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	(516)	(50)
Net change in cash and cash equivalent balances	232	(466)
Balance at 31 March	(284)	(516)

The following balances at 31 March were held at :

NI banking pool	(303)	(543)
Cash in hand	19	27
Balance at 31 March	(284)	(516)

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

	2021-22	2020-21
Note	£000	£000
Current assets	367	295
Current liabilities	15 (651)	(811)
Total	(284)	(516)

14. Trade receivables, financial and other assets

	2021-22	2020-21
	£000	£000
Amounts falling due within one year		
VAT	961	1,101
Trade receivables	9	24
Other receivables	13	9
Prepayments and accrued income	1,113	1,137
	2,096	2,271
Amounts falling due after one year		
Other receivables	22	21
	22	21
Total	2,118	2,292

15. Trade payables, financial and other liabilities

	2021-22	2020-21
	£000	£000
Amounts falling due within one year		
Bank overdraft	651	811
Trade payables	177	227
Other payables	982	952
Accruals and deferred income	20,670	23,045
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund - Received	3	22
	22,483	25,057

16. Provisions for liabilities and charges

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

Analysis of expected timing of discounted flows*

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

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

16. Provisions for liabilities and charges (continued)

2020-21	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
Balance at 1 April 2020	76,560	11,835	1,214	986	90,595
Provided in the year	1,883	2,215	102	-	4,200
Provisions not required written back	-	(3,900)	(48)	-	(3,948)
Provisions utilised in the year	(3,303)	(1,233)	(1,054)	(59)	(5,649)
Provisions borrowing costs	1,370	-	-	17	1,387
Actuarial loss	12,220	-	-	58	12,278
At 31 March 2021	88,730	8,917	214	1,002	98,863

Analysis of expected timing of discounted flows*

2020-21	Injury awards £000	Litigation claims £000	Voluntary Early Retirement Scheme £000	Early departure costs £000	Total £000
No later than one year	2,090	4,470	214	59	6,833
Later than one year and not more than five years	8,490	4,447	-	236	13,173
Later than five years	78,150	-	-	707	78,857
At 31 March 2021	88,730	8,917	214	1,002	98,863

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

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

16. Provisions for liabilities and charges (continued)

16.1 Injury awards - £103.930m (2020-21: £88.730m)

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

The injury awards are valued under IAS 19 by the Government Actuary's Department (GAD). IAS 19 requires the employer to value the expected injury awards for active members, who may become injured in the future, and include the value in the Accounts. The relevant assumptions underpinning the actuarial valuation of the liability were as follows for both 2020-21 and 2021-22:

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

Covid-19 implications

As with the 2020-21 financial statements, the 2021-22 disclosures are being produced when the UK continues to deal with the Covid-19 pandemic. GAD have considered the potential implications of how this pandemic could impact on the actuarial calculations required.

The assumptions for the discount rate and pension increases are specified by HM Treasury in the Public Expenditure System (PES) (2021) 10 Revised, dated 13 December 2021, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.

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

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

16. Provisions for liabilities and charges (continued)**16.1 Injury awards - £103.930m (2020-21: £88.730m) (continued)**

The split of the provision is shown below:

	2021-22	2020-21
	£000	£000
Liability in respect of:		
Active members	19,920	14,680
Pensions in payment (injury awards)	84,010	74,050
Total	103,930	88,730

Key financial assumptions:

	2021-22	2020-21
	%	%
Rate of discounting scheme liabilities	1.55%	1.25%
Rate of CPI inflation	2.90%	2.22%
Pension increase awarded	2.90%	2.22%
Long-term rate of increase in salaries	4.15%	3.72%

Key demographic assumptions:

	2021-22	2020-21
	Years	Years
Average expected future life at age 65 for:		
Male currently aged 65	21.7	21.6
Female currently aged 65	23.4	23.3
Male currently aged 45	23.4	23.3
Female currently aged 45	25.0	24.9

Incidence of injury awards:

	2021-22	2020-21
	%	%
Liability (proportion of liability of active members in respect of non-injury Pension Scheme benefits)	3.5%	3.5%
Current service cost (proportion of current service cost in respect of main Pension Scheme benefits)	6.0%	6.0%

16. Provisions for liabilities and charges (continued)**16.1 Injury awards - £103.930m (2020-21: £88.730m) (continued)****Analysis of movement in scheme liability:**

	2021-22	2020-21
	£000	£000
Net deficit at 1 April	88,730	76,560
Current service cost	1,950	1,460
Past service cost	200	400
Net interest on the net defined benefit liability	1,100	1,370
Benefits paid (recurring element)	(2,660)	(2,880)
Benefits paid (lump sums)	(200)	(400)
Re-measurements of the net defined liability	14,810	12,220
Net deficit at 31 March	103,930	88,730

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

	2021-22	2020-21
	£000	£000
Experience (gains) and losses arising on the pension liabilities	8,720	5,790
Changes in financial assumptions underlying the present value of the pension liabilities	6,090	6,430
Re-measurements of the liability	14,810	12,220

16. Provisions for liabilities and charges (continued)**16.2 Litigation claims - £6.976m (2020-21: £8.917m)*****Holiday pay***

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2021-22 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

the appeal to the Supreme Court (as detailed above);

lack of accessible data for years previous to 2011;

ongoing negotiations with Trade Unions; and

obtaining relevant approvals.

Legal cases

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

Hearing loss

The hearing loss provision relates to claims from current and ex-prison officers for occupational hearing loss. The provision reflects claims up to March 2022 - the number of claims likely to be received in the future is uncertain and cannot be reliably estimated. Each case will be considered on its own merits and any settlement based on the severity of hearing loss.

16. Provisions for liabilities and charges (continued)**16.3 Voluntary Early Retirement (VER) Scheme - £0.0m (2020-21: £0.214m)**

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

16.4 Early departure costs - £1.060m (2020-21: £1.002m)

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

17. Leases

17.1 Operating leases

£0.206m (2020-21: £0.282m) 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.

	2021-22 £000	2020-21 £000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	188	188
Later than one year and not later than five years	-	188
Later than five years	-	-
	<u>188</u>	<u>376</u>
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
Total	<u>188</u>	<u>376</u>

17.2 Finance leases

NIPS does not presently hold any finance leases.

18. Capital commitments

	2021-22 £000	2020-21 £000
Contracted capital commitments at 31 March not otherwise included in these accounts:		
Property, plant and equipment	1,417	5,729
Intangible assets	-	-
	<u>1,417</u>	<u>5,729</u>

19. Other financial commitments

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

	2021-22 £000	2020-21 £000
Not later than one year	2,444	3,080
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>2,444</u>	<u>3,080</u>

20. Contingent liabilities

At the year end NIPS has estimated contingent liabilities of £5.5m (2020-21: £5.5m) in respect of litigation claims against NIPS. This relates to a legal claim by former staff for fair employment, industrial tribunal and court proceedings. There are also a number of legal claims against NIPS by staff, prisoners and third parties for injuries and other damage.

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

21. Related party transactions

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

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

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

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

22. Third-party assets

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

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

	1 April 2021 £000	Gross Inflows £000	Gross Outflows £000	31 March 2022 £000
Monetary assets such as bank balances and balances on deposit:				
Prisoners' Private Cash Accounts	171	3,385	(3,348)	208
Prisoners' Amenities Funds	231	73	(100)	204
	402	3,458	(3,448)	412

23. Events after the reporting period

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

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 4 July 2022.