
**NORTHERN IRELAND PRISON SERVICE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014**

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

3 July 2014

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DIRECTOR'S REPORT

FOREWORD BY THE DIRECTOR GENERAL

I am pleased to present the 2013–14 Annual Report and Accounts for the Northern Ireland Prison Service (hereafter referred to as NIPS or the Service).



This has been a pivotal year in the transformation of the Service which has seen good progress across many areas including staff development, prisoner engagement and developing the new prison estate.

Delivering structural and cultural change is never easy and is not achieved without considerable challenge for everyone involved. The commitment shown and the appetite for change across the Service has been very encouraging and I am determined to embed what has been achieved and to deliver the further reforms that are needed.

This year has seen many positive steps for NIPS such as the awarding of the interim learning and skills contract which will have a real and lasting effect on offenders.

We have now arrived at a defining moment for the organisation as we need to build on our achievements and continue to drive forward the reform programme.

Partnership will also continue to play a key role in our work. That means our staff, our partner statutory bodies, the voluntary and community sector and those who scrutinise and challenge what we do working together.

The commitment to change has been reinforced this year with the appointment of two new directors to NIPS senior leadership team. In June 2013, Paul Cawkwell took up post as Director of Offender Policy and Operations and Brian McCaughey was appointed as Director of Rehabilitation in September 2013. We now have in place an experienced and dedicated senior team which will be responsible for delivering a modern, efficient and sustainable prison service in Northern Ireland.

While the year ahead will bring further challenges, NIPS is well placed to manage any issues that will arise. This year will also bring opportunities that will help support offenders through custody and back into the community. Innovative programmes such as the Drug Recovery Unit, the College for Young Offenders, and the enhanced facilities for female prisoners will provide further opportunities to address offending behaviour.

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

Finally, I would like to acknowledge the Print Unit in Magilligan which is responsible for printing both the Annual Report 2013-14 and the Business Plan 2014-15. The Unit was established in Magilligan in 2008 and the amount of work has steadily increased with the Unit now printing a substantial amount of NIPS printing requirements. Many thanks to all in the Unit.

A handwritten signature in blue ink, which appears to read 'Sue McAllister'.

Sue McAllister
Director General & Accounting Officer
26 June 2014

STATEMENT OF PURPOSE, VISION AND STRATEGIC AIMS

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

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

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

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

Vision

NIPS' vision is that our Service will:

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

Statement of Purpose

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

Strategic Aims

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

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

STRUCTURE AND LOCATION

NIPS currently has a central administrative Headquarters, located on the Stormont Estate; three main operational establishments; and a staff training facility, the Prison Service College, at Millisle, Co Down. The Service is a member of the Northern Ireland Community Safety College (NICSC) Programme Board charged with responsibility for building the new Community Safety College at Desertcreat. NIPS staff continue to work with the appointed Design Team in developing plans for a mock prison and other training facilities on site. Progress on developing the NICSC has stalled recently following the cessation of the Preferred Bidder Process. However the Programme Board continue to explore other options to procure a construction company to take forward the build subject to funding.

Our three operational establishments are:

- **Maghaberry Prison** – a high security prison, housing adult male long-term sentenced and remand prisoners in both integrated and separated conditions. Maghaberry also has responsibility for the Working Out Unit (WOU) in Belfast which is a facility for selected and suitably risk-assessed prisoners who are nearing the end of their sentence. The WOU was temporarily suspended in 2011 and the outline Estate Strategy includes proposals for how it might be reconfigured as a working out unit.
- **Magilligan Prison** – a medium security prison, housing shorter term sentenced adult male prisoners. This establishment also has low security accommodation for selected prisoners nearing the end of their sentence.
- **Hydebank Wood** – a medium to low security establishment accommodating remand and sentenced young male offenders between the ages of 18 and 21 and all female prisoners. Juvenile offenders are located at Woodlands, Juvenile Justice Centre.

MANAGEMENT BOARD

NIPS is headed by a Director General who is supported by a Management Board consisting of five Executive Directors and three Non-Executive Directors, and the NIPS Change Manager.

The Service's Management Board is responsible for the strategic and business management of the Agency's operations. At 31 March 2014, the Management Board was as follows:

- Sue McAllister – Director General;
- Mark Adam – Director of Human Resources and Organisation Development and NIPS Change Manager;
- Paul Cawkwell – Director of Offender Policy and Operations;
- Joanne McBurney – Director of Finance & Corporate Services;
- Brian McCaughey – Director of Rehabilitation;
- Max Murray – Director of Estates;
- Patricia Gordon – Non-Executive Director;
- Phil Wheatley CB – Non-Executive Director; and
- Paul Leighton CBE QPM – Non-Executive Director.

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

Changes during the year to the membership of the Board:

- Paul Cawkwell was appointed as Director of Offender Policy and Operations and took up post on 10 June 2013;
- Brian McCaughey was appointed Director of Rehabilitation and took up post on 2 September 2013;
- Ronnie Armour left NIPS on 7 October 2013; and
- Mark Adam was appointed Director of Human Resources and Organisational Development on 7 October 2013.

Details of the salary and benefits of the Management Board members are disclosed in the Remuneration Report on pages 49 to 55.

STRATEGIC REPORT

HISTORY AND STATUTORY BACKGROUND

The Northern Ireland Prison Service (NIPS) was established as an Executive Agency of the Northern Ireland Office (NIO) in April 1995 under the Government's Next Steps Initiative.

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

The annual report and accounts of NIPS for the year ended 31 March 2014 will be laid in the Northern Ireland Assembly.

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

REVIEW OF THE YEAR

NIPS has just completed the penultimate year of a challenging four year business cycle which focused on delivering cultural change.

Reform of NIPS

Our vision is for a modern professional Prison Service that delivers safe custody, is offender focussed and enables NIPS to build a safer community in Northern Ireland by helping to reduce the risk of reoffending.

Looking Back

By the end of the 2013-14 financial year, 19 of the 40 Prison Review Team (PRT) recommendations were signed-off by the Prison Review Oversight Group, representing good progress across the year.

In addition to the four PRT recommendations signed off in 2012-13, the Oversight Group signed off another 15 recommendations (out of 40 in total) in 2013-14; they are:

- PRT 5 - Maghaberry reconfiguration
- PRT 6 - Role of Magilligan
- PRT 9 - Random review of SPAR
- PRT 10 - Equality & diversity reporting
- PRT 11 - Support for foreign nationals
- PRT 12 - Healthcare governance arrangements
- PRT 14 - Health data collection and monitoring
- PRT 15 - Transfer of healthcare staff to SET
- PRT 18 - Substance misuse needs assessment
- PRT 25 - SEE Programme integration
- PRT 27a - New code of ethics
- PRT 27b - Discipline and appraisal system
- PRT 28 - Awards scheme
- PRT 32 - Director of rehabilitation
- PRT 34 - Safer society strategy
- PRT 39 - Rebuilding programme at Hydebank

Of these 15, seven recommendations remain with Criminal Justice Inspection Northern Ireland and two recommendations remain with the Regulation and Quality Improvement Authority for independent assessment, as per the agreed processes.

Key milestones have seen:

- the appointment of a new Director of Rehabilitation, bringing vital experience and fresh thinking to how NIPS works with prisoners to reduce offending behaviour;
- a clear direction for NIPS Estate Strategy, with the establishment of a Capital Estates Programme to manage and deliver the long term infrastructural changes;
- the award of the interim learning and skills contract, which has seen education providers deliver appropriate and relevant learning and skills interventions across all three establishments; and
- the development and refreshing of staff, with training programmes rolled out for both new and existing staff at all grades and the University of Ulster working on the accreditation of the Certificate of Competence.

Partnership

As part of the change programme, NIPS is engaging with a wide range of stakeholders from across the justice and healthcare sectors as well as with community and voluntary sector organisations.

Stakeholder sessions in 2012-13 saw over 300 individuals invited to attend a range of themed workshops focused on topics such as end to end women's services and healthcare in prisons. Building on this, the Justice Minister told a major stakeholder event at Crumlin Road Gaol in June 2013 that working in partnership was vital to ensuring NIPS met its objectives. The event was attended by a wide cross-section of representatives from all sectors and also saw the launch of the 'Working in Partnership to Reform Our Prisons' document.

Provision for G8 and Prisoner Population

There has been considerable pressure on accommodation throughout the business year due to a 6.7% increase in the prison population. A number of residential units continue to operate beyond their intended occupancy levels. A number of emergency accommodation resources were required.

The G8 summit in June required a large amount of preparatory work to ensure that Northern Ireland was equipped to deal with a large influx of prisoners. Thankfully the G8 summit passed off peacefully negating the need to implement the contingency plans, which included staffing courts, transporting prisoners and accommodating them.

Prisoner Escorting and Court Custody Service (PECCS) Improvements

Prisoners are no longer routinely handcuffed when travelling to and from courts with secure vehicle docks in secure vehicles. The handcuffing by exception policy has virtually eliminated injuries caused to staff from being handcuffed to prisoners while helping to maintain their dignity and self respect when being brought to and from courtrooms. Since this introduction in September 2013, no assaults have been recorded on staff by prisoners who were not handcuffed.

Transporting females separately from male prisoners is a high priority for NIPS. Female prisoners were consulted on how NIPS could make travelling on vehicles safer and more respectful. As a result several vehicles have been specially adapted for transporting females with the number of occasions in which females

have been required to share vehicles with male prisoners dropping from 50% to 15% or lower on occasions.

The security on board transport vehicles has been upgraded with the introduction of CCTV throughout and the addition of safety signs in multiple languages to advise prisoners in the event of a road transport accident or to raise an emergency.

In line with NIPS decency and respect values those attending court are provided with hot drinks and refreshments and every attempt is made to minimise delays in returning them to prison custody.

Voluntary Early Retirement Scheme (VER)

Building on the 360 staff who have already exited the Service, an extension to the Scheme was granted by DFP in February 2013. This meant that a further 132 staff exited between 30 June 2013 and 30 November 2013 bringing the overall total to 492. Additional funding was secured in March 2014, which will allow 16 of the remaining 28 applicants to be released under the terms of the VER. At the end of the financial year NIPS received the necessary funding to complete the final stage of the VER with the final 28 staff leaving on 31 May 2014.

Diversity Strategy

NIPS accepts that the delivery of cultural change is central to addressing and ensuring a diverse workforce reflective of the society we serve. In order to provide the best service to our customers NIPS needs to attract and retain the best people and to create a positive and inclusive working environment where individual differences are valued and respected.

The 2013 recruitment campaign attracted over 2000 applicants for the new Prisoner Custody Officer (PCO) and Custody Prison Officer (CPO) grades. From this campaign 27% of applicants were female and 19.4% were from the Roman Catholic community.

At 31 March 2014 102 PCOs have been appointed from this recruitment campaign (38.2% female & 18.6% Roman Catholic).

Accreditation of New Recruits

114 CPOs have joined the Service since the beginning of April and have completed their induction training. The contract to provide accreditation for the Certificate of Competence for staff in the CPO grade was awarded to the

University of Ulster, Jordanstown (UUJ) in September 2013.

The accreditation approach has been agreed with the University and the first tranche of candidates has been invited to submit their portfolios. Once received, portfolios will be subject to internal validation before going through external validation by the University prior to confirmation and issue of certificates. This process will continue to be applied until all staff at CPO grade have had the opportunity to completed their accreditation.

New Disciplinary System Introduced for Prison Grade Staff

A new disciplinary system for all prison grade staff went live on 9 September 2013. It is comprised of the following:

- A new Professional Code of Ethics and Values, which sets out a clear statement of what actions and behaviours are required of all prison grade staff;
- A new Professional Code of Conduct, which sets out the procedures/mechanics for dealing with disciplinary matters; and
- A new Professional Standards Unit, which investigates alleged misconduct of prison service staff as set out in the Professional Code of Conduct and/or Professional Code of Ethics and Values.

The new disciplinary system stems from recommendation 27 of the PRT.

To date 13 alleged cases have been referred to the Professional Standards Unit for investigation.

Reducing the Risk of Reoffending

In October 2013 the Criminal Justice Inspectorate Northern Ireland (CJINI) published its inspection report on Ash House (female prison) and the Young Offenders' Centre situated at Hydebank Wood.

The Inspectorate found failings in both establishments and made a range of recommendations in relation to performance against the internationally recognised 'healthy prison' standards of safety, respect, purposeful activity and resettlement. Many of the recommendations were already being addressed as part of the Service's response to the recommendations of the Prison Review Team

and a detailed action plan has been developed to ensure that they are actioned.

Employability Strategy

NIPS published its Employability Strategy 2013-17 ahead of target in September 2013. The strategy aims to give those in custody the opportunity to develop qualifications, skills and personal attributes to provide them with the best possible prospects of gaining employment and changing their lives, and the wider community, for the better.

Some early successes in this area include securing business mentor relationships, increasing the external work opportunities available at Magilligan, establishing a social enterprise, in Hydebank Wood and providing an opportunity for prisoners at Maghaberry to participate in 16-week work placements – prisoners have since been offered permanent positions with the employer.

Learning and Skills

NIPS remains committed to providing accreditation-based activities for prisoners as a critical part of their personal development and resettlement needs. Prisoners have the opportunity to gain accreditations by engaging in a wide range of activities in education classes and vocational training such as English, Maths, Information Technology (IT), Painting & Decorating, Joinery and Horticulture.

The following table summarises the accreditations gained between January and December 2013.

	Education: including (Essential Skills)	Vocational training
Maghaberry	471 (458)	354
Magilligan	913 (794)	570
Hydebank Wood	145 (57)	15
Total	1529 (1309)	939

+ Essential skills are classed as qualifications in English, Numeracy, English speaking for other languages (ESOL) and Information, Communication and Technology (ICT)

Limited access to computers and applied restrictions has meant that NIPS has not been able to meet the demand for IT courses at the full range of levels available outside of the prison environment. Some of the Health and Safety classes have not been able to achieve full accreditations because of IT issues and restrictions; we are continuing to work closely with our ICT Support branch to address this.

Koestler Awards

The Koestler Trust is an arts based awards programme that aims to help offenders acquire and practice new skills. Prisoners in Northern Ireland were once again successful with their submissions to the awards programme as eight submissions were accepted for the 2013 competition and six were successful in gaining either a silver, bronze or highly commended award.

Judicial Reviews (JRs)

Prisoners' ready access to legal aid continues to contribute to the growing number of Judicial Reviews being taken against the Prison Service. NIPS dealt with 71 JRs for the year 2013-14 compared to 53 JRs during 2012-13. The most common challenges were against NIPS' refusal to allow the applicant to avail of Compassionate Temporary Release to attend the funeral of a loved one or a refusal to grant Home Leave. The Court ruled in the applicant's favour in 19 cases included in two significant JRs regarding the non provision of a Sex Offenders' Treatment Programme and a Reducing Offending Behaviour Programme.

Prisoners with Disabilities

Those who enter custody are now given the opportunity to disclose if they feel they have a disability as defined in the Disability Discrimination Act 1995 and the Disability Discrimination N.I. Order 2006. These disclosures are referred to our Healthcare partners for verification and, reasonable adjustments are now made. As a consequence there has been a significant increase in low mobility accommodation provision and in some cases mobility scooters have been made available to allow greater opportunity of movement within prison.

Foreign National Prisoners

All foreign nationals entering prison now have an opportunity at committal to indicate if they will require interpretation and translation services to allow them to fully participate in prison life. All key prisoner documents, including prison job vacancies, have been translated into six foreign languages (Mandarin, Cantonese, Polish, Lithuanian, Latvian and Portuguese) to meet the needs of the majority of our foreign national prisoner population.

Committees

Equality and Diversity Committees continue to meet in each establishment 10 times a year. Prisoner representation on these committees has

been strengthened considerably over the last 12 months with Chinese, Polish, Lithuanian, Portuguese, Zambian, Irish Traveller, disabled, and older prisoners now represented. All prisoner representatives receive appropriate equality and diversity training.

Chinese New Year

Chinese nationals continue to represent the largest non-indigenous group in Northern Ireland prisons. To mark this, an event was held in Maghaberry in February to celebrate the Chinese New Year. An open forum was followed by a traditional Chinese meal prepared by prisoners for the group and their guests from the Chinese Welfare Association, NIPS and the Office of the Prisoner Ombudsman.

Hydebank Wood Library Achievements

The library at Hydebank Wood was awarded runner-up in the UK wide Prison Library of the Year competition in November 2013. This was a fantastic achievement as the award aims to recognise the outstanding work of prison librarians, library assistants and orderlies from any prison library in the UK.

This was the second major award for the library this year as they also won gold in the six book challenge which encourages people to read who wouldn't otherwise do so.

Mugshots

Quest, who are a not for profit making organisation embarked on their first social enterprise within Northern Ireland Prisons. This commenced at Hydebank Wood in September 2013 with a programme to help young offenders develop social and employability skills. The objectives are to build skills and knowledge through the creation of printed T-shirts, posters, and ceramic mugs - all of which can be individually printed to suit the customer's requirements.



Quest have obtained five year funding from the Big Lottery Fund in order to deliver their programme within Hydebank Wood, and this will provide constructive activity and certify up to 24 young offenders each year. A bursary has been set up in order to assist those offenders who have been certified to help develop their life and social skills upon release by funding development opportunities such as driving lessons and other courses.

Hydebank Wood Chaplains

In addition to the regular Chaplaincy Ministry in Hydebank Wood this year, the Chaplains co-ordinated the Prison Week service in November 2013.

This service was held in St. Patricks Church in Donegall Street, Belfast and was well attended by representatives from Headquarters, prison staff and ex-prisoners and was supported by the many agencies attached to NIPS.

Improved Facilities for Female Prisoners

Work commenced in January 2014 to introduce improved facilities for female prisoners through the redevelopment of ground floor areas in Ash House at Hydebank Wood. This will create improved laundry facilities; a new Multi-Faith Centre; improved Healthcare facilities; a new Safer Custody Centre; a new open plan waiting area; and new classrooms for Vocational Training courses in Hairdressing & Beauty and Food Preparation & Catering. This work is expected to be completed in late spring / early summer 2014.

Samaritans' Listeners Scheme

NIPS maintains a strong partnership with the Samaritans in the provision of the Listener Scheme. The Listener Scheme is a peer support scheme whereby selected prisoners are trained and mentored by Samaritans to listen in complete confidence to their fellow prisoners who may be experiencing feelings of distress or despair, including those which may lead to suicide.

The Listener Scheme does not only provide additional support to vulnerable prisoners but those performing the role of Listener benefit greatly too through improved self esteem and confidence.

The Scheme has been operating in Magilligan and Maghaberry for several years. With the Samaritans support the Listener Scheme was re-introduced to Hydebank Wood Young Offenders Centre in August 2013 with four male inmates

completing their training and graduating as Listeners.

Across all three establishments there is ongoing recruitment and training for new volunteers.

Business in the Community

In partnership with Business in the Community, Timpson visited Maghaberry on two occasions during 2013-14 to give presentations and conduct employer interviews with eligible prisoners, with the potential for 16 weeks fully paid work placements. Timpson is a well established business in the United Kingdom with branches across Northern Ireland. It provides services including shoe repair, key cutting, engraving and watch repair. During the visits a representative from the Timpson foundation gave presentations and conducted employer interviews with eligible prisoners, with the potential 16 weeks fully paid work placements.

As a result of the interviews two individuals were selected for the work placements in 2013. They successfully completed their placements and have secured full time employment with Timpson; one has since gone on to successfully manage an outlet for the Timpson group.

On their second visit Timpson selected a further three individuals with one commencing his 16 week work placement in January 2014. The remaining two are awaiting final release before any decision on their placements is made.

The Timpson group continue to support NIPS and there are plans for further visits in 2014.

Drug Intervention Programme

A joint operation between NIPS and the Police Service of Northern Ireland (PSNI) launched at Maghaberry was originally to last for three months. Following a review by the Governor and Lisburn District Commander both agreed that due to the success of the initiative it would be extended. A further review is to take place at the end of April. Between October 2013 and February 2014 309 staff have completed the Ascertain drug awareness training, the operation has yielded 147 drug finds and 97 referrals to the PSNI. 123 prisoners have been referred for drugs counselling.

Psychology Services

NIPS Psychology has a strong tradition of ongoing research and this year presented at three conferences.

The British and Irish Group for the Study of Personality Disorder is an international conference held in Belfast this year and Psychology Services headquarters (HQ) staff delivered a paper on "The Prevalence of Personality Disorder within the Northern Ireland Prison Population and the Implications for the Development and Implementation of Appropriate Training and Support for Prison Staff."

At the Northern Ireland British Psychological Society Annual Conference in Fermanagh, five staff from HQ and Maghaberry Psychology Departments presented their research on four forensic areas including interventions with Violent Offenders, Personality Disorder in prisons, Desistance and Training and Support for Staff in a changing Organisational Climate.

The National Division of Forensic Psychology of the British Psychological Society was held in Belfast for the first time and five NIPS psychology staff presented a symposium covering research on their ongoing work.

Family Matters

The Family Matters programme, which is joint initiative between NIPS and Barnardos, aims to connect fathers with their partners and children through a series of specifically tailored interventions. Central to this is the fortnightly 'Big Visit' which gives fathers the opportunity to spend quality time with their children on their own while their partners engage in activities designed by Barnardos staff. As part of the weekly programmes fathers are encouraged to think about the visit in advance and plan how to make the best use of the time with their children. They also plan, prepare, cook and serve a midday meal with their family. The focus is very much on the interaction between them and their children and aims to help implement their learning from the weekly classes.



BBC Arts Extra Visit to Magilligan

Following a Prison Arts Foundation event in Parliament Buildings that showcased artwork by prisoners, the BBC Radio Ulster 'Arts Extra' team asked if they could visit Magilligan to learn more – this was a great opportunity to share the excellent work that happens routinely in our establishments but is often 'invisible'.

The BBC team visited Magilligan in June 2013. With an early start, they saw how an operational prison begins its day. They observed the reading club and quickly learned that art is part of a much broader learning and skills programme throughout NIPS. They engaged with prisoners studying with the Open University and heard about creative writing opportunities before visiting a guitar class as well as interviewing staff and prisoners.

The BBC team were very impressed by the support available for those in custody and how this helps to equip prisoners with the best possible opportunity to successfully reintegrate with the community on their release.

Corporate and Social Responsibility

Maghaberry Braille Unit

In September 2013 a Braille Bible was handed over to the Elim Church to enable a visually impaired member of the congregation to fully integrate and take part in the church service. The project took eight months to complete with prisoners producing and binding a total of 60 individual Braille books.



On 17 February 2014 Justice Minister, David Ford visited the Braille Unit for the handover of story books and a children's Bible to a Ballymoney based Church group for use in Ekwendeni Primary School which is a school for blind children in Malawi.

Up to 10 prisoners worked on the production of the books in the Braille Unit and the Minister commended the staff and prisoners for the significant contribution being made to the needs of the blind and partially sighted.

Wheelchair Workshop

This year prisoners in Maghaberry worked to refurbish six wheelchairs which were donated to representatives of Ballyhenry Presbyterian Church who will be handing them over to Ekwendeni Hospital, Malawi when they visit later in the year.

Donard Gardens

During the year prisoners in the horticulture and gardening workshops produced hanging baskets and window boxes and in the summer months a range of garden furniture, planters and bird tables were created. Prisoners were also engaged in work with the Six Mile Water Trust and the Royal Society for the Protection of Birds (RSPB).

Charity Fundraising Events

Staff and prisoners at Magilligan participated in a number of fund raising events at the end of 2013. These events were aimed at raising money for local charities as well as responding to the impact of global disasters and crisis.

The first event was held in October 2013. The charity selected was the Army Benevolent Fund who annually host a 'Big Curry' day. Two of Magilligan's prisoners who are qualified chefs agreed to cook and the event raised a total of £300.

The second 'Curry Day' was held in November 2013. The charity selected was the "Caring Caretaker"; the caretaker of Coleraine Townhall participates in a sit-out in the town centre for two weeks leading up to Christmas collecting money for a number of local and national charities. Once again the two chefs dished up an outstanding lunch with £250 raised.

The third 'Curry Day' was held in December 2013 coinciding with a visit to Magilligan from the Director General following the launch of our "Vision for the future document". The charity selected was Jennifer's Fund; a charity set up to raise money for Jennifer Smyth a local sixteen year girl who suffered severe spinal injuries in a gymnastics incident. The two chefs served up an excellent meal and £250 was raised. A number of prisoners approached staff and asked if they could also donate and their generosity raised a further £706.50.

The Magilligan Chaplain team were approached by prisoners in relation to donating to the Philippines disaster. A total of £757 was collected and subsequently donated to the charity.

Magilligan prisoners participated in 'Movember'. A number of 1980s moustaches came to the fore during the month of November. The participation of the prisoners in this event resulted in a total of £279 being collected for the charity.

To support Red Nose Day 2013 some females and a baby from Ash House completed a sponsored walk to raise money. The walk consisted of 20 laps of the gravel pitch. With fundraising t-shirts printed at Magilligan the females were ready to go. The walk took an hour and a half and raised £479.

Prisoners in Maghaberry showed how to make charity gold out of scrap. A group of eight prisoners worked for six months collecting scrap metal and stripping electrical cable to recycle. The end product was a magnificent £1,866 for the Northern Ireland Children's Hospice.

Over a three day period in October staff from the Human Resources (HR) Directorate, volunteered to take part in a Business in the Community Cares challenge event, to create a garden area for quiet contemplation at the NI Children's Hospice.

With a lot of willing volunteers, an overgrown spot in the grounds of the NI Children's Hospice was turned into an inviting habitat to encourage butterflies and insects.

A coffee morning and cake sale took place in Headquarters where £900 was raised through the sale of quiz sheets and Hospice Christmas gifts and cards.

Two Physical Training Instructors from Hydebank Wood took part in a number of athletic and multi sport challenges this year to raise money for four different charities - Northern Ireland Children's Fund for Cancer, Marie Curie Hospice, Alzheimer's Society, and Northern Ireland Chest Heart and Stroke. They completed personal challenges that included a Coast to Coast Race, and an Iron Man within the same year. In total they swam 15.2km; kayaked 60km; ran 293km & cycled 1,049km and that doesn't include any of their training!

Together they raised a total of over £5,000. Congratulations to these individuals on a mammoth achievement.

In August 2013 Northern Ireland staged the World Police and Fire Games (WPFG) which were a huge success with 75 staff from NIPS participating in various events. We were successful in fishing, shotguns, 5 a side football, rifles, pistols and archery winning a total of 25 medals. One member of NIPS has also become a board member of the WPFG Federation.

REVIEW OF PERFORMANCE 2013-14

Performance against Key Performance Targets

NIPS' Business Plan for 2013-14, produced at the beginning of the year, set out **ten key performance targets** (KPTs) to measure the Service's performance. These were developed in line with the NIPS Reform Programme and the intention is to build on these measures as the reform programme progresses.

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

Targets in support of Strategic Aim 1: Safe, secure and decent custody	Year End Status
1. No escapes from closed conditions [including Prisoner Escorting and Court Custody Services (PECCS)].	Target Met There have been no escapes from closed conditions
2. The number of staff seriously assaulted by prisoners is less than 0.5 per 100 prisoners.	Target Met
3. The number of prisoners seriously assaulted by another prisoner is less than 1.5 per 100 prisoners.	Target met
4. Reduce the number of eligible complaints needing to be investigated by the Prisoner Ombudsman by 3% from the 2012-13 baseline.	Target not met There was a 10% increase from the 2012-13 baseline (450 complaints compared to 407). A more meaningful measure has been agreed with the Prisoner Ombudsman for the next reporting cycle.
5. An average across the establishments of at least 20 hours constructive activity per week for each sentenced prisoner, with 10 hours per week for remand prisoners.	Target partially met Average levels of activity have increased but the rise in the prison population hinders the efforts to meet the target.
6. Average annual training days delivered to each member of staff should be no less than 5 days per employee for 2013-14 and should be prioritised to include the mandatory training for their core function.	Target met Average annual training days per employee is 8.3.
7. * Average annual sick days during 2013-14 are no more than 9.7 days per employee.	Target not met 13.8 days per employee.
8. Cost per prisoner place does not exceed £66,200.	Target met Cost per prisoner place was £62,898.
9. At least 1100 accreditations in essential skills are obtained by prisoners during 2013-14.	Target met
10. At least 30 accredited offending behaviour programmes completed with at least 80% attendance by prisoners during 2013-14	Target met

* Initial figures are provided by Northern Ireland Statistics and Research Agency and final figures will be available by October 2014.

Performance against Delivery and Development Objectives

This was the third year of the NIPS four year plan, which was developed to achieve the fundamental changes required to transform the Service. Throughout year three, the Service focused on **delivering cultural change**. This has enabled the Service to prepare for the 2014-15 year of the Corporate Plan which focuses on **consolidating, embedding and sustaining change**. To achieve this, nine business objectives were established for 2013-14.

The **business objectives** have enabled NIPS to embed the changes established the previous year as well as providing methods to continue with cultural change. The objectives set aimed to improve communication, develop partnerships and establish a regime which would improve outcomes for offenders. The objectives and targets laid the foundations for cultural change through the implementation of the Target Operating Model (TOM), as well as the professional role of prison officers.

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

Objective and targets	Comment	Year End Status
<p>1. Continuous roll out of training and development strategy, accelerated job enrichment and identification of training & development opportunities</p> <ul style="list-style-type: none"> • to provide staff with the training required to enable them to discharge their roles effectively. 	<p>Ongoing training has been delivered to all managers with senior management also attending master classes.</p> <p>Main Grade Officer training commenced in this reporting cycle alongside the continuing new recruit induction.</p> <p>A draft development programme for Senior Officers has recently been agreed by the PRT Programme Board.</p>	<p>Target met</p>
<p>2. Raise the positive profile of NIPS workforce and define its professional identity – evaluate effectiveness</p> <ul style="list-style-type: none"> • implement a job evaluation scheme for unified grades; and • raise stakeholder awareness and increase buy in. 	<p>Custody Prison Officer training will be accredited through UJJ with the first tranche of candidates required to submit portfolios in March 2014. Internal and external validation will occur before certificates are issued in June 2014.</p> <p>Training programmes related to existing staff and new recruits in other grades will be endorsed through the Institute of Leadership and Management.</p> <p>Stakeholder engagement remained a key element. A major stakeholder event was held in Crumlin Road Gaol to coincide with the publication of the document 'working in partnership to reform our prisons'. A general overview stakeholder event was held for all interested partners in October 2013. Two targeted stakeholder events were held in March 2014 to discuss Hydebank Wood College and developing a new facility for females in custody. Additional sessions were also held with key partners including health and probation in early 2014.</p>	<p>Target met</p>
<p>3. Deliver and evaluate regime strategy to reduce risk of reoffending including introduction of Revised Offender Management Policy and Standards</p> <ul style="list-style-type: none"> • to introduce a regime focused on reducing reoffending and develop a suitable regime strategy and measure effectiveness. 	<p>A revised offender management policy was developed in November 2013 and offender management arrangements are in place within all establishments.</p>	<p>Target met</p>

Objective and targets	Comment	Year End Status
<p>4. Deliver and evaluate new professional role for prison officers</p> <ul style="list-style-type: none"> • to launch the certificate of competence accreditation process by December 2013; and • evaluation of the generic programme will take place post course, and second and third level evaluation will assess to what extent the learning improved core service delivery. 	<p>The Prison Service College has been approved as a recognised provider on behalf of the UJJ. A proposed timeline has also been agreed that will allow all candidates the potential to achieve their certificate within the required timeframes.</p> <p>An evaluation has been completed and undergone internal review.</p>	<p>Target met</p>
<p>5. Continuous implementation of prison estate strategy</p> <ul style="list-style-type: none"> • finalise Estate Strategy and implement elements planned for 2013-14. 	<p>A number of business cases are outstanding and are for submission in 2014.</p>	<p>Target partially met</p>
<p>6. Focus on our organisational performance management and personal accountability</p> <ul style="list-style-type: none"> • to embed robust financial management and accountability in NIPS; and • to have confirmed classification of the three Arms Length Bodies. 	<p>There is an ongoing monthly process to monitor budgets which will continue to be developed.</p> <p>Two Arms Length Bodies have now been classified as Private Sector Bodies. DFP is considering the classification of the third body.</p>	<p>Target met</p>
<p>7. Operate within available funding and deliver target savings through effective in-year financial management</p> <ul style="list-style-type: none"> • no overspend – underspend less than 2% of budget. 	<p>NIPS had no overspend and had a Resource Underspend of less than half a percent.</p>	<p>Target met</p>
<p>8. A safe, decent and secure environment for staff, prisoners and visitors</p> <ul style="list-style-type: none"> • to provide an environment which fosters mutual respect between prisoners, and staff and prisoners; and • maintain a level of security proportionate to the assessed risk. 	<p>Although a survey was completed management were not content that relevant areas were covered. A new product is being sourced for 2014-15.</p> <p>Timescales for completion of work relating to this objective could not be realised.</p>	<p>Partially met</p>
<p>9. A structured regime that supports prisoners to progress through custody</p> <ul style="list-style-type: none"> • have a structured regime in place and prisoners have the opportunity to avail of them. 	<p>An Employability Strategy was published in September 2013 with an interim Learning and Skills contract awarded in January 2014.</p>	<p>Target met</p>

OBJECTIVES AND TARGETS FOR 2014-15

In order to achieve our stated aim of consolidating and sustaining changes and embedding best practice NIPS has identified eight objectives and 13 targets for 2014-15. These are summarised in the table below.

Objective	Target	Owner
Reinforcing reliable, consistent, high quality and effective services	Continue the development of a whole prison approach to prisoner engagement and development	Director, Rehabilitation
	To have new arrangements for service delivery agreed with external providers	Director, Rehabilitation
Focus on sustained delivery: management attention to detail	To introduce and embed robust performance monitoring and management arrangements for the operational business	Director, Offender Policy and Operations
	To provide leadership and support for Governing Governors to ensure that they can effectively fulfil their roles.	Director, Offender Policy and Operations
	To identify and complete reviews of critical policy via the Offender Management Board mechanism (Feb 15)	Director, Offender Policy and Operations
Consolidating change: ensuring NIPS delivered what it said it would	Implement recommendations from the Prison Review Team Report	Director, HR and Corporate Services
Build a flexible and well trained workforce	To have a comprehensive training programme to build skills of front-line staff and services	Director, HR and Corporate Services
To have a staffing model in place to ensure sustainability against an increasing prison population and needs	Clear staff deployment agreements and profiles in place to deliver the business needs	Director, HR and Corporate Services
	Embed effective performance management processes across the service	Director, HR and Corporate Services
Continuous implementation of Prison Estate Strategy	To finalise elements of Estate Strategy and implement elements planned for 2014-15.	Director, Estates
Identifying and embedding best practice: learning locally and internationally	Continue to build effective working relationships with Voluntary and community sector to ensure best practice	Director, HR and Corporate Services
NIPS will ensure best practice in terms of Corporate Governance and Quality Assurance	To embed robust financial management and accountability in NIPS	Director, HR and Corporate Services
	no end-year overspend and year-end under spend less than 2% of budget	Director, HR and Corporate Services

LOOKING FORWARD

2014-15 sees the Prison Reform Programme enter its final year. NIPS aims to have a minimum of 90% of the recommendations completed within the agreed timescales. With 19 of the 40 recommendations already submitted by the Prison Review Oversight Group for sign-off, the focus for 2014-15 is on implementation of the remaining 21 recommendations. The Programme team has a detailed plan in place to ensure delivery.

There will be a focus on strengthening NIPS' partnership working, particularly with the Department of Health Social Services and Public Safety and the Probation Board for Northern Ireland, including looking at current service provision and assessing how the organisations can work better together. In addition to this work, wider stakeholder engagement with the community and voluntary sectors will continue with focused sessions scheduled throughout the year. In order to create a safer society, NIPS in collaboration with others, are working to engage with prisoners to encourage desistance from crime, and support rehabilitation.

In working towards its purpose of protecting the public by reducing the risk of re-offending, the Service places considerable emphasis on its civic role and its position in the wider criminal justice system. As such, NIPS works to promote wider understanding and contribute to greater confidence in the criminal justice system.

STAFFING RESPONSIBILITIES

Equality & Diversity

NIPS has in place trained Harassment Contact Officers to provide guidance, support and advice to staff who consider they have been subjected to, or accused of offensive conduct or unacceptable behaviour. During the course of the year a further 13 members of staff have been provided with training which ensures Harassment Contact Officers are available across NIPS.

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

proven to be effective in the early resolution of disagreements.

Occupational Support

Throughout 2013-14 Occupational Support Branch continued to deliver an in-house service offering help and support to staff on a variety of personal and work related issues.

From 1 April 2014 Occupational Support for NIPS staff will be provided by the centralised Welfare Support Service in DFP. The current welfare officer will transfer to the centralised service thereby providing continuity of service. NIPS staff will have access to a team of dedicated welfare officers and continue to receive an independent and confidential service as before.

NICSWELL

In 2013-14 NIPS staff were introduced to the Northern Ireland Civil Service WELL; a programme which provides all staff with access to a range of information on health and wellbeing issues via the intranet. The WELL team also deliver an education and health awareness service and NIPS recently hosted such an event in Maghaberry. The WELL team on the day comprised of a fitness trainer and dietician who along with a nursing team provided health checks which included cholesterol and blood glucose testing, blood pressure checks and body composition analysis. A wide range of health literature was also made available to staff. This event was fully subscribed and well received by the staff who attended.

Mentoring Scheme

Building on the success of the 2012-13 mentoring scheme a number of staff participated in the 2013-14 scheme and a review of how NIPS plan to deliver this scheme in future is currently being considered.

Management of Sickness Absence

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

Sickness absence levels have continued to be high (13.8 days per employee) although it is

noteworthy that in the 2013-14 financial year over two thirds of staff have taken no sickness absence.

Health and Safety

The effective management of health and safety is a key responsibility for NIPS. Directors, senior management and line managers will continue to, so far as is reasonably practicable, meet all the relevant requirements of health and safety legislation specific to our operational needs. The aim is to establish this as the minimum acceptable standards for ensuring effective health and safety management.

Target Operating Model (TOM)

In 2013-14 the Service Profile Team undertook a supplementary review of the Operating Model with recommendations on how further implementation could be improved upon. Additional discussions were held between management and the Trade Unions in late 2013. A review of the staffing needs was completed in February 2014 and further consultation with Trade Unions will take place. In an era of change NIPS will be continually reviewing its staffing requirements and shift patterns to ensure resources are appropriately deployed to reflect the changing needs of its (increasing) population.

Information Assurance

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

Reportable Loss of Data

There were no reportable losses of data during 2013-14.

Information Risk Management

The Information Assurance (IA) Working Group established during 2012 continues to develop and implement IA policies across the Service. Information Asset Owners are regularly provided with instruction and guidance and a quarterly discussion forum has also been established. NIPS were the subject of sanction by the Information Commissioner Office (ICO) for a data breach which was reported during 2012-13. The sanction is by way of official Undertaking signed by the Permanent Secretary of the DOJ and compliance will be monitored and audited by the ICO. NIPS have not been responsible for any reportable data breaches during 2013-14 however we did make a report of a breach by a third party supplier. The investigation is ongoing into the conduct of the supplier.

Summary Of Other Protected Personal Data Related Incidents In 2013-14		
Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other - document misfiled on the internal IT system, minor incident only	1

Complaints Procedure

When appropriate the Service follows Departmental procedures in respect of complaints made by members of the general public. Complaints made by prisoners and their families are initially dealt with internally but, if required, may be escalated to the Prisoner Ombudsman.

Child Protection

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

NIPS appreciates that child protection must not be an isolated role or function because by its very nature 'Keeping children safe is everyone's responsibility'. The Prison Service recognises the importance of its close links with Health and Social Care Trusts, Probation Board for Northern Ireland, Police Service of Northern Ireland (PSNI) and voluntary agencies. We need their help in identifying those who may pose a risk of harm to children, their assessment and in providing appropriate intervention.

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

The Safeguarding Children Framework and Guidance has been reviewed and PSMB approved the revised policy in November 2012. It is available on the NIPS website.

Child Protection Cases Log: 2013-14

	No. of Referrals to Child Protection Co-Ordinator	No. of Referrals to Social Services Gateway Teams	Open	Closed
Maghaberry	23	13	0	23
Magilligan	3	1	1	2
Hydebank Wood	16	16	7	9

ACCOUNTING RESPONSIBILITIES

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

Business Review and Future Developments

The total net operating cost for the year was £122,798k (2012-13: £173,660k).

Audit

Responsibility for the audit of NIPS' financial statements for 2013-14 rests with the Comptroller and Auditor General (C&AG) for Northern Ireland. The Certificate and Report of the Comptroller and Auditor General is produced at pages 50-51.

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of these Financial Statements, was £42k (2012-13: £42k).

The C&AG may also undertake other statutory activities that are not related to the audit of the Service's Financial Statements such as Value for Money reports. No such activity took place during the year.

Charitable Donations

There were no charitable donations made by NIPS during the year. (2012-13: £0).

Financial Provision and Cash Flow

NIPS was financed as part of the overall DOJ Departmental Expenditure Limit voted by the Northern Ireland Assembly for 2012-13. The total cash required for the year was £134,914k (2012-13, £140,456k).

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

These accounts are prepared on that basis and in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by DFP, and directions given by DFP, under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Capital Costs

During the year NIPS invested further in its prison estate and infrastructure incurring £4,242k (2012-13, £7,284k) in expenditure on capital assets. Details of the movement of property, plant and equipment and intangible assets are set out in Notes 7 and 8 to the Financial Statements.

There were notable improvements undertaken to the estate during the year. A sample of the projects undertaken are summarised below:-

Upgrades at Hydebank

Phase 2 of the upgrade of the two oldest accommodation blocks (Elm and Willow) commenced which will see the internal redecoration of accommodation with new fitted furniture, new floor finishes and toughened WC's and sanitary ware.

Changes to introduce anti-ligature modifications to the original cell based power sockets have been rolled out across the site.

Upgrades at Maghaberry

Several schemes were delivered at Maghaberry during the year including the replacement of the Gym floor, provision of education rooms within Bush/Row cell blocks, CCTV upgrades, road resurfacing works and the installation of a replacement Generator.

Upgrades at Magilligan

A range of improvements were made to infrastructure at Magilligan including the provision of mains sewerage in conjunction with NI Water, together with essential upgrades in relation to internal lighting within the Gymnasium and new heating systems within the Learning & Skills and Workshop areas.

In addition proposals were taken forward to replace other priority infrastructure works at the site including new water tanks, and a range of electrical improvements.

Resource Costs

The net cost of operations for the year as shown in the Statement of Comprehensive Net Expenditure on page 59 is £122,798k (2012-13, £173,660k). The Service incurred expenditure during the year as follows:

Operating Costs	2013-14 £k	2012-13 £k
Staff Costs *	76,682	84,531
Net Running Costs **	31,706	30,311
Depreciation	11,999	11,829
Operating Expenditure (excluding non standard costs)	120,387	126,671
Injury Benefit Provision (including unwinding of discount)	465	-27
VER scheme & SEE Programme pay costs, expenses and Provision (including unwinding of discount)	-2,858	43,873
Hearing Loss Provision	6,153	1,176
Impairments	-1,638	1,673
Prison Service Trust (PST) Grant	289	294
Net Operating Costs	122,798	173,660

* Costs exclude cash payments and accruals relating to the pay costs of the VER & Strategic Efficiency and Effectiveness (SEE) Programme (£1,992k, 2012-13: £22,767K)

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

Net operating costs decreased by £50,862 from the 2012-13 figures, representing a 29% decrease during 2013-14.

The main reason for this decrease is the reduction in costs of the NIPS Voluntary Early Retirement (VER) scheme. In 2013-14; 18 (2012-13; 192) applications have been approved costing £2.8m (2012-13: £41.7m). Further details are in notes 3 and 15 to the financial statements.

Cost Per Prisoner Place

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

The actual Cost per Prisoner Place in Northern Ireland over 2013-14 was £62,898. This is below the target of £66,200.

	2013-14 Actual	2013-14 Target
Operating Expenditure (£k)	120,387	126,707
Prisoner places (CNA)	1914	1,914
Cost per Prisoner Place (£)	62,898	66,200

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

Payment of Suppliers

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

The Service has achieved more than 94% of payments to suppliers within 30 days and more than 87% of payments to suppliers within 10 working days following receipt of a properly rendered invoice. The Service is committed to prompt payment within 10 days. From April 2013 the payment of invoices moved to Account NI.

Off Payroll Engagements

NIPS had two off-payroll engagements at a cost of over £58,200 per annum in place at 31 March 2014, there were no such engagements at 1 April 2013. The two engagements continue and have not come onto NIPS payroll during 2013-14.

DEVELOPMENT OF THE ESTATE

In late 2013 NIPS established the Capital Estates Programme (CEP). The objective of the Programme is to deliver the range of capital works identified by the Prison Reform Programme which addressed the estate recommendations contained in the Prison Review report of October 2011. The Estate Strategy has now been published on the NIPS website;

<http://www.dojni.gov.uk/index/ni-prison-service/nips-publications/corporate-documents/nips-estate-strategy.htm>

The capital works requirements can only be delivered over the longer term and it is believed that a dedicated CEP is more appropriate to meet this timeline. The scope of the Programme is initially restricted to the development and delivery of four PRT recommendations as major projects, albeit some have multiple workstreams:

1. Reconfiguration of the Maghaberry site including building a new 360 bed residential block and a new Visits building.
2. A replacement for Magilligan on the existing site.
3. A new facility for female prisoners.
4. Improvements to the physical environment at Hydebank Wood in support of the development of a College.

Work is already underway on business cases in preparation for the approvals process across a wide range of projects with approval received for the building of a new six bed step down facility for females to be completed on the Hydebank Wood site in 2014-15 subject to planning permission being granted. Since the year end approval has also been received for the 360 bed residential block in Maghaberry and Strategic Outline Business Case for a new female facility has been submitted. NIPS plans on submitting the Outline Business Case for the replacement for Magilligan in the summer of 2014.

Energy and Environment projects

Energy Management

To strengthen the oversight and control of energy use, a monitoring and targeting system (M&T) has been installed allowing 'live' data on energy (electricity, gas and water) used by individual meters located in a large number of buildings at all three establishments.

The new M&T system transmits the data to a central point allowing energy consumed by a wide range of buildings to be plotted and interrogated. The system will be used to undertake detailed statistical analysis of energy consumed within individual buildings, identifying and prioritising where improvements can be made, helping to improve efficiency and reduce waste. The system also provides automated alerts to identify when consumption rises above set target points to improve the real-time management of energy.

Given the ease by which accurate energy consumption data is now readily available the system will also be used to provide an automated bill validation service, replacing the need for time-consuming manual meter readings.

Environmental Project

In 2011 an Area of Special Scientific Interest (ASSI) was created on 4.8 hectares of land at Maghaberry to protect breeding colonies of lapwings. These highly distinctive birds are designated by the RSPB within their highest conservation category as a species in need of urgent action to protect a declining population.

The birds are ground nesting which makes their young susceptible to preying mammals like badgers and foxes. The clever birds have gained sanctuary within the grounds of Maghaberry where they are protected from predators. The Service has worked with the RSPB and the Northern Ireland Environment Agency to create and maintain an ideal habitat to support breeding populations of lapwings through the creation and preservation of areas of naturally rich grasslands.

Since the establishment of the ASSI the average numbers of fledglings successfully reared by each nesting pair is now more than three times the United Kingdom (UK) average. In 2013 the Maghaberry site supported one of the largest breeding colonies of lapwings within the UK and Ireland and is viewed as a notable success by the RSPB.



Sue McAllister
Director General & Accounting Officer
26 June 2014

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

- observe the Accounts Direction issued by DFP, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

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

NORTHERN IRELAND PRISON SERVICE GOVERNANCE STATEMENT 2013-14

DIRECTOR GENERAL INTRODUCTION AND SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a robust system of internal control which is supported by governance arrangements that comply with the relevant sections of the *Corporate Governance Code (2005)*. The system assists in the achievement of Northern Ireland Prison Service's (NIPS) policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

As Accounting Officer for NIPS and a member of the Department of Justice (DOJ) Departmental Board, I am held to account by the Departmental Accounting Officer (Chair of the Departmental Board). This takes the form of regular reports to DOJ and the Minister of Justice, as well as regular bi-lateral discussions with the Departmental Accounting Officer.

I am supported in my role as Accounting Officer by the Prison Service Management Board (PSMB) and its subcommittees who can identify emerging risks and put actions in place to manage them. In carrying out these responsibilities I regularly brief the Minister, both orally and in writing as appropriate, to alert him to emerging issues of substance and the associated risks involved.

This statement sets out in more detail how NIPS continue to develop and embed its governance structure, and how risks have been reviewed to ensure that we maintain our focus on the areas that are most likely to prevent us from achieving our objectives. I am confident that NIPS has the governance, risk management and assurance arrangements in place to ensure that it can rise to challenges effectively.

PURPOSE OF THE CORPORATE GOVERNANCE FRAMEWORK

The governance framework is the system by which NIPS is directed, controlled and led. The purpose of the framework is to define relationships and structures, and the way in which they are managed, to ensure that resources are used responsibly to control risks and to provide strategic direction within NIPS.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk. The framework is based on an ongoing process designed to identify and prioritise the risks, to ensure the achievement of service-wide and departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised and to manage them efficiently, effectively and economically.

GOVERNANCE FRAMEWORK

Prison Service Management Board

The Director General is the principal adviser to the Minister of Justice on policy matters relating to the Service, and is directly accountable to the Minister for the Prison Service's performance. Authority has been delegated on financial and personnel issues and the Director General is supported by the PSMB. As Accounting Officer, the Director General is responsible for maintaining a robust system of internal control to support the objectives of the Service.

The role of the PSMB is to support the Director General in the running of the Service. The PSMB brings together the strategic and operational leadership of NIPS. The Board is chaired by the Director General and consists of three Non-Executive Directors, the Executive Directors, and the Organisational Change Manager for the Prison Reform Programme.

PSMB is the top management structure for NIPS and is responsible for the establishment and monitoring of the corporate governance arrangements of the Service. Under the general guidance and direction of the Minister and the Permanent Secretary of the DOJ, the Board's main role is to provide advice to the Director General, lead on the development and scrutinise implementation of policy and strategy, challenge decisions made by the Executive Team, monitor NIPS' performance and to provide overall assurance to the Director General on NIPS' affairs.

Among matters considered by the Board in the 2013-2014 financial year were:

- strategic and business planning;
- financial planning and management;
- human resource management including staffing levels and sickness absence;
- risk management; and
- training and development.

PSMB Effectiveness

An assessment of the PSMB took place during 2013. This included a review of the information provided to the Board, in order to establish the suitability of the nature and quality of the information provided to the Board. The Board also completed a National Audit Office (NAO) questionnaire to evaluate their effectiveness, and as a result of this, there have been several changes to the reporting structure of the Board. The Board works to a scheduled Forward Work Programme with key items scheduled monthly and recurring issues scheduled on a quarterly basis. There has been a move to exception reporting, and the Board now receives an exceptions dashboard document, which highlights quickly and efficiently the key issues from the previous month. This format has been continually developed throughout the year and has allowed the Board to focus their attention on the key issues and request further information on topics of concern.

In addition to this, NIPS officials attended both Translink and National Offender Management Service (NOMS) Board meetings in order to gain knowledge on how other organisations structure their Boards and identify areas of best practice. Consideration was given to how the different Boards worked and areas in which NIPS could enhance the efficiency and effectiveness of our own Board.

There were 11 meetings of the PSMB during 2013-14; attendance by members is shown below. A meeting did not take place in July 2013.

Member	Attendance
Director General – Sue McAllister	9
Director, Offender Policy and Operation – Paul Cawkwell *	9
Director, Finance & Corporate Services – Joanne McBurney	7
Director, Human Resources (HR) & Organisational Development – Ronnie Armour **	4
Director, HR & Organisational Development – Mark Adam **	5
Change Manager (Prison Review Team Programme) – Mark Adam	9
Director, Rehabilitation – Brian McCaughey ***	7
Director, Estates – Max Murray	9
Non Executive Director – Phil Wheatley	11
Non Executive Director – Paul Leighton	11
Non Executive Director – Patricia Gordon	9

* Paul Cawkwell joined NIPS in June 2013.

** During 2013-14 this post was held by Ronnie Armour between April and November 2013 and then held by Mark Adam between November 2013 and March 2014.

*** Brian McCaughey joined NIPS in September 2013.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is appointed by the Board as a formally constituted Sub Committee to support the Director General as Accounting Officer in monitoring the corporate governance and control systems (including financial reporting) within NIPS. The Committee consists of two Non-Executive Directors, and one Finance Director from the wider public sector who joined the Committee in April 2013.

The primary function of the ARC is to test and challenge the assurances which the Board and the Accounting Officer have identified as meeting their assurance 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 external audit recommendations are implemented by reviewing the actions taken by management in response to the Report To Those Charged With Governance.

In January 2014 the members of the ARC completed the National Audit Office (NAO) 2012 Good Practice Self Assessment checklist for Public Sector Audit Committees. Consideration is being given to the comments and putting in place the relevant actions.

The ARC is chaired by a Non-Executive Director and met four times throughout the 2013-14 financial year and matters considered included:

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

NIPS is in the process of developing a NIPS specific Assurance Framework to provide a further objective examination and assurance of the governance, risk management and control processes of the Service.

Membership attendance at ARC is shown in the table below:

Members	Attendance
Non Executive Director, Paul Leighton (Chair)	3
Non Executive Director, Patricia Gordon	3
Independent Finance Director, Peter Toogood	4

Internal Audit

The Head of Internal Audit provides independent assurance through reports to the ARC and meetings with the Accounting Officer. Internal Audit reviewed eight key areas throughout the year including the early exit scheme, compensation claims and travel and subsistence. There were 11 Priority 1 recommendations made to NIPS during the 2013-14 year by Internal Audit. NIPS' received several Priority 2 and 3 recommendations which are currently being implemented.

In the Head of Internal Audit's 2013-14 Annual Report and Opinion he has given NIPS an overall opinion rating of satisfactory. Of the eight reports completed in 2013-14 three received a limited opinion with the remainder receiving substantial or satisfactory. 96% of the recommendations were accepted by management and are currently being implemented.

Operational Management Board

The role of the Operational Management Board (OMB) is to ensure that policies and procedures approved by the PSMB are implemented successfully. OMB is used as a platform for highlighting common concerns, risks and best practice and may make recommendations for future policy consideration. In addition, issues may be raised at OMB for escalation to PSMB, including risks arising throughout the year as well as operational failures. The Board is chaired by the Director of Offender Policy and Operations with membership including Governing Governors, senior operational Governors within Prison Service Headquarters and heads of business areas in the Offender Policy and Operations Directorate. The Board's remit is to operationalise policy agreed by PSMB and to provide a forum to give direction to the strategic development of NIPS in relation to the management of prisoners.

OMB met 11 times throughout 2013-14. Between April and June 2013 attendance was as shown below.

Member	Attendance
Director General, Sue McAllister (Chair)	2
Director, Operations – Max Murray	1
Director, Offender Policy and Operations – Paul Cawkwell	1
Director, HR & Organisational Development – Ronnie Armour	2
Head of Standards Unit	2
Change Manager – Mark Adam	1
Head of Prisoner Escorting and Court Custody Services (PECCS)	1
Governor of Maghaberry	2
Governor of Magilligan	2
Governor of Hydebank Wood	2
Head of Learning & Skills	2
Head of Security Information	2
Head of Corporate Challenge Unit	2

A meeting did not take place in July 2013. From August 2013 the membership structure was revised and attendance between August 2013 and March 2014 was as follows

Member	Attendance
Director, Offender Policy and Operations (Chair) – Paul Cawkwell	8
Governor, Maghaberry	7
Governor, Magilligan	8
Governor, Hydebank Wood	8
Head of PECCS	9
Head of Standards Unit	7
Head of Licensing & Legislation	7

Prison Review Team (PRT) Programme Board

Before being subsumed into the PRT Programme Board in July 2013 the Strategic Efficiency and Effectiveness (SEE) Programme Board held two meetings. On incorporation into the PRT Programme Board the Directors became members of the board and the Head of Financial Planning was no longer required to attend. The PRT Programme Board is held on a monthly basis and is chaired by the Director General. The Board is attended by Programme Board members which are Executive Directors, Organisational Change Manager, Governing Governors and the PRT Programme Manager. The purpose of the Board is to:

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

Attendance at the SEE Programme Board meetings held in April 2013 and May 2013 is shown below.

Member	Attendance
Change Manager, Mark Adam	2
Governor, Maghaberry	2
Governor, Magilligan	2
Governor, Hydebank Wood	2
Head of Financial Planning	1
Programme Manager	1
Head of Communications	2
Head of Operational Assurance	1

From July 2013 there were five meetings of the PRT Programme Board and attendance is shown below.

Member	Attendance
Director General, Sue McAllister	5
Change Manager/Director, HR and Organisational Development – Mark Adam *	5
Director, HR and Organisational Development – Ronnie Armour *	2
Director, Offender Policy and Operations – Paul Cawkwell	5
Director, Finance and Corporate Services – Joanne McBurney	4
Director, Estates – Max Murray	5
Director, Rehabilitation – Brian McCaughey **	2
Governor, Maghaberry	5
Governor, Magilligan	4
Governor, Hydebank Wood	3
Programme Manager/Head of Internal Communications	4
Director, Service Delivery (DHSSPS)	2

* During 2013-14 this post was held by Ronnie Armour between April and November 2013 and then held by Mark Adam between November 2013 and March 2014.

** Brian McCaughey joined NIPS in September 2013.

Finance Committee

The PSMB agreed at its meeting in March 2012 that the Finance Sub Committee should no longer be a formal Sub Committee of the Board but instead become an Executive Committee chaired by the Director of Finance and Corporate Services. The purpose of the Finance Committee (FC) is to discuss and scrutinise key strategic finance plans and financial issues impacting on NIPS and to provide assurance on their robustness before they are adopted by the Director of Finance and Corporate Services, or presented for endorsement to the PSMB or Accounting Officer for endorsement. Among the matters considered by the Committee during the 2013-14 year were:

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

During the financial year 2013-14 the Finance Committee met twice and members attended as follows:

Member	Attendance
Director, Finance and Corporate Services (Chair) – Joanne McBurney	2
Director, Estates – Max Murray	1
Director, Offender Policy and Operations – Paul Cawkwell	1
Director, Rehabilitation - Rehabilitation	1
Director, HR and Organisational Development – Ronnie Armour *	0
Director, HR and Organisational Development – Mark Adam *	0
Head of Financial Planning	2
Head of Financial Accounting	2
Head of Estates Management	1

* During 2013-14 this post was held by Ronnie Armour between April and November 2013 and then held by Mark Adam between November 2013 and March 2014.

Other Assurances

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

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

- Northern Ireland Audit Office – responsible for the issue of money from central government funds to Northern Ireland Departments and financial value for money audit of central government bodies in Northern Ireland.

Conflicts of Interest

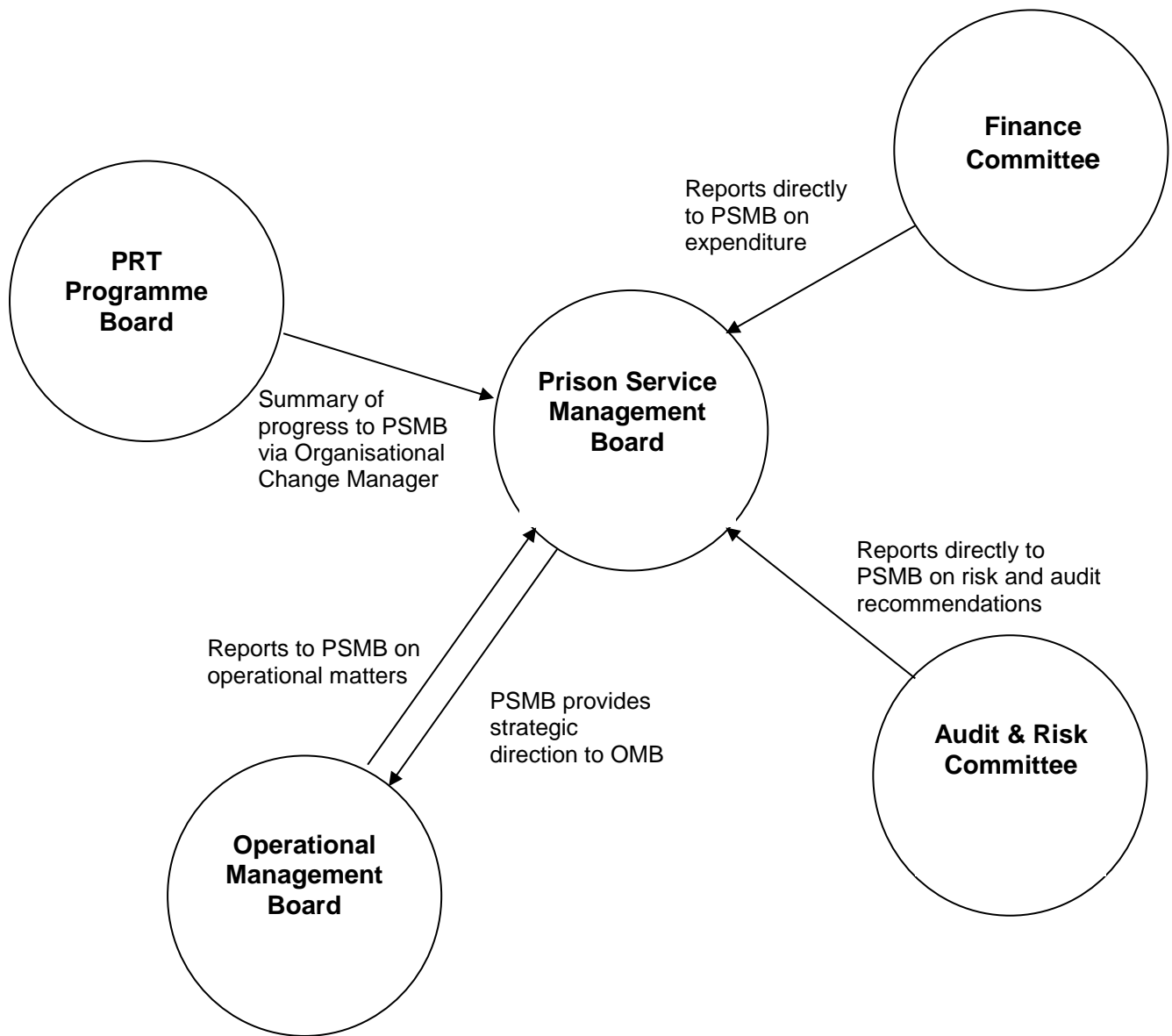
There are several mechanisms in place to monitor the potential conflicts of interest of NIPS Board Members. As part of the year end accounts NIPS contact all Executive and Non Executive Directors asking them to complete a declaration and register of interests return for the financial year just passed. As part of this all members are asked to provide information on all of the below:

- any organisations that they hold either a key management position or directorship;
- any private companies, businesses or consultancies which they may own;
- any position of authority held in charities or voluntary bodies; and
- any connections they may have with any organisations (ie close relative).

The information gathered from this exercise is then used to complete the related party transaction note (Note 21) in the accounts. Any organisation named in the return will be searched through our accounting system for any payments made to the organisation during the financial year and these amounts will then be disclosed.

In addition to this, NIPS 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. NIPS Corporate Challenge Unit is in the process of establishing an overarching database to hold all Board Member declarations of conflict, both at year end and as they occur throughout the year. No conflicts of interest were declared in the 2013-14 year, and therefore no action was necessary.

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



RISK MANAGEMENT AND INTERNAL CONTROL

Risk management forms a central element of the Department's internal control framework. Risks are managed at the level most able to deal with them, with the most serious being escalated to PSMB. During 2013-14 seven corporate risks were identified, assessed, addressed and reviewed by PSMB on a quarterly basis. In addition to this, each directorate, establishment, and branch has their own risk register which is continually under review and formally updated quarterly.

The NIPS Corporate Risk Register is updated on a quarterly basis, and NIPS is content the methods in place to monitor risk have proved effective in identifying risks as they arise, quickly and efficiently. Throughout 2013-14, one new risk was identified in-year and subsequently added to the risk register. Once identified, steps were taken to ensure that controls in place adequately covered this risk.

Risk management is also embedded within the business planning process and staff are trained and equipped to manage risk to a level appropriate to their authority and duties. A NIPS Risk Appetite and Risk Management guidance document is available to all NIPS staff.

The NIPS Corporate Governance Framework is reviewed and updated as necessary. This document sets out the structures and arrangements to ensure that risk and planning decisions are appropriately identified, evaluated and controlled. The framework includes the terms of reference for PSMB, OMB, ARC, and the Finance Committee. By doing so, it ensures the allocation of risk oversight is well documented and clear at all levels of the organisation. The NIPS Risk Management guidance document, which aligns with the relevant Department of Finance and Personnel (DFP) guidance, establishes in more detail the requirements of staff and the varying levels of oversight responsibility throughout the Service.

Controls in place to monitor risk are set out below.

- PSMB reviews and evaluates the corporate level risk register and business plan.
- ARC, which reviews corporate risks as well as instances of fraud, provided assurance to PSMB and the Accounting Officer throughout the year through written updates and the Chair's attendance at PSMB.

- The Service measures and reports compliance with Departmental guidance to the ARC on the use of consultants and Direct Awards Contracts.
- South Eastern Health and Social Care Trust (SEHSCT) has lead responsibility for prisoner healthcare. A high-level strategic partnership forum is held on a two-monthly basis with senior representatives from the Health and Social Care Board, NIPS, Department of Health Social Services and Public Safety (DHSSPS), and SEHSCT. Alongside this, healthcare operational forums are held on a bi-monthly basis, and local health care forums are held on a monthly basis.
- NIPS utilises the Gateway Review process to assist in the management of risk on the ongoing reform programme
- The Service measure and reports compliance with departmental guidance to the ARC on the use of consultants.
- NIPS procurement policy is in place, and NIPS officials attend the DOJ Procurement Forum and the DOJ Procurement Board.

Other governance structures and functions that support information risk management include a Security Officer, Human Rights manager, Equality manager, HR Equality and Diversity manager, and a Records and Information unit.

REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

In December 2010 the Criminal Justice Inspectorate for Northern Ireland (CJINI) issued its report into Corporate Governance arrangements in NIPS. In light of the imminent publication of the PRT report, the observations of CJINI were incorporated into the forty PRT recommendations. NIPS accepted these findings and recognised the importance of addressing the issues raised in order to transform NIPS into a model of good practice. In July 2012 the Corporate Governance Framework was launched within NIPS which ensures the proper and effective governance of the Service's affairs. The Corporate Governance Framework continues to be reviewed and updated as necessary and embedded as part of business as usual for NIPS.

The Governance Framework has been through the following structures:

- management boards;
- audit committee with independent membership;
- quarterly governance reviews;
- annual governance statements;
- stewardship statements; and
- independent reviews by Internal Audit.

NIPS is satisfied it has robust governance in place and that it is compliant with the relevant sections of the *Corporate Governance Code (2005)*. Two former NIPS Arms Length Bodies (ALB) are no longer classified as such, and the status of the remaining ALB is with the Department for Finance and Personnel for a decision on its future status.

Ministerial Directions

No Ministerial directions were given to NIPS during the year.

SIGNIFICANT INTERNAL CONTROL ISSUES

Resolved Internal Controls Arising from 2012-13

In relation to the significant internal control issues mentioned in the 2012-13 Annual Report the following areas of internal control issues have been resolved –

- SEE Programme;
- Reportable loss of data;
- Dundonald House Flooding;
- Account NI;
- Escape from Newry Courthouse;
- Target Operating Model;
- VER Scheme;
- Criminal Justice Inspectorate NI Corporate Governance;
- Management of Life and Indeterminate Sentence Prisoners; and
- Northern Ireland Audit Office 11-12 recommendations.

Internal Control Issues during 2013-14

Prison Population

The increasing prison population is recognised as a risk both operationally and in respect of the pressure it places upon the existing accommodation available in the NIPS estate. This year the prison population has continued to grow significantly and requires ongoing management to maximise the potential of existing

accommodation. The Governing Governors of the three prison establishments are supported by the Director of Offender Policy and Operations; they continually monitor population pressures and respond through prisoner transfers.

An ongoing objective of the NIPS Estate Strategy and the resultant Capital Works Programme is to meet the growing demand for additional accommodation and provide sufficient accommodation to manage over-crowding.

In addition NIPS has completed a review into understanding the underlying dynamics of the current growth in the prison population and establishing the main drivers behind it. The review has made recommendations on how these can be addressed or influenced to bring down prisoner numbers.

Despite the increasing pressure of population NIPS met its target for the cost per prisoner place this year. The target was £66,200 and actual cost per prisoner place for 2013-14 was £62,898.

Safer Custody

Provision of safer custody remains a priority for NIPS. In 2013-14 there have been three deaths in custody. Two of these deaths are believed to have been due to natural causes and one self-inflicted, although inquests have not yet taken place.

The Prisoner Ombudsmans Office took on the role of investigating deaths in prison custody in Northern Ireland in September 2005. The aims of Death in Custody (DiC) investigations are to:

- establish the circumstances of the death;
- address any concerns of the bereaved family;
- examine whether any change in operational methods, policy and practice, or management arrangements would help prevent recurrence of a similar death or serious event; and
- inform the Coroner's inquest.

During this reporting period the Prisoner Ombudsman has reported on five historical deaths in custody, one death of a prisoner who died shortly after his release from custody and one 'near death' in custody case. These reports highlight the need for continued vigilance and compliance with best practice in safer custody. NIPS continues to work in close partnership with SET, which has lead responsibility in relation to the delivery of healthcare in prisons.

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

Absenteeism

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

NIPS continues to robustly apply NICS inefficiency procedures. Of the 57 staff on long-term sick absence (20 working days plus) only 4 are absent in excess of 5 months. All 4 of these staff are either serving notice of Early Retirement on Medical Grounds or facing Dismissal proceedings on the grounds of inefficiency.

NIPS sickness absence levels have continued to be high in the 2013-14 year as provisionally ratified by NISRA, has been assessed at 13.8 days per member of staff against the DOJ target (9.7 days). This is an improvement on our figure for 2012-13 which was 14.5 days per member of staff.

Mandatory NICS sickness absence management training for all Line Managers, provided by CAL, commenced in January 2014.

Re-profiling

The operating model implemented in October 2012 was developed to address high staffing levels, and provide staffing levels that are in line with the security categorisation of the prisoner and are comparable to other jurisdictions. The Service Profiling Team has continued to review the implementation of the operating model. Ongoing reviews and updating of shift patterns are a normal part of prison operations and reflect changing needs and growing prisoner numbers. NIPS will continue to develop, modify and enhance the shift patterns as part of business as usual. As part of this ongoing work the NIPS Profiling Team has completed new draft profiles for Maghaberry, Hydebank Wood and Magilligan with a view to implementation in April.

Criminal Justice Inspectorate Northern Ireland Reports

CJINI and HM Inspectorate for Prisons undertook a joint announced inspection of Ash House and the Young Offenders Centre at Hydebank Wood from 18-22 February 2013; the reports were published on Tuesday 1 October 2013. These two inspection reports contain 156 recommendations for improvement. Many of the recommendations were already being addressed as part of the Service's response to the recommendations of the Prison Review Team and a detailed action plan has been developed to ensure that they are actioned.

Report on Maghaberry Inspection

This report made 113 recommendations of which 87 were specific to Maghaberry. Two of the recommendations were not accepted in principle. Of the remaining recommendations 46 are compliant, 36 partially compliant and one not compliant. The recommendation which remains outstanding relates to finance, benefit and debt advice.

Maghaberry currently provides counselling and advice services in respect of finance, debt, benefits and housing delivered in partnership with NIACRO, Housing Rights and Offender Managers. The level of service currently offered is delivered within a tight budget against an austere financial environment.

Compensation Claims

The level of compensation claims against NIPS rose by a further 82% during 2013- 2014 and continues to rise. An Internal Audit of the Claims Unit found a predominately satisfactory picture, and made a number of further recommendations. The implementation of those recommendations is currently underway. The Claims Unit deals with all claims for compensation against NIPS for negligence resulting in an injury breach of human rights etc with the exception of industrial tribunal or employment law related claims. It takes formal legal advice from the Departmental Solicitor's Office. Guidance is sought from Police Service Northern Ireland (PSNI) Legal Services Branch for the provision of legal advice and governance in certain specific types of case. Reports of claims concluded are sent to relevant governors and senior management for consideration of remedial action to prevent recurrence. All settlements are approved by senior management.

Prison Review Team Programme

Robust arrangements have been established to ensure thorough scrutiny and challenge to the (PRT Programme and these are underpinned by Programme and Project Management governance structures. This includes an ongoing Gateway Review process. Since the last gateway review process the SEE Programme has been absorbed into the PRT Programme and appropriate governance has been put in place to ensure that the Programme has an appropriate board structure at both Agency and Department level. The ongoing capital spend programme for the Estates have been established as a Programme with appropriate governance to ensure the ongoing spend is managed. The PRT Programme reports on a quarterly basis to an independent, minister led, oversight committee, and reports to the Justice Committee four times per year, with two written briefings and two oral briefings.

Suspected Fraud

NIPS continues to seek legal advice on contractor overpayments which occurred in prior years. These overpayments are being handled in accordance with the legal advice received to mitigate further financial risk to NIPS. New procedures have been put in place to avoid any recurrence.

Northern Ireland Audit Office 2012-13 Recommendations

The NIAO identified several areas for improvement in the 2012-13 audit of NIPS. There were 4 priority 1 recommendations identified in the Report To Those Charged With Governance. These recommendations related to: the quality of the annual report; internal audit coverage; disposal of unidentified assets, and quality of NIPS stewardship statements. NIPS has taken on board these recommendations throughout the 2013-14 year, and has improved performance to meet these standards.

Expenditure Against Contracts

Expenditure against contract has not been entered on the DOJ Procurement Database for 2013-14. This is because NIPS contracts have not been loaded onto Account NI by Central Procurement Division (CPD) and expenditure cannot be linked automatically to them. An exercise will be taken forward next year to manually match 2013-14 expenditure against contract and this will be entered on the database. Work is ongoing by Account NI and Central

Procurement Directorate to ensure NIPS contracts are added to the system which will ensure that monthly monitoring of contract expenditure can be done.

Service Level Agreement (SLA) with Departmental Solicitor's Office

There is a Priority 1 recommendation outstanding from the Internal Audit of compensation claims. This relates to the development of an SLA with the Departmental Solicitor's Office. This agreement has been drafted and is with the Departmental Solicitor's Office for comment and is on schedule to be completed by the target date of September 2014.

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



Sue McAllister
Director General & Accounting Officer
26 June 2014

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

I certify that I have audited the financial statements of the Northern Ireland Prison Service for the year ended 31 March 2014 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Prison Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Prison Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to

identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Northern Ireland Prison Service's affairs as at 31 March 2014 and of the net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the

Government Resources and Accounts Act (Northern Ireland) 2001; and

- the information given in the Strategic Report and Accounting Responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



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

Date 1 July 2014

REMUNERATION REPORT

REMUNERATION POLICY

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

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

Service Contracts

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

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

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

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

- Phil Wheatley CB was appointed as a Non-Executive Director and member of Prison Service Management Board (PSMB) with effect from 16 January 2010 on a three year contract. He stepped down temporarily on 20 July 2010 to take up a position with the Prison Review Team (PRT). He returned as a member of the PSMB on 1 November 2011 following completion of his work with the PRT and his contract was renewed for a further 3 years.
- Patricia Gordon was appointed as a Non-Executive Director and member of PSMB with effect from 25 February 2010 on a three year contract. The contract was extended for a further 3 years in February 2013.
- Paul Leighton CBE was appointed as a Non-Executive Director and member of PSMB on 1 November 2011 on a three year contract.
- Peter Toogood agreed to become an Independent Committee member of the Northern Ireland Prison Service (NIPS) Audit and Risk Committee on 1 April 2013 on a two year appointment.
- Two Non-Executive Members, Donald Price and Robert Jonathan Hegan, were appointed to the Magilligan Prison Redevelopment Programme Board on 1 November 2008 for a three-year period. They are not members of PSMB. The Magilligan Prison Redevelopment Board ceased in April 2012.

Salary and Pension Entitlements

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

REMUNERATION [Audited Information]

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

2012-13

Board Member	Salary & allowances	Bonus	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1000)**	Total
	£'000	£'000			£'000
Sue McAllister Director General (from 2 July 2012)	*70-75 (100-105)	-	15,800	30,000	120-125
Colin McConnell Director General (until 20 May 2012)	*15-20 (110-115)	-	2,500	-	20-25
Max Murray*** Director of Estates	*75-80 (85-90)		-	13,000	100-105
Acting Director General (from 21 May to 2 July 2012)	*10-15 (95-100)	0-5			
Ronnie Armour Director of Human Resources and Organisational Development (to 7 October 2013)	60-65	-	-	46,000	110-115
Joanne McBurney Director of Finance and Corporate Services (from 8 October 2012)	*30-35 (60-65)	-	-	69,000	95-100
Mark Adam**** ****Director of HR and Organisation Development	*105-110 (120-125)	-	-	-	105-110
Gary Boyd Acting Director of Finance, Planning and Corporate Compliance (from 6 February 2012 to 7 October 2012)	*30-35 (60-65)	-	-	-	30-35
Pat Maguire Acting Director of Offender Services (from 30 April 2012 to 27 August 2012)	*25-30 (85-90)	-	-	-	25-30
Phil Wheatley CB Non-Executive Director	5-10	-	-	-	5-10
Paul Leighton CBE Non-Executive Director	10-15	-	-	-	10-15
Patricia Gordon Non-Executive Director	5-10	-	-	-	5-10
Donald Price Non-Executive member of Magilligan Prison Redevelopment Programme Board (until 30 April 2012)	*0-5 (5-10)	-	-	-	0-5
Robert Jonathan Hegan Non-Executive member of Magilligan Prison Redevelopment Programme Board (until 30 April 2012)	*0-5 (5-10)	-	-	-	0-5

Median Salary Disclosure					
Band of highest paid director's total remuneration***	£120-125				
Median total remuneration	£28,137				
Ratio***	4.35				

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

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

*** In line with the SCS pay award arrangements for 2012, staff who, after assimilation to the new pay scales, received less

than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%. 1 official received a non-consolidated pensionable payment in the pay band £0 - £5,000.

****Revised from £30,900 in 2012-13 Remuneration Report due to clarification of benefits in kind payments.

*****Corporate Change Manager in 2012-13.

Median Salary Disclosure

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

The banded remuneration of the highest-paid director in NIPS in the financial year 2013-14 was £115-120k (2012-13, £120-125k). This was 5.27 times (2012-13, 4.35 times) the median remuneration of the workforce, which was £22,291 (2012-13, £28,137). In 2013-14, 0 employees (2012-13:0) received remuneration in excess of the highest paid Director. Remuneration ranged from £9,000 to £119,733 (2012-13: £3,100 to £100,150).

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

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments. The salary range reflects remuneration for the months in office, but where relevant the full year equivalent (FYE) is also provided. The Agency did not make any contributions to a Board member's partnership pension account.

Benefits in Kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2013-14 and the comparative bonuses reported for 2012-13 relate to the performance in 2012-13.

PENSION ENTITLEMENTS (Audited Information)

Board Member	Accrued pension at age 65 as at 31/3/14 £'000	Real increase in pension at age 65 £'000	CETV at 31/3/14 £'000	CETV at 31/3/13 £'000	Real increase in CETV £'000
Sue McAllister Director General	0-5 plus lump sum of 0-2.5	0-2.5	50	21	20
Max Murray Director of Estates	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 0-2.5	894	873	6
Ronnie Armour Director of Human Resources and Organisation Development	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	407	388	0
Joanne McBurney Director of Finance and Corporate Services	20-25 plus lump sum of 65-70	2.5-5 plus lump sum of 10-12.5	331	259	54
Paul Cawkwell Director of Offender Policy and Operations	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 5-7.25	351	304	24
Brian McCaughey Director of Rehabilitation	40-45 plus lump sum of 100-105	2.5-5 plus lump sum of 5-7.25	891	766	104
Mark Adam Director of HR and Organisation Development	-	-	-	-	-

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

Pensions

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of **classic**:

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	2.70%
£21,001-£30,000	3.88%
£30,001-£50,000	4.67%
£50,001-£60,000	5.46%
Over £60,000	6.25%

Members of **premium, nuvos** and **classic plus**:

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	4.70%
£21,001-£30,000	5.88%
£30,001-£50,000	6.67%
£50,001-£60,000	7.46%
Over £60,000	8.25%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic, premium, and classic plus** and 65 for members of **nuvos**. Further details about the CSP arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-ni.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to

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

Real increase in CETV

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



Sue McAllister
Director General & Accounting Officer
26 June 2014

FINANCIAL STATEMENT AND ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Note	2013-14 Staff Costs	2013-14 Other Costs	Income	2012-13
		£000	£000	£000	£000
Administration Costs					
Staff costs	3	8,855			10,012
Other administrative costs	4		6,738		6,060
Operating income	6			(71)	(97)
Programme Costs					
Staff costs	3	68,828			75,115
Voluntary Early Retirement Scheme Staff Costs	3	991			22,171
Programme costs	5		40,385		63,500
Income	6			(2,928)	(3,101)
Totals		<u>78,674</u>	<u>47,123</u>	<u>(2,999)</u>	<u>173,660</u>
Net Operating Cost				<u>122,798</u>	<u>173,660</u>
Other Comprehensive Expenditure					
	Note			2013-14 £000	2012-13 £000
Items that will not be reclassified to net operating costs:					
Net gain/(loss) on revaluation of property, plant and equipment	7			(14,314)	5,627
Net gain/(loss) on revaluation of intangibles	8			(147)	(853)
Net gain/(loss) on revaluation of available for sale financial assets				-	-
Actuarial (gain)/loss on pension liability	15			3,280	2,340
Items that may be reclassified to net operating costs:					
Net (gain)/loss on revaluation of available for sales financial assets				-	
Total Comprehensive Expenditure for the year ended 31 March 2014				<u>111,617</u>	<u>180,774</u>

The notes on pages 54 to 83 form part of these accounts

**Statement of Financial Position
as at 31 March 2014**

	Note	2013-14 £000	2012-13 £000
Non-current assets			
Property, plant and equipment	7	214,214	204,919
Intangible assets	8	6,265	7,289
Trade and other receivables	12	14	50
Financial assets	9	585	926
Total non-current assets		<u>221,078</u>	<u>213,184</u>
Current assets			
Inventories	11	1,572	1,642
Trade and other receivables	12	1,232	1,371
Financial assets	9	266	313
Cash and cash equivalents	13	59	95
Total current assets		<u>3,129</u>	<u>3,421</u>
Total assets		<u>224,207</u>	<u>216,605</u>
Current liabilities			
Cash and cash equivalents	13	(360)	(5,737)
Trade and other payables	14	(16,112)	(33,241)
Provisions	15	(7,319)	(5,538)
Total current liabilities		<u>(23,791)</u>	<u>(44,516)</u>
Non-current assets less net current liabilities		200,416	172,089
Non-current liabilities			
Provisions	15	(33,139)	(30,553)
Other payables	14	(5)	(6)
Total non-current liabilities		<u>(33,144)</u>	<u>(30,559)</u>
Total assets less liabilities		<u>167,272</u>	<u>141,530</u>
Taxpayers' Equity			
General fund		120,916	107,628
Revaluation reserve		46,356	33,902
Total taxpayers' equity		<u>167,272</u>	<u>141,530</u>



Sue McAllister
Accounting Officer
26 June 2014

The notes on pages 54 to 83 form part of these accounts

Statement of Cash Flows
for the year ended 31 March 2014

	Note	2013-14 £000	2012-13 £000
Cash flows from operating activities			
Net operating cost	2	(122,798)	(173,660)
Adjustments for non-cash transactions	4,5	16,398	38,293
(Increase)/decrease in trade and other receivables	12	175	652
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	12	(1)	(2)
(Increase)/decrease in inventories	11	70	(97)
Increase/(decrease) in trade payables	14	(17,130)	(2,474)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	1,407	1,504
Use of provisions	15	(2,511)	(1,595)
Net cash outflow from operating activities		<u>(124,390)</u>	<u>(137,379)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(5,094)	(8,095)
Purchase of intangible assets	8	(559)	(355)
Items funded by Department of Justice		-	-
Proceeds of disposal of property, plant and equipment		20	9
Loans to other bodies		-	-
Repayments from other bodies	9	447	530
Net cash outflow from investing activities		<u>(5,186)</u>	<u>(7,911)</u>
Cash flows from financing activities			
Financing from Department of Justice		134,914	140,456
Net financing		<u>134,914</u>	<u>140,456</u>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		5,338	(4,834)
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		26	95
Payments of amounts due to the Consolidated Fund		(23)	(274)
Cash and cash equivalents at the beginning of the period	13	(5,642)	(629)
Cash and cash equivalents at the end of the period	13	<u>(301)</u>	<u>(5,642)</u>

The notes on pages 54 to 83 form part of these accounts

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2014**

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 31 March 2012 (Restated)		139,714	40,493	180,207
Changes in taxpayers' equity for 2012-13				
Opening adjustment		-	155	155
Net gain on revaluation of property, plant and equipment	7,8	-	(4,774)	(4,774)
Actuarial loss	15	(2,340)	-	(2,340)
Non-cash charges - auditors' remuneration	4	42	-	42
Non-cash charges – other		1,444	-	1,444
Transfers between reserves		1,972	(1,972)	-
Net operating costs	2	(173,660)	-	(173,660)
Total recognised income and expense for 2012-13		(172,542)	(6,591)	(179,133)
Funding from Department of Justice		140,456	-	140,456
Balance at 31 March 2013		107,628	33,902	141,530
Changes in taxpayers' equity for 2013-14				
Net gain on revaluation of property, plant and equipment	7,8	-	14,461	14,461
Actuarial Loss	15	(3,280)	-	(3,280)
Non-cash charges - auditors' remuneration	4	42	-	42
Non-cash charges – other	4	2,403	-	2,403
Transfers between reserves		2,007	(2,007)	-
Net operating costs	2	(122,798)	-	(122,798)
Total recognised income and expense for 2013-14		(121,626)	12,454	(109,172)
Funding from Department of Justice		134,914	-	134,914
Balance at 31 March 2014		120,916	46,356	167,272

The notes on pages 54 to 83 form part of these accounts

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP), and directions given by the DFP, under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. DFP requires NIPS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of NIPS for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIPS are described below. They have been applied consistently in dealing with items considered material to the financial statements.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories and the revaluation of financial instruments which are recorded in the Statement of Financial Position at their fair value, being the carrying amount discounted to present value at the effective rate of interest of 2.2%.

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

1.2 Operating Income

Operating income is income that relates directly to the operating activities of NIPS. This includes income from Trading Activities in relation to prisoners and staff catering and is shown gross on the face of the Statement of Net Comprehensive Expenditure and in Note 7 with related costs and expenses shown separately in Notes 4 and 5 of these financial statements.

1.3 Property, Plant and Equipment

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

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

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

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

1.4 Intangible Assets

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

1.5 Financial Instruments

Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current

and Current Financial Assets. The carrying value has been discounted at a rate of 2.2% in line with Treasury guidelines. NIPS does not hold any other financial instruments.

1.6 Depreciation and Amortisation

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

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

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

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

1.7 Realised Element of Depreciation from Revaluation Reserve

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

1.8 Inventories

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

1.9 Pension Costs

Past and present employees are covered by the provisions of the PCSPS (NI) and the PCSPS (GB). Liability for payment of future benefits is a charge to the PCSPS (NI) and PCSPS (GB). The Agency meets

the cost of pension cover through the payment of charges calculated on an accruing basis. Contributions are charged to the Statement of Comprehensive Net Expenditure as incurred.

1.10 Employee Benefits

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

1.11 Provision for Liabilities and Charges

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

1.12 Contingent Liabilities

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

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

1.13 Operating Leases

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

1.14 Grants

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

1.15 Early Retirement Costs

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

1.16 Value Added Tax (VAT)

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

1.17 Administration and programme expenditure

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

1.18 Notional costs

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

1.19 Insurance

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

1.20 Funding

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

1.21 Third Party Assets

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

1.22 Related Party Transactions

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

1.23 Critical accounting estimates and key judgements

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

(i) Depreciation of property, plant and equipment

Depreciation is provided in the consolidated accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.6.

(ii) Impairment of property, plant and equipment

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

iii) Injury on Duty Awards life expectancy assumption

Benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to NIPS are payable to former employees for life. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards and also on the estimated life expectancy of these pensioners.

The injury awards were valued under International Accounting Standard (IAS) 19 Employee Benefits by Government Actuary's Department (GAD). IAS 19 requires the employer to value the expected injury awards for active members, who are currently uninjured but who may become injured in the future, and include the value in the Statement of Accounts.

(iv) Litigation Provisions

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

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

1.24 Voluntary Early Retirement Scheme

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

1.25 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2014

Standard	Description of revision	Comments
IAS 1 - Presentation of financial statements (Other Comprehensive Income (OCI)) (amendment)	Requires items of OCI to be grouped on the basis of whether they might at some point be reclassified ('recycled') from OCI to profit (e.g. cash flow hedges) or where they will not (e.g. gains on property revaluation). This will make it clearer to users what their potential effect on profit or loss will be in future periods, notably in light of improved disclosure of financial instruments and pensions, and where there will be no impact. Amendments also allow simplified reporting for discontinued operations and OCI tax grouping.	The <i>FReM</i> application of the IAS 1 amendments interpreted for terminology and adapted for the public sector context is effective from 1 April 2013. This requires a single Statement of Comprehensive Net Expenditure rather than separate Other Comprehensive Expenditure, unless agreed by the Relevant Authority.
IAS 16 - Property, Plant and Equipment (amendment)	Classification of servicing equipment including items such as spare parts, stand-by equipment and servicing equipment are recognised under IAS 16 when they meet the definition of property, plant or equipment. They are otherwise classified as inventory under IAS 2 <i>Inventories</i> .	The <i>FReM</i> applies this change in full.
IAS 19 - <i>Post employment benefits (pensions)</i> (amendment)	The amended IAS 19 introduces a number of changes including: Recognition - the elimination of the option to defer the recognition of gains and losses resulting from defined benefit plans (the 'corridor approach'); Presentation - the elimination of options for the presentation of gains and losses relating to those plans; and Disclosures - the improvement of disclosure requirements that will better show the characteristics of defined benefit plans and the risks arising from those plans.	The corridor approach is not permitted by the <i>FReM</i> so the main impact of the change is not relevant.

NIPS has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2013-14 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of NIPS.

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

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2014 or later periods, but which NIPS has not adopted early. Other than as outlined in the table below, NIPS considers that these standards are not relevant to its operations.

Standard	Description of revision	Application date	Comments
IFRS 13 - <i>Fair Value Measurement</i> (new)	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset / liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on.</p> <p>To ensure transparency over the differing quality of inputs used to determine fair value, the standard has established a hierarchy for input quality. Level 1 inputs (highest quality) are published prices available in an active market; Level 2 inputs are observable data available in a non-active market; and Level 3 inputs (lowest quality) are all other inputs, which are mostly unobservable.</p> <p>Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding.</p>	01 January 2013	The application of IFRS 13 is subject to further review by HM Treasury and the other Relevant Authorities following the consultation which took place in 2013.

1.27 Financial Reporting – Future Development

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

Standard	Description of revision	Application date	Comments
IAS 17 replacement - <i>Leases</i>	The current proposals include the elimination of the current operating lease categorisation for virtually all leases except short-term leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. However, the IASB plans to re-deliberate significant issues associated with the exposure draft	No target date for IFRS	HM Treasury has begun an analysis of the revised exposure draft. HM Treasury and the Relevant Authorities will review the implications and follow due process once there is a final standard.
IAS 18 replacement – <i>Revenue Recognition and Liabilities Recognition</i>	Re-issued in November 2011, the Exposure Draft sought to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements - replacing IAS 18 and IAS 11 <i>Construction Contracts</i> .	Effective no earlier than 1 January 2015 (as per exposure draft)	Although the exposure draft seems relatively straightforward, and potentially applicable in full (as IAS 11 and 18 currently are), there will need to be due process undertaken to consider the impact of the final IFRS once issued
IFRS 9 - <i>Financial Instruments (new)</i>	The project has three phases addressing classification and measurement, impairments and hedge accounting.	Subject to consultation	There are likely to be elements of the final proposals that will require further review by HM Treasury and the other Relevant Authorities before due process and consultation. However, this due process cannot commence until a final IFRS has been issued.

2. Analysis of Net Expenditure by Segment

2013-14

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

2012-13

	Maghaberry	Magilligan	Hydebank	Others	Total
	£000	£000	£000	£000	£000
Gross Expenditure	56,406	27,123	20,046	73,283	176,858
Income	(1,465)	(772)	(364)	(597)	(3,198)
Net Expenditure	54,941	26,351	19,682	72,686	173,660

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

The 'Others' segment reported above consists of all Headquarters functions, the Prison Service College and the Prisoner Escorting and Court Custody Service.

3. Staff Numbers and Related Costs

Staff costs comprise:

	Total	2013-14 Permanently employed staff	Others	2012-13 Total
	£000	£000	£000	£000
Administration costs				
Wages and salaries	7,014	6,869	145	7,854
Social security costs	521	521	-	629
Other pension costs	1,320	1,320	-	1,529
Total administration staff costs	8,855	8,710	145	10,012
Programme costs				
Wages and salaries	54,655	53,292	1,363	58,810
Social security costs	4,187	4,187	-	4,797
Other pension costs	9,986	9,986	-	11,508
Total programme staff costs	68,828	67,465	1,363	75,115
Programme costs				
Wages and salaries	924	924	-	21,171
Social security costs	67	67	-	1,000
Total programme staff costs	991	991	-	22,171
Total staff costs	78,674	77,166	1,508	107,298

£0k staff costs (2012-13: £25k) have been capitalised for staff directly assigned to major capital projects.

Pensions

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] and Principal Civil Service Pension Scheme [PCSPS(GB)] are unfunded multi-employer defined benefit schemes but the Northern Ireland Prison Service is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last year was at 31 March 2010, however, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Resource Accounts for 2014.

For 2013-14, employer's contributions of £11,372,121 were payable to the PCSPS(NI) and the PCSPS(GB) (2012-13: £13,008,509) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the costs of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £38,942 (2012-13: £28,488) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer's contributions are age-related and range from

3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,281 (2012-13: £1,820), 0.8% of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

III Health retirement

26 persons (2012-13: 17 persons) retired early on ill health grounds; the total additional accrued pension Liabilities in the year amounted to £56,267 (2012-13: £20,585)

Average number of persons employed

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

Number	2013-14			2012-13
	Total	Permanent Staff	Others	Total
Administration staff	252	248	4	293
Operational staff	1,706	1,673	33	1,691
Staff engaged on capital projects	-	-	-	1
Total number of staff	1,958	1,921	37	1,985

Notes to the Accounts

3. Staff numbers and related costs (continued)

Reporting of compensation and exit packages for all staff 2013-14

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0(0)	0(0)	0(0)
£10,000-£25,000	0(0)	0(0)	0(0)
£25,000-£50,000	0(0)	0(0)	0(0)
£50,000-£100,000	0(0)	5(21)	5(21)
£100,000-£150,000	0(0)	5(6)	5(6)
£150,000-£200,000	0(0)	0(26)	0(26)
>£200,000	0(0)	8(139)	8(139)
Total number of exit packages	0 (0)	18(192)	18(192)
Total resource cost /£'000		- 2,792(41,697)	2,792(41,697)

Comparative data shown (in brackets) for previous year

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

The number of other departures relates solely to those staff leaving under the VER.

4. Other Administrative Costs

	2013-14	2012-13
	£000	£000
Staff related costs	905	931
Rentals under operating leases	137	223
Accommodation costs	669	600
Office Services	1,069	1211
Managed services	930	965
Contracted out services	115	212
Consultancy costs	102	26
Consumables, materials and equipment costs	25	31
Professional costs	6	3
Non capital purchases	19	2
Other costs	316	353
Non-cash costs		
Provisions provided for in year	-	17
Notional administrative costs provided by Parent Department	61	1,300
Notional administrative costs provided by Other Departments and Agencies	2,342	144
Auditors' remuneration	42	42
Total Other Administrative Costs	6,738	6,060

5. Programme Costs

	Note	2013-14 £000	2012-13 £000
Prisoner costs		11,227	11,510
Staff related costs		2,210	2,224
Accommodation costs		9,031	9,697
Rentals under operating leases		22	32
Office Services		608	587
Professional costs		1,266	1,039
Contracted out services		872	373
Consumables, materials and equipment costs		1,068	905
Non capital purchases		77	323
Other costs		51	20
		<u>26,432</u>	<u>26,710</u>
Non-cash costs			
Depreciation		10,143	10,230
Amortisation	7	1,856	1,599
Loss/(Profit) on disposal of property, plant and equipment	8	53	2
Net revaluation charge to SoCNE		(1,638)	-
Impairment	7,8,11	-	1,672
Interest charges		(59)	(59)
Provisions: provided for in year	5 ¹	11,982	24,173
Provisions: written back in year	5 ²	(8,384)	(1,177)
Provisions: borrowing costs	5 ²	-	350
Other (including financial asset impairment)	15	-	-
		<u>13,953</u>	<u>36,790</u>
Total Programme Costs		<u><u>40,385</u></u>	<u><u>63,500</u></u>

5¹ *Notional interest receivable*

Included within Programme Costs is £59k (2012-13: £59k) related to the calculated net interest receivable on housing loans, calculated at 2.2% of the amortised cost (fair value) of the loans (see Note 9 on Financial Instruments).

5² *Provisions*

Included within Programme Costs is £3,598k, (2012-13: £22,996k) showing a net increase in costs due to provisions released and provided for in the year. These figures include £1,788k (2012-13: £1,106k) provided for Litigation, £6,153k (2012-13: £1,461k) provided for Hearing Loss, £465k, (2012-13: £80k) for Injury Awards, £4,849k (2012-13: £20,285k) provided for the Very Early Retirement scheme (See note 15).

6. Income

	2013-14 £000	2012-13 £000
Administration Income		
Sale of goods and services	71	97
	<u>71</u>	<u>97</u>
Programme Income		
Sale of goods and services	2,722	2,599
Grant income	-	293
Other income	206	209
	<u>2,928</u>	<u>3,101</u>
Total Operating Income	<u><u>2,999</u></u>	<u><u>3,198</u></u>

7. Property, plant and equipment

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

7. Property, plant and equipment (continued)

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

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

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

7. Property, plant and equipment (continued)

	Land	Buildings	Vehicles	Plant & Machinery	Furniture & Fittings	Information Technology	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2012	5,844	187,230	4,195	24,384	1,527	3,362	21,127	247,669
Additions	-	-	109	150	17	122	6,531	6,929
Disposals	(8)	-	-	(464)	(20)	(3)	-	(495)
Reclassifications	-	21,461	34	65	-	85	(21,934)	(289)
Impairment	(6)	(1,687)	-	(31)	(25)	(9)	(28)	(1,786)
Revaluation charged to SoCNE	-	-	-	-	-	-	-	-
Revaluations	(196)	(6,272)	129	1,430	23	463	-	(4,423)
At 31 March 2013	5,634	200,732	4,467	25,534	1,522	4,020	5,696	247,605
Depreciation								
At 1 April 2012	-	7,376	2,053	18,929	695	2,833	-	31,886
Charged in year	-	7,990	433	1,397	119	292	-	10,231
Disposals	-	(70)	-	(392)	(19)	(3)	-	(484)
Reclassifications	-	-	-	-	-	-	-	-
Impairment	-	(64)	-	(67)	(13)	(7)	-	(151)
Revaluation charged to SoCNE	-	-	-	-	-	-	-	-
Revaluations	-	(450)	74	1,169	12	399	-	1,204
At 31 March 2013	-	14,782	2,560	21,036	794	3,514	-	42,686
Carrying amount at 31 March 2013	5,634	185,950	1,907	4,498	728	506	5,696	204,919
Carrying amount at 31 March 2012	5,844	179,854	2,142	5,455	832	529	21,127	215,783

7. Property, plant and equipment (continued)

	Land	Buildings	Vehicles	Plant & Machinery	Furniture & Fittings	Information Technology	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Asset financing:								
Owned	5,634	185,950	1,907	4,498	728	506	5,696	204,919
Carrying amount at 31 March 2013	5,634	185,950	1,907	4,498	728	506	5,696	204,919

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

It is intended that the Prison Service College will be disposed of once the new joint training facility is opened at Desertcreat circa 2015. Until this time, on the basis that all lands at Millisle will be sold together, the property at Lisnevin has been valued at its pro-rata replacement cost of £1,181k (based on LPS valuations in 2011).

8. Intangible assets

Intangible assets comprise purchased computer software licences.

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

8. Intangible assets

Intangible assets comprise purchased computer software licences.

	2012-13
Cost or valuation	£000
At 1 April 2012	14,062
Additions	355
Disposals	-
Reclassifications	289
Impairments	(82)
Revaluation charged to SoCNE	-
Revaluations	1,806
At 31 March 2013	<u>16,430</u>
Amortisation	
At 1 April 2012	6,634
Charged in year	1,599
Disposals	-
Reclassifications	-
Impairments	(45)
Revaluation charged to SoCNE	-
Revaluations	953
At 31 March 2013	<u>9,141</u>
Carrying amount at 31 March 2013	<u><u>7,289</u></u>
Carrying amount at 31 March 2012	<u><u>7,428</u></u>
Asset financing:	
Owned	7,289
Carrying amount at 31 March 2013	<u><u>7,289</u></u>

9. Financial Instruments

	2013-14 £000	2012-13 £000
Housing Loans		
Balance at 1 April	1,239	1,710
Additions	-	-
Disposals	-	(6)
Repayments	(447)	(530)
Impairments	-	6
Revaluations	59	59
Balance at 31 March	<u>851</u>	<u>1,239</u>
Loans repayable within 12 months transferred to financial assets < 1 Year	(266)	(313)
Balance at 31 March due in more than 1 year	<u><u>585</u></u>	<u><u>926</u></u>
Balance at 31 March comprises:		
Carrying value	896	1,343
Net discount at 2.2%	(36)	(101)
Impairment	(9)	(3)
Amortised amount (Fair value) at 31 March	<u>851</u>	<u>1,239</u>
Loans repayable within 12 months transferred to financial assets < 1 Year	(266)	(313)
Balance at 31 March due in more than 1 year	<u><u>585</u></u>	<u><u>926</u></u>

As the cash requirements of NIPS are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Under IAS 39 and IFRS 7, NIPS is required to recognise, measure and disclose the elements of its 0% interest Housing Loan Scheme at fair value. These elements have been identified within both Non-current and Current Financial Assets. The carrying value has been discounted at a rate of 2.2% in line with Treasury guidelines. NIPS had 256 loans to officers at 31 March 2014 (289 at 31 March 2013) and does not hold any other financial assets. NIPS is therefore exposed to little credit, liquidity or market risk.

10. Impairments

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

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

Net Revaluations to the Statement of comprehensive Net Expenditure for the financial year 2013-14 across all classes of assets except land amount to £1,638k (2012-13 £1,644k Impairment).

11. Inventories

	2013-14 £000	2012-13 £000
Consumables and equipment	1,137	1,201
Fuel stores	435	441
	<u>1,572</u>	<u>1,642</u>

12. Trade receivables and other current assets

	2013-14 £000	2012-13 £000
(i) Amounts falling due within one year:		
Other receivables	337	391
Prepayments and accrued income	272	190
Receivables - European Funding	-	17
Recoverable VAT	623	773
	<u>1,232</u>	<u>1,371</u>
(ii) Amounts falling due after more than one year		
Other receivables	14	50
Prepayments and accrued income	-	-
	<u>14</u>	<u>50</u>

Included within Other receivables is £6,351 (2012-13: £7,760) that will be due to the Consolidated Fund once the debts are collected.

12.1 Intra-Government Balances

	2013-14 £000	2012-13 £000
(i) Amounts falling due within one year:		
Balances with other Central Government Bodies	824	1,064
Balances with local authorities	-	-
Balances with National Health Service (NHS) bodies	-	139
Balances with Public Corporations and Trading Funds	-	-
Balances with Bodies External to Government	408	168
	<u>1,232</u>	<u>1,371</u>
(ii) Amounts falling due after more than one year		
Balances with other Central Government Bodies	-	-
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Balances with Public Corporations and Trading Funds	-	-
Balances with Bodies External to Government	14	50
	<u>14</u>	<u>50</u>

13. Cash and cash equivalents

	2013-14 £000	2012-13 £000
Balance at 1 April	(5,642)	(629)
Net change in cash and cash equivalent balances	5,341	(5,013)
Balance at 31 March	<u>(301)</u>	<u>(5,642)</u>

The following balances at 31 March were held at :

Commercial bank	59	(5,737)
Cash in hand	(360)	95
Balance at 31 March	<u>(301)</u>	<u>(5,642)</u>

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

14. Trade payables and other current liabilities

	2013-14 £000	2012-13 £000
(i) Amounts falling due within one year		
Taxation and social security	91	-
Trade payables	331	683
Capital retentions	275	279
Other payables	477	113
Accruals and deferred income	14,929	32,159
Consolidated Fund Extra Receipts <i>received</i> due to be paid to the Consolidated Fund	8	5
Consolidated Fund Extra Receipts <i>receivable</i> due to be paid to the Consolidated Fund	1	2
	<u>16,112</u>	<u>33,241</u>
(ii) Amounts falling due after more than one year		
Consolidated Fund Extra Receipts <i>receivable</i> due to be paid to the Consolidated Fund	5	6
	<u>5</u>	<u>6</u>

14.1 Intra-Government Balances

	2013-14 £000	2012-13 £000
(i) Amounts falling due within one year:		
Balances with other Central Government Bodies	4,129	12,460
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Balances with Public Corporations and Trading Funds	76	58
Balances with Bodies External to Government	11,907	20,723
	<u>16,112</u>	<u>33,241</u>
(ii) Amounts falling due after more than one year		
Balances with other Central Government Bodies	5	6
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Balances with Public Corporations and Trading Funds	-	-
Balances with Bodies External to Government	-	-
	<u>5</u>	<u>6</u>

15. Provisions for liabilities and charges

	Voluntary Early Retirement Scheme	Early Departure Costs	Injury Awards	Litigation	Hearing Loss	Equal Opportunities	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	21,443	77	9,588	1,986	2,876	85	36	36,091
Provided in the year	(755)	2	465	2,456	9,003	56	-	11,227
Provisions not required written back	(4,094)	-	-	(668)	(2,850)	(7)	(10)	(7,629)
Provisions utilised in the year	(318)	(32)	(512)	(1059)	(548)	(33)	(9)	(2,511)
Borrowing costs (unwinding of discount)	-	-	-	-	-	-	-	-
Actuarial Loss	-	-	3,280	-	-	-	-	3,280
At 31 March 2014	16,276	47	12,821	2,715	8,481	101	17	40,458

*Analysis of expected timing of discounted flows**

	Voluntary Early Retirement Scheme	Early Departure Costs	* Injury Awards	Litigation	Hearing Loss	Equal Opportunities	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
No later than one year	2,836	47	510	2,547	1,261	101	17	7,319
Later than one year and not more than five years	10,815	-	1,950	168	7,220	-	-	20,153
Later than five years	2,625	-	10,361	-	-	-	-	12,986
At 31 March 2013	16,276	47	12,821	2,715	8,481	101	17	40,458

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

15. Provisions for liabilities and charges

	Voluntary Early Retirement Scheme £000	Early Departure Costs £000	Injury Award £000	Litigation £000	Hearing Loss £000	Equal Opportunities £000	Other £000	Total £000
Balance at 1 April 2012	1,158	102	7,275	1,600	1,707	120	21	11,983
Provided in the year	20,285	6	80	1,533	2,135	72	79	24,190
Provisions not required written back	-	-	-	(427)	(674)	(71)	(5)	(1,177)
Provisions utilised in the year	-	(31)	(457)	(720)	(292)	(36)	(59)	(1,595)
Borrowing costs (unwinding of discount)	-	-	350	-	-	-	-	350
Actuarial Loss	-	-	2,340	-	-	-	-	2,340
At 31 March 2013	21,443	77	9,588	1,986	2,876	85	36	36,091

Analysis of expected timing of discounted flows*

	Voluntary Early Retirement Scheme £000	Early Departure Costs £000	* Injury Award £000	Litigation £000	Hearing Loss £000	Equal Opportunities £000	Other £000	Total £000
No later than one year	361	31	414	1,735	2,876	85	36	5,538
Later than one year and not more than five years	12,871	46	1,707	241	-	-	-	14,865
Later than five years	8,211	-	7,467	10	-	-	-	15,688
At 31 March 2013	21,443	77	9,588	1,986	2,876	85	36	36,091

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

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

Voluntary Early Retirement Scheme

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

Early Departure Costs

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

Injury Awards

From 1 April 2006 all benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to NIPS are charged to NIPS by Civil Service Pensions (Northern Ireland) on a monthly basis. The

allowance is payable to the former employee for life. An estimated life expectancy of 70 years has been applied. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these pensioners.

This year the injury awards were valued under IAS 19 Employee Benefits by GAD. IAS 19 requires the employer to also value the expected injury awards for active members, who are currently uninjured but who may become injured in the future, and include the value in the Statement of Accounts.

The split of the provision is shown below;

	2013-14	2012-13
	£'000	£'000
Liability in respect of;		
Active members	(2,060)	(2,110)
Pensions in payment (Injury Awards)	(10,761)	(7,478)
	<u>(12,821)</u>	<u>(9,588)</u>

Litigation

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

16. Capital commitments

	2013-14	2012-13
	£000	£000
Contracted capital commitments at 31 March 2014 not otherwise included in these accounts:		
Property, plant and equipment	2,048	110
Intangible assets	47	25
	<u>2,095</u>	<u>135</u>

17. Commitments under leases

17.1 Operating leases

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

Obligations under operating leases comprise:

	2013-14 £000	2012-13 £000
Buildings		
Not later than one year	168	190
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>168</u>	<u>190</u>
Other		
Not later than one year	3	3
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>3</u>	<u>3</u>

17.2 Finance leases

NIPS does not presently hold any finance leases.

18. Grant Commitments

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

	2013-14 £000	2012-13 £000
Not later than one year	285	289
Later than one year and not later than five years	-	284
Later than five years	-	-
	<u>285</u>	<u>573</u>

19. Contingent liabilities disclosed under IAS 37

At the year end NIPS has estimated contingent liabilities of £590k (2012-13: £672k) in respect of litigation claims against NIPS. These claims relate to legal claims against the NIPS by staff, prisoners and third parties for injuries and other damages including fair employment and industrial tribunal cases. They have not been provided for in the financial statements as the NIPS considers that it is not probable that they will be successful.

A contingent liability to the value of £3,496k has also arisen in 2013-14 with respect to 12 members of staff who have applied to leave the service under the terms of the Voluntary Early Retirement (VER) Scheme. These staff have been advised that their applications are still under consideration but had not been selected for departure as at this financial year end. No obligation has arisen for these employees and no provision has been made for potential payments due to these individuals on departure from the service in the financial statements of NIPS in the 2013-14 financial year. They have been advised that the VER scheme panel will consider their applications again in due course.

20. Losses and special payments

(a) Losses

During 2013-14 losses payments were made in 13 cases (2012-13: 9). The total amount paid in these cases was £2k (2012-13: £6k). There were no individual payments exceeding £250k.

(b) Special Payments

Included in the provision note (Note 15) are special payments. Amounts utilised during the year included 176 compensation payments (2012-13: 109) totalling £826k (2012-13: £560k). There were no individual payments exceeding £250k.

(c) Other notes

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

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

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

21. Related Party Transactions

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

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

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

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

22. Third Party Assets

There is a PPC facility for the lodgement of prisoner earnings and funding of tuck shop purchases. When prisoners are discharged they are paid in full the balance on their PPC account. The average prisoner private cash balance at 31 March 2014 was £107 (2012-13: £81).

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, phone credits and donations.

	1 April 2013	Gross Inflows	Gross Outflows	31 March 2014
	£'000	£'000	£'000	£'000
Monetary assets such as bank balances and balances on deposit				
Prisoners' Private Cash Accounts	153	2,342	(2,377)	118
Prisoners' Amenities Funds	229	170	(159)	240
	382	2,512	(2,536)	358

23. Events after the reporting period

Funding was made available after the reporting period to allow the remaining 12 members of staff who have applied to leave the service under the terms of the VER to depart during the 2014-15 to reporting period.

24. Date authorised for issue

The Accounting officer authorised these financial statements for issue on 1 July 2014.

APPENDICES

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

APPENDIX 1

PRISON POPULATION 2013-14¹

Establishment	Lowest number of prisoners held	Highest number of prisoners held	Average number of prisoners held
Magilligan	514	576	549
Maghaberry	992	1,117	1,062
Hydebank Wood Young Offenders	153	187	169
Hydebank Wood Prison Females	52	77	64

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

¹ Figures are based on information taken from the Prison Database

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

The statistics in the above table are provided by NISRA.

APPENDIX 2

AVERAGE PRISON POPULATION BY TYPE OF PRISONER 2013-14²

	REMANDS	SENTENCED TO IMMEDIATE CUSTODY	FINE DEFAULTERS	IMMIGRATION DETAINEES	TOTAL*
MALE	451	1,327	1	1	1,780
FEMALE	18	45	0	0	63
TOTAL	469	1,372	1	1	1,843

² Figures are based on daily snapshots

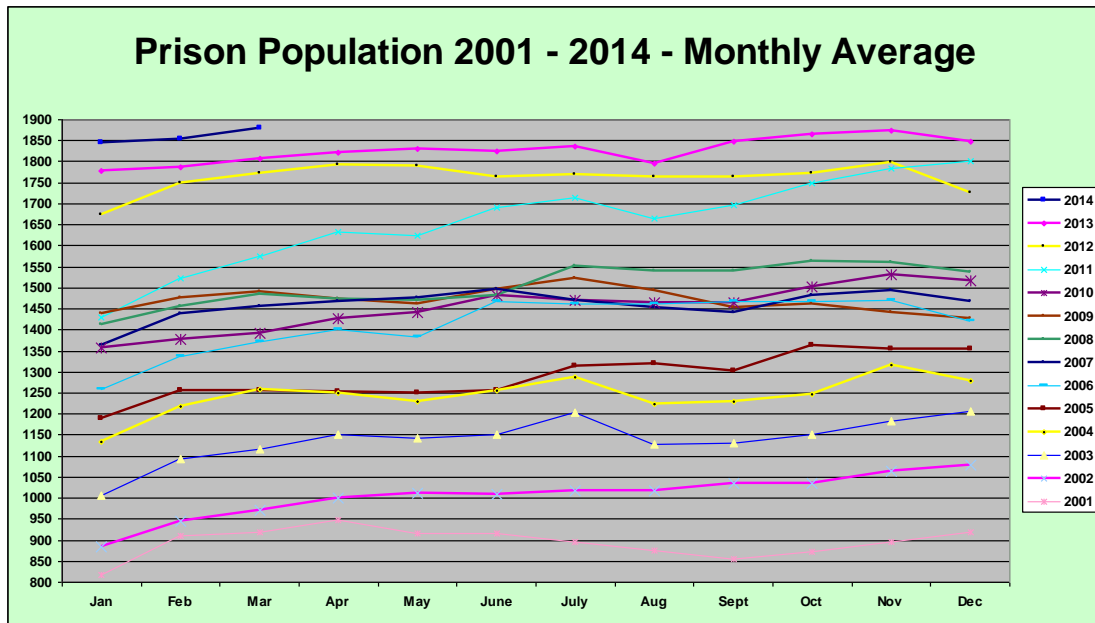
* Totals may not sum due to rounding

The statistics in the above table are provided by NISRA.

APPENDIX 3

NIPS PRISONER POPULATION STATISTICS

The Northern Ireland Prison Service through 2013-14 held an average of 1826 (2012-13 1776) prisoners representing an average increase of 3.38% in prisoner population from the previous year.



APPENDIX 4

RECRUITMENT AND SELECTION CODE OF PRACTICE

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

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

There were three appointments made under Regulation 3 of the Commissioners' General Regulations.

The statistical summary below outlines applicants' religious affiliation and gender for the recruitment campaign for Prisoner Custody Officer and Custody Prison Officer, which was advertised by the Prison Service during this reporting period.

The statistical summary also outlines the religious affiliation and gender of those appointed during the period of this report.

Religious Affiliation	Total Number of Applicants Between 1 April 2013 – 31 March 2014
Protestant	1,486
Roman Catholic	410
Non determined	212
Not known	2
TOTAL	2,110
GENDER	
Male	1,540
Female	570
TOTAL	2,110

Religious Affiliation	Total Number of Appointments made Between 1 April 2013 – 31 March 2014
Protestant	127
Roman Catholic	31
Non determined	14
TOTAL	172
GENDER	
Male	116
Female	56
TOTAL	172

From the total number of appointments made the proportions were: Protestant 73.8%, Roman Catholic 18% and Non Determined 8.1%. However, 70 of these appointments relate to three recruitment campaigns which commenced prior to 1 April 2013.

APPENDIX 5

CORRESPONDENCE RECEIVED

Category of Correspondence	Number received 1 April 2013 – 31 March 2014
Correspondence Cases (to include part inputs)	145
Director General Cases	8
Invitation Cases	30
Locally Answered	34

Assembly Questions	Number received 1 April 2013 – 31 March 2014
Assembly Questions Written (to include priority, named day and part inputs)	481
Assembly Questions Oral (to include part inputs)	29

APPENDIX 6

FREEDOM OF INFORMATION AND DATA PROTECTION METRICS

Freedom of Information Act 2000

Summary of Cases Received – 1 April 2013 – 31 March 2014

Total No of Requests Received	Total Number Answered on Time	Refusal Notice Issued	Late But Closed	Still Within 20 Day Timescale	Extended
175	167	39	1*	7	0

*Delay was due to: 1 case required Ministerial input

Data Protection Act 1998

Summary of Cases Received – 1 April 2013 – 31 March 2014

Total No of Cases Received	Total Number Processed within 40 Days	Total No outside 40 Days	Late but Closed	Still within 40 Day Timescale
310	303	0	0	7

Percentage of Total Requests Received Answered Within Time Limit – 99.8%

APPENDIX 7

DEFINITIONS

Approved or accredited activities

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

An assault

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

Certified Normal Accommodation (CNA)

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

Constructive activity

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

Prisoner

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

Category A prisoner

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

Category B prisoner

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

Category C prisoner

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

Category D prisoner

A prisoner who can be reasonably trusted in open conditions.

Regime

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

Separated conditions

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

APPENDIX 8

Glossary

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

NISRA	Northern Ireland Statistics and Research Agency
NOMS	National Offender Management Service
OBC	Outline Business Case
OMB	Operational Management Board
PECCS	Prisoner Escorting and Court Custody Services
PBNI	Probation Board for Northern Ireland
PCSPS	Principal Civil Service Pension Scheme
PCO	Prisoner Custody Officer
PPC	Prisoner's Personal Cash
PRT	Prison Review Team
PSMB	Prison Service Management Board
PSNI	Police Service of Northern Ireland
PST	Prison Service Trust
QPM	Queen's Police Medal
RICS	Royal Institute of Chartered Surveyors
RPI	Retail Price Index
RSPB	Royal Society of the Protection of Birds
SCS	Senior Civil Service
SEE	Strategic Efficiency and Effectiveness
SEHSCT	South Eastern Health and Social Care Trust
SIB	Strategic Investment Board
SLA	Service Level Agreement
TOM	Target Operating Model
UK	United Kingdom
UUJ	University of Ulster Jordanstown
VAT	Value Added Tax
VER	Voluntary Early Retirement
WPFGB	World Police and Fire Games
WOU	Working Out Unit

APPENDIX 9

ADDRESSES AND CONTACT NUMBERS

PRISON SERVICE HEADQUARTERS

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

PRISON SERVICE COLLEGE

Woburn House
MILLISLE
Co Down
BT22 2HS
Telephone: (028) 9186 3063

MAGHABERRY PRISON

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

MAGILLIGAN PRISON

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

HYDEBANK WOOD

YOUNG OFFENDERS' CENTRE AND PRISON

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

E-mail: info@niprisonsservice.gov.uk

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

General Enquiry Line

with Text Facilities: (028) 9052 2922

A braille version of this document is available on request.