



HM Prison &  
Probation Service

# Annual Report and Accounts

2022/23

HC 183





HM Prison and Probation Service

# Annual Report and Accounts

2022/23

Presented to the House of Commons pursuant to  
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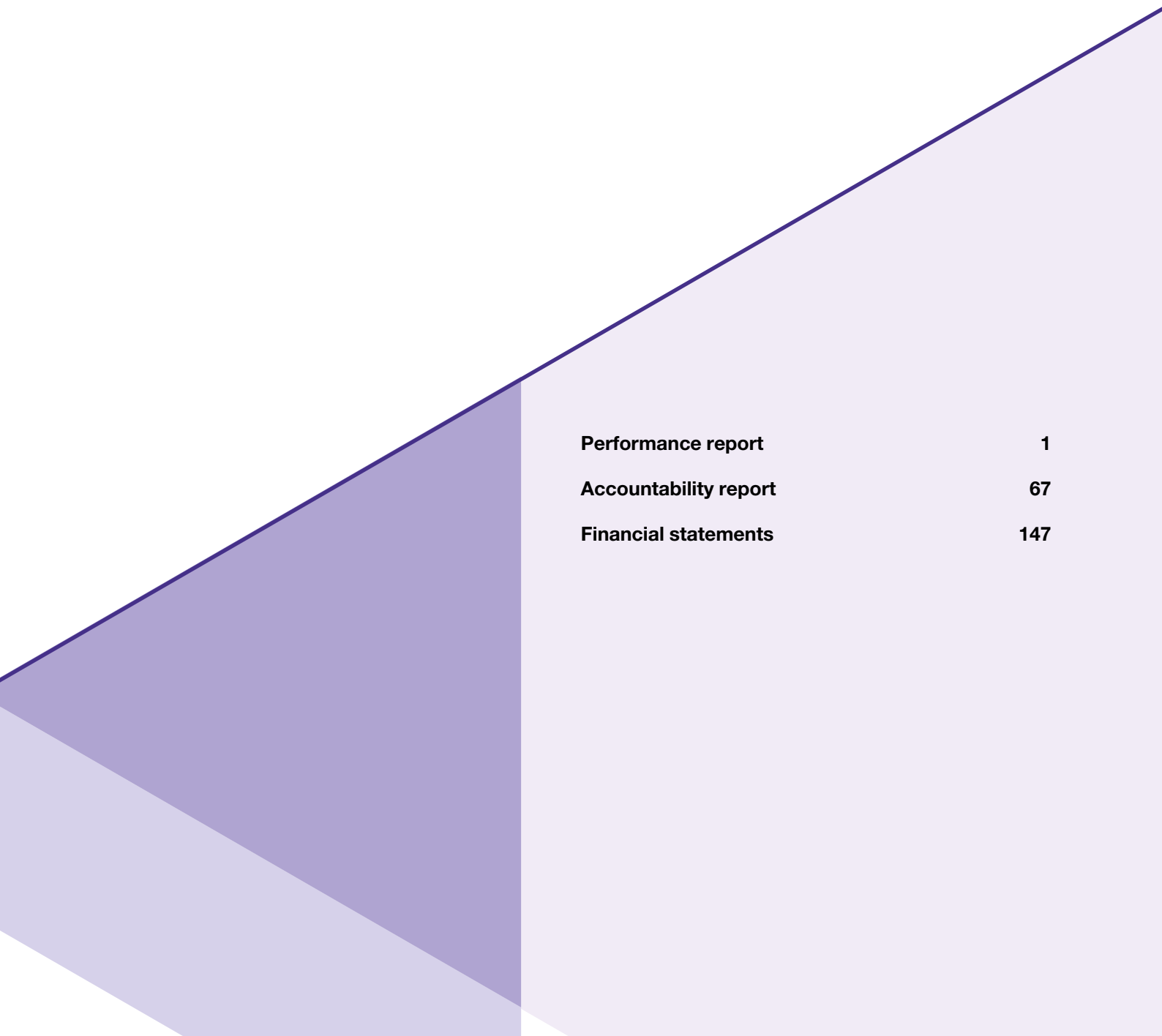
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# Performance report

The performance report provides an understanding of our purpose and aims, with an overview of performance throughout the financial year.

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# Overview

This section sets out the agency's purpose, vision, principles and outcomes as laid out in the HMPPS Business Strategy: Shaping our Future, which was published in November 2019.

## Statement of purpose

HMPPS is an executive agency of the Ministry of Justice (MoJ). The role of HMPPS is to carry out sentences given by the courts, in custody and the community, and to rehabilitate people in our care by addressing education, employment, accommodation and health and substance misuse needs.

## MoJ priority outcomes

As part of the MoJ, we deliver two of the department's long-term Outcome Delivery Plan priority outcomes:

1. **Protect the public from serious offenders and improve the safety and security of our prisons** – effecting the order of the courts and increasing prison capacity to run safe and healthy regimes that enable every prisoner to turn their lives around.
2. **Reduce reoffending** – working with cross government partners to reduce crime, tackling the known drivers to reoffending by improving prisoners' and prison leavers' access to employment, accommodation, substance misuse treatment, and tackling anti-social behaviour.

## One HMPPS

The One HMPPS programme aims to refocus all activity on enabling frontline operations to work more efficiently together across HMPPS to protect the public and reduce reoffending. We will achieve this with a smaller headquarters and a stronger emphasis on regional delivery through the realignment of some central functions.

One HMPPS aims to deliver more efficient ways of working and a better experience of HMPPS for offenders, staff, and stakeholders. It will share expertise across prison, probation and HQ functions and will reduce silo working to achieve the right balance between national and regional services.

The programme will achieve better outcomes for victims, communities, and offenders by:

- designing an improved and streamlined HQ structure that provides a greater focus and support to our frontline operational services
- implementing a new area model to bring prisons and probation closer together

Work on One HMPPS commenced in October 2022 with a review of successes and lessons learned from the probation reform programme and unification of the probation service in 2021. Programme teams have been engaging closely with staff and attending prisons and probation offices to ensure real views and challenges are incorporated into the design of the programme and that frontline staff have a headquarters that works for and supports delivery more effectively.

## HMPPS vision and principles

In November 2019 we published our HMPPS Business Strategy: Shaping our Future. The strategy sets four strategic principles which, if we apply them to our work, will help us reach our vision of working together to protect the public and help people lead law-abiding and positive lives:



**Enable people to be their best**



**An open, learning culture**



**Transform through partnerships**



**Modernise our estates and technology**



“My thanks go out to every member of our dedicated service who turn up and deliver for us every day. Our work is challenging but deeply rewarding, and in collaboration with colleagues from across the Ministry of Justice, we should continue to acknowledge and celebrate our successes as we respond to any future challenges”

## Foreword by the Chief Executive Officer

I am pleased to introduce His Majesty's Prison and Probation Service's (HMPPS) 2022/23 Annual Report and Accounts.

HMPPS plays a vital role in the Criminal Justice System; we carry out the orders of the courts and exist to protect the public and reduce reoffending. At the end of my first full year as CEO, I would like to express my profound gratitude to our incredible staff.

I am extremely proud of the work we have done this year on capacity, particularly in the adult male prison estate. We delivered c.2,800 of the additional prison places promised by our historic long-term prison building programme, including opening another brand-new prison at HMP Fosse Way. While we have thoroughly explored all possible options to increase prison places, we have maintained our commitment to prioritising safety and security. We will continue to carefully explore long-term capacity solutions that protect the public, our staff and people in prison or on probation.

It is vital that we have enough staff to safely run prison regimes, support young offenders, and deliver probation services. Our recruitment teams have delivered innovative schemes to increase staffing levels this year, including the introduction of volumetric recruitment for operational probation roles, a pilot scheme offering probation officers without a degree the opportunity to undertake the Professional Qualification in Probation (PQiP) and a non-graduate pathway into the qualification for new applicants. We are offering more flexibility to new and prospective staff whilst maintaining the high standards required of such impactful front-line roles. I have been impressed by the progress that has been made so far and stand by my commitment to make sure that HMPPS is a great place to work.

We maintain our relentless focus on front line delivery. Our One HMPPS Programme introduced a new area model for operational delivery on 2 October 2023. The new model sees regional probation directors and prison group directors come together under the line management of seven new area executive directors to make sure our frontline staff have the right support across both prisons and probation. Our new structure will give more devolved authority to the areas and facilitate innovation and faster decision-making closer to the point of operational delivery.

There were many exceptional achievements across the agency in 22/23.

We made our prisons safer by introducing body worn video cameras across 106 sites. We successfully concluded our Security Investment Programme which will make prisons more stable and reduce the threat of organised crime. And we have made excellent progress on counter terror initiatives that protect the public, by putting in place policies for the new 'power to detain' and creating a new process for referring terrorist offenders who commit further crimes to the police.

Our probation staff have gone to great lengths to continue our recovery from the pandemic, delivery of unpaid work has increased, and we are on track to have cleared the backlog of cases by 2025. We are committed to driving improved outcomes across the criminal justice system; our 'Think Child' campaign encouraged anybody who plays a role in managing people on probation to consider how a child may be affected by the behaviour of individuals we supervise.

Our new secure school will open in early 2024. The secure school has been an important and impressive piece of work, it will accommodate 49 children with a focus on education and a design based on international research into the successful rehabilitation of young people in custody.

It is not possible to reference every great piece of work, successful project, or hard-working team. Many, but not all, are detailed in this report. My thanks go out to every member of our dedicated service who turn up and deliver for us every day. Our work is challenging but deeply rewarding, and in collaboration with colleagues from across the Ministry of Justice, we should continue to acknowledge and celebrate our successes.

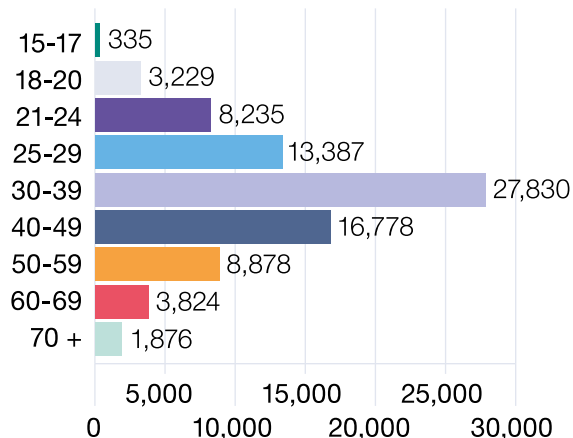


**Amy Rees**  
Chief Executive

## How our services are structured

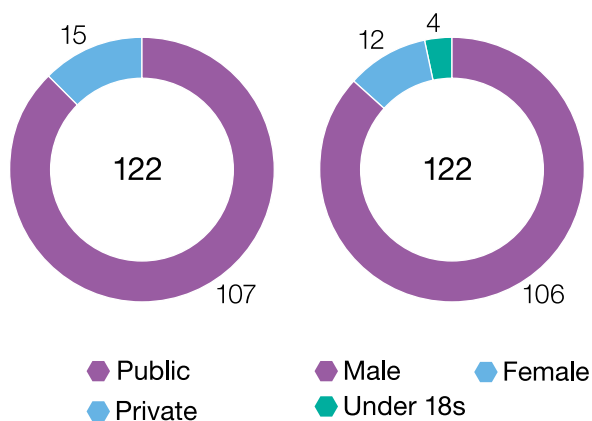
### Prisons (as at 31 March 2023)

Prison population by age\*

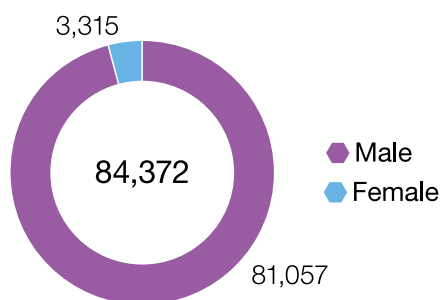


\*population data includes the four public under 18 YOIs and Parc YPU

Number of Prisons



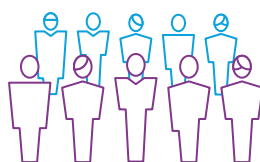
Prison population



\*including the under 18 YOI population

**2,916**

Prisoners serving  
Imprisonment for  
Public Protection  
(IPP) sentences

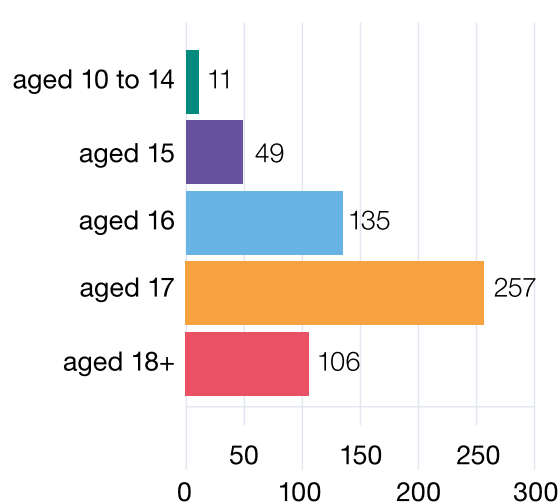


**10,148**

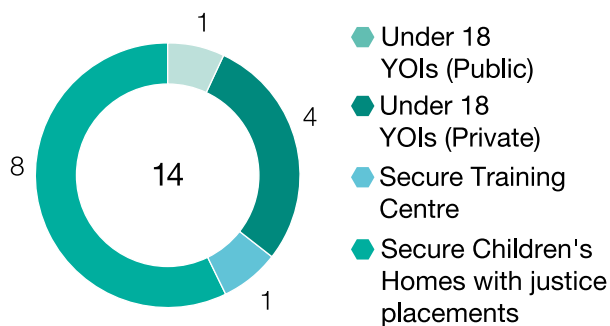
Foreign nationals population

### Children and Young Peoples Secure Estate (as at 31 March 2023)

Population by age



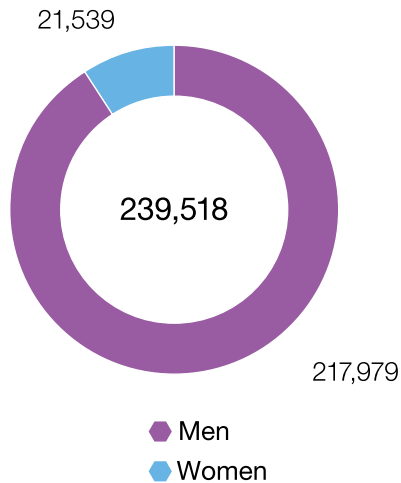
Number of CYPSE sites



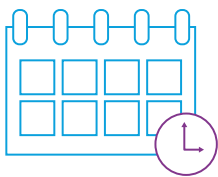
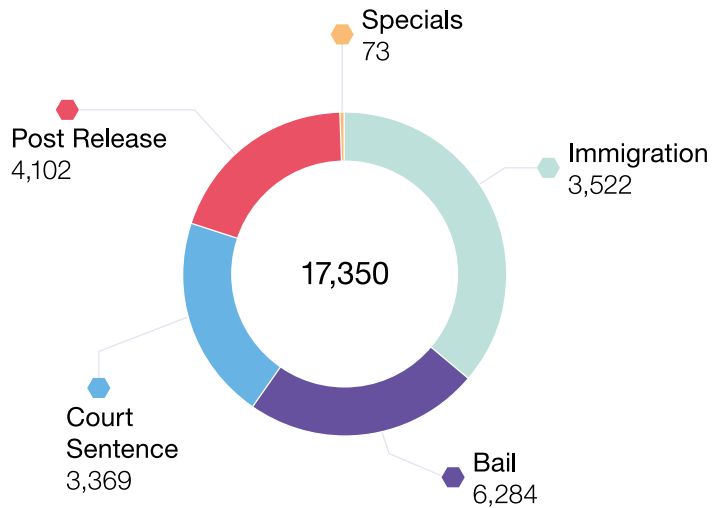
**558** Total CYPSE  
population

## Probation (as at 31 March 2023)

Men and women under supervision



Electronic Monitoring



**239,518**  
People on probation

**12** Probation  
regions

**99** Approved  
Premises open\*

\*including 15 Independent Approved Premises

Supervision types (breakdown of the people  
on probation number)<sup>1</sup>

**73,538**  
Pre-release

**59,772**  
Post release

**111,038**  
All Court Orders



<sup>1</sup> Each person is counted once only for each type of probation supervision being received on the date shown. In addition, each person is counted once only in each total or sub-total even if they are subject to several types of probation supervision on the date shown. This means that the totals and sub-totals are less than adding the sum of their parts.

# Performance summary

This section provides an overview of the agency's performance in 2022/23, beginning with a summary of the year's two largest risks to delivery and their impact on performance across HMPPS.

## Capacity

Funding allocated in the 2021 spending review will expand capacity across the criminal justice system to meet increased demand from the recruitment of 20,000 extra police officers. The settlement provides an additional £644 million a year by 2024-25 across courts, prisons and probation services to manage more offenders being brought to justice.

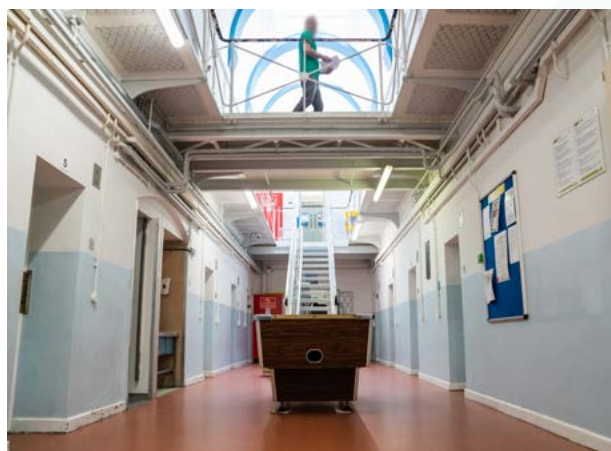
### Prison capacity

	2018-19	2019-20	2020-21	2021-22	2022-23
Prison population	82,643	83,189	78,081	79,744	84,372

Source and notes: Data from 2019 to 2021 includes the population and capacity in HMPPS operated Immigration Removal Centres (IRCs). After this period HMPPS no longer operated any IRCs. Figures include the under 18 YOIs <https://www.gov.uk/government/publications/prison-population-figures-2023>

Through 2022/23, a central focus for HMPPS has been ensuring we maintain sufficient prison capacity due to significant growth in population across the adult male estate in part due to changes to prison category populations and cohorts post COVID-19. The remand population was, at its peak, around 4,000 prisoners higher than normal forecast as a result of both the pandemic and the Criminal Bar Association disruptive action held in summer 2022. The number of prisoners on recall was also significantly higher.

Annual data is provided in the table above, though it is worth noting that the prison population continued to rise after year-end. In the 12 months up to 2 June 2023, the total prison population rose from 79,787 to 85,407, an increase of 5,620. The majority of this population increase has been in the adult male population which on the 2 June 2023 stood at 82,039 and has increased by 5,434 over the last year. This increase has created significant pressure in the adult male prison estate, which has been operating at over 99% occupancy since early February 2023. Our most recent published prison population projections, from February 2023, projected an increase in the adult male estate to 84,900 by November 2023 and 88,900 by November 2024.



In order to meet the acute rise in demand that the adult male estate experienced from Autumn 2022, we stood up the Custodial Options Taskforce to manage immediate and medium-term pressures and explore policy options to reduce pressures. We are continuing to increase capacity in the existing estate through the use of crowding, deferring non-essential maintenance, maximising transfers to the open estate and delaying the transfer of 18-year-olds to the adult estate where appropriate. This approach has enabled us to expand useable capacity in the adult male estate by an extra c.2,600 places between September 2022 and September 2023.

We have also made progress on delivering 20,000 additional, modern prison places - the largest prison build programme since the Victorian era - ensuring the right conditions are in place to rehabilitate prisoners, helping to cut crime and protect the public. We delivered c.2,800 of the additional 20k places between April 2022 and September 2023, including the brand-new prison HMP Fosse Way.

In February 2023, we opened Capacity Gold Command<sup>1</sup> to manage and maximise space across the estate. We also stood up the Criminal Justice System Strategic Command to manage the impact across the criminal justice system and activated the use of Operation Safeguard<sup>2</sup> cells to enable the coordinated use of police cells to hold prisoners temporarily for short periods of time.

One of the immediate aims of HMPPS Capacity Gold Command was to oversee work aimed at maximising usage of available capacity in the Open Estate. This has included the Temporary Presumptive Recategorisation Scheme (TPRS), which accelerated moves to the open estate in addition to regular recategorisations. Occupancy levels increased from 85% in mid-February to c.98% at the end of September 2023.

HMPPS Capacity Gold has also overseen an extension of the Home Detention Curfew (HDC) eligibility window from 4.5 months to 6 months. This was activated at the start of June 2023.

Between first activation of Operation Safeguard cells in February 2023, and the end of September 2023, a total of 1,282 prisoners were held temporarily in police custody under Operation Safeguard. Decisions relating to activation and deactivation in targeted regions are subject to regular review by HMPPS and the Police.

- 
- 1 An exceptional command system put in place to oversee the response to operational challenges generated by capacity pressures. The Gold Commander is supported by a small, dedicated command team with input from experts.
  - 2 A formal arrangement with the police to allow a contingency of police cells to be made available to MoJ to accommodate prisoners on a temporary, short-term basis.

## Video conferencing centres



We are building new video conferencing centres (VCCs) to modernise the prison estate to support the frontline and the justice system. VCCs are built in reception prisons, providing reliable remote access for prisoners to hearings at court. In 2022/23, VCCs facilitated in excess of 143,000 official prison video calls, comprising court hearings and the associated consultations needed to progress cases.

Currently, HMPPS has 14 high-capacity modern VCCs in prisons. Two more VCCs will become operational in 2023, including the first in the female estate at HMP Bronzefield, and there are plans for further VCCs, which will become operational in 2024 and 2025.

VCCs unlock numerous benefits across the justice system, including:

- easing capacity bottlenecks in the reception estate
- maintaining prison stability as there are fewer opportunities to traffic contraband
- supporting prisons to provide immediate, continuous care for prisoners at risk of suicide or self-harm
- causing less disruption to regime, meaning prisoners can attend training, work and appointments
- reducing the risk of escapes
- helping to reduce the number of prison-to-court return journeys made by prisoners and associated full body searches, contributing to prisoner safety and decency
- enabling legal advisers to use their time more efficiently.

## Children and Young People Secure Estate (CYPSE) capacity

Usable beds available

	2018-19	2019-20	2020-21	2021-22	2022-23
Secure Childrens Homes	110.2	97.9	104.6	104.2	91.3
Secure Training Centres	202.3	184.8	166.9	137.9	64
Young Offender Institutions	856	782.3	734.1	649.8	623.1
Total	1,168.5	1,064.9	1,005.6	891.8	778.4

Notes: This is the average data for each year based on 12 snapshot dates.

	2018-19	2019-20	2020-21	2021-22	2022-23
CYPSE population under 18s	859	781	560	454	441
CYPSE population incl. 18-year-olds	942	855	643	522	504

Source and notes: [www.gov.uk/government/publications/youth-custody-data](https://www.gov.uk/government/publications/youth-custody-data). This is the average data for each year based on 12 snapshot dates.

The Youth Custody Service (YCS) saw an increase in occupancy across the Children and Young People Secure Estate as a result of increased new admissions via the courts and a ministerial direction to move away from the automatic transition of a young person into the adult estate when they are 18 years old. A decision was made to delay the transition of young people up until their 19th birthday where individually this could be supported.

We are seeing increased numbers of those that are remanded or sentenced for violent crimes which typically carry a longer sentence. Consequently, children and young people remain in the youth estate for longer periods of time before either being released or transitioning to the adult estate.

Although the population of girls is an average of 2.4 per cent of children in the youth secure estate, there remain specific challenges to this highly vulnerable, complex cohort due to historical trauma, neurodevelopmental problems, and mental and physical health needs.

The decision to decant and close Rainsbrook STC in 2021 reduced the diversity of options in placing girls. As such, services for girls were mobilised at pace at HMP YOI Wetherby in order for the YCS to have a suitable placement option beyond Secure Children's Homes. Since November 2022 Oakhill Secure Training Centre has been able to accommodate a small number of girls on an interim case by case basis. We are exploring all available options for placements for girls and considering how we meet the needs of individual children.

## Probation capacity

	2018-19	2019-20	2020-21	2021-22	2022-23
People on probation	255,264	241,350	224,174	240,922	239,518

Source: Offender Management Statistics as at 31 Mar 2023.

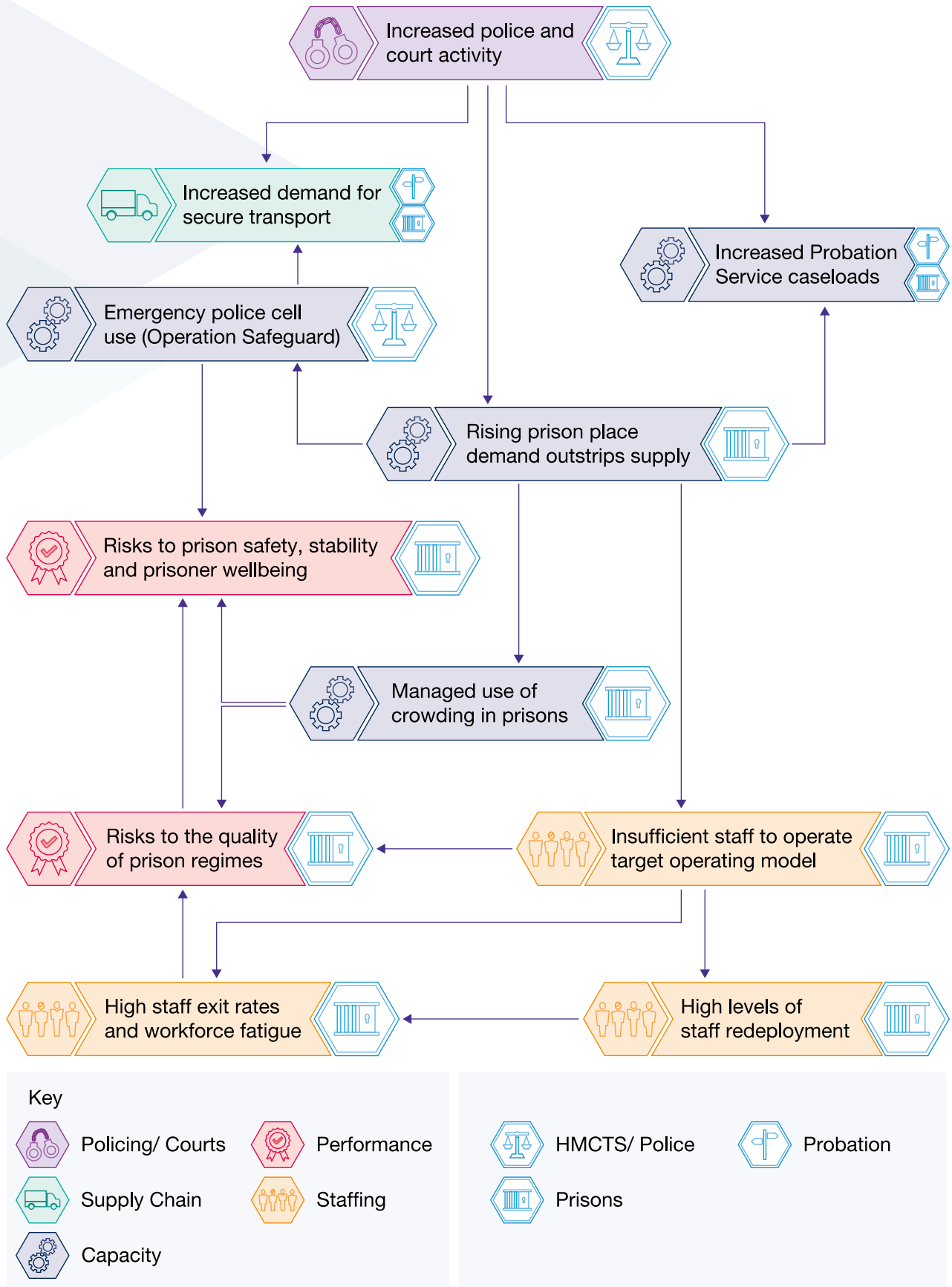
Probation services observed a heightened caseload since the pandemic, experiencing a 6.7% increase in caseloads between June 2020 and March 2023. However, we are making steps to better support the probation system. Following the successful unification of probation services in June 2021, we transferred 7,000 staff from the former Community Rehabilitation Companies and their supply chains and are making efforts to increase capacity through the recruitment of new probation officers, and to give them the digital, data, technology services and tools to support them in their work.

The Workload Measurement Tool (WMT) was revised in January 2023 to ensure that the measurement of workload was more accurate and up to date with current policy and practice standards, and better reflected the workload requirements of practitioners of the Probation Target Operating Model (TOM).

Additionally, the prioritisation framework (PF) has been developed to provide clarity on prioritisation of tasks and what can be reduced or paused if capacity issues begin to impact on operational delivery. Probation Delivery Units can operate depending on the WMT capacity, and the delta between Target Staffing and Staff in Post and each PF status identifies priorities of mandatory activity.

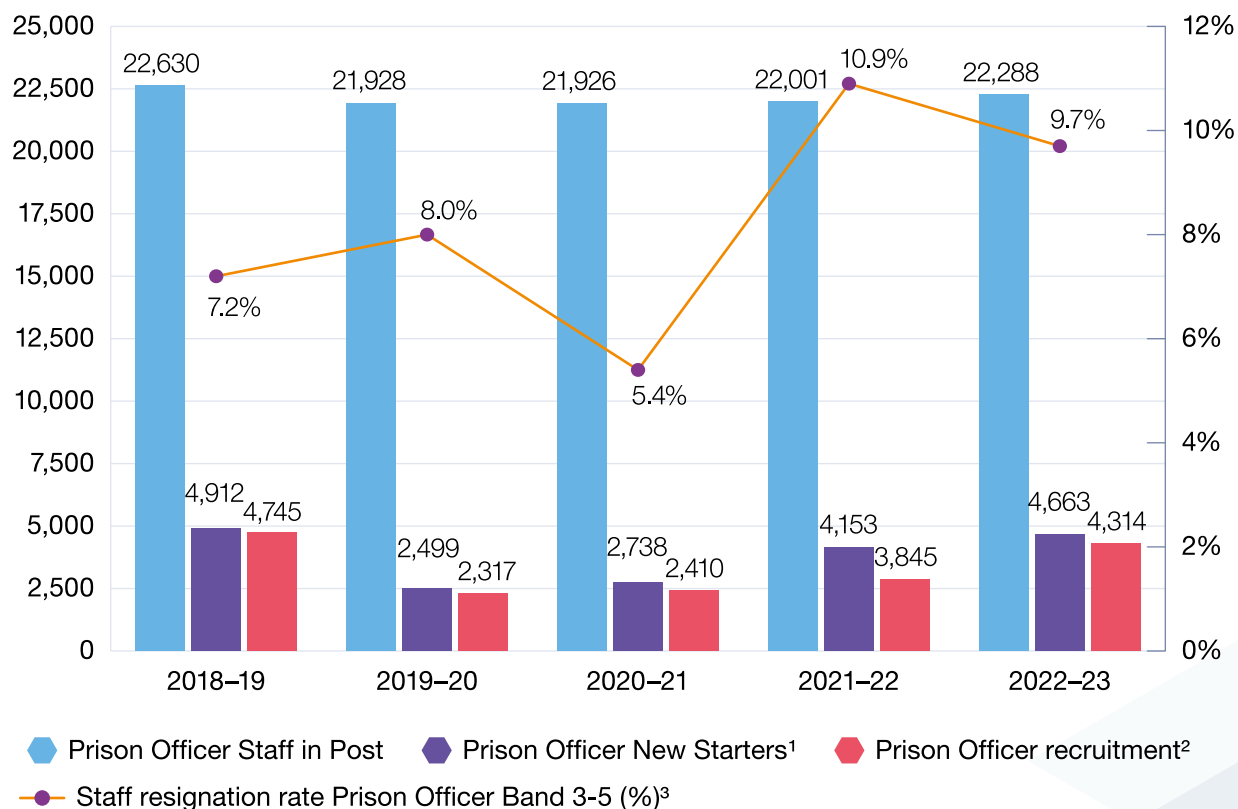
## Key Interdependencies Web

A web showing interdependencies in the capacity risk category



## Staffing and recruitment

### Uniformed staffing in prisons and the Children and Young People Secure Estate



Sources:

<sup>1</sup> Figures are for all Band 3-5 Officers appointed, comprising direct recruits and conversions from existing staff.

<sup>2</sup> This is the number of Band 3-5 Prison Officer direct recruits (i.e., does not include conversions from existing staff).

<sup>3</sup> Published statistics can be accessed here: <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

As of 31 March 2023, there were 22,288 FTE Band 3 to 5 prison officers in post in HMPPS, including Youth Justice Workers. This is a slight increase of 287 FTE (1.3%) since 31 March 2022 and an increase of 655 FTE (3.0%) prison officers compared to 31 December 2022.

	2018-19	2019-20	2020-21	2021-22	2022-23
Prison officer staff in post	22,630	21,928	21,926	22,001	22,288

Over the year to 31 March 2023, 4,663 Band 3 to 5 officers were appointed (consisting of direct new recruits and existing staff who converted to a Band 3 officer grade).

A number of prison regions have relied on staff moves under the detached duty scheme to resolve immediate short-term staffing challenges.

	2018-19	2019-20	2020-21	2021-22	2022-23
Prison officer new starters	4,912	2,499	2,738	4,153	4,663

Figures are for all Band 3 to 5 officers appointed, comprising direct recruits and conversions from existing staff.

	2018-19	2019-20	2020-21	2021-22	2022-23
Prison officer recruitment	4,745	2,317	2,410	3,845	4,314

This is the number of Band 3 to 5 prison officer direct recruits (i.e., does not include conversions from existing staff).

Prison officer Band 3 to 5 resignations were a core focus throughout 2022/23, with rolling resignations dropping from 10.9% in March 2022 to 9.7% at the end of March 2023.

	2018-19	2019-20	2020-21	2021-22	2022-23
Staff resignation rate prison officer Band 3 to 5	7.2%	8.0%	5.4%	10.9%	9.7%
Staff leaving rate prison officer Band 3 to 5	11.5%	12.2%	9.1%	14.5%	14.6%

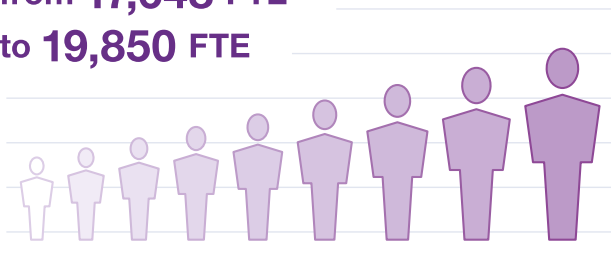
Available at: <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

## Staffing in probation

### Staff in post

The Probation Service staff in post has increased between **March 2022 and March 2023**

from **17,648 FTE**  
to **19,850 FTE**



### Recruitment

We exceeded our target to recruit:

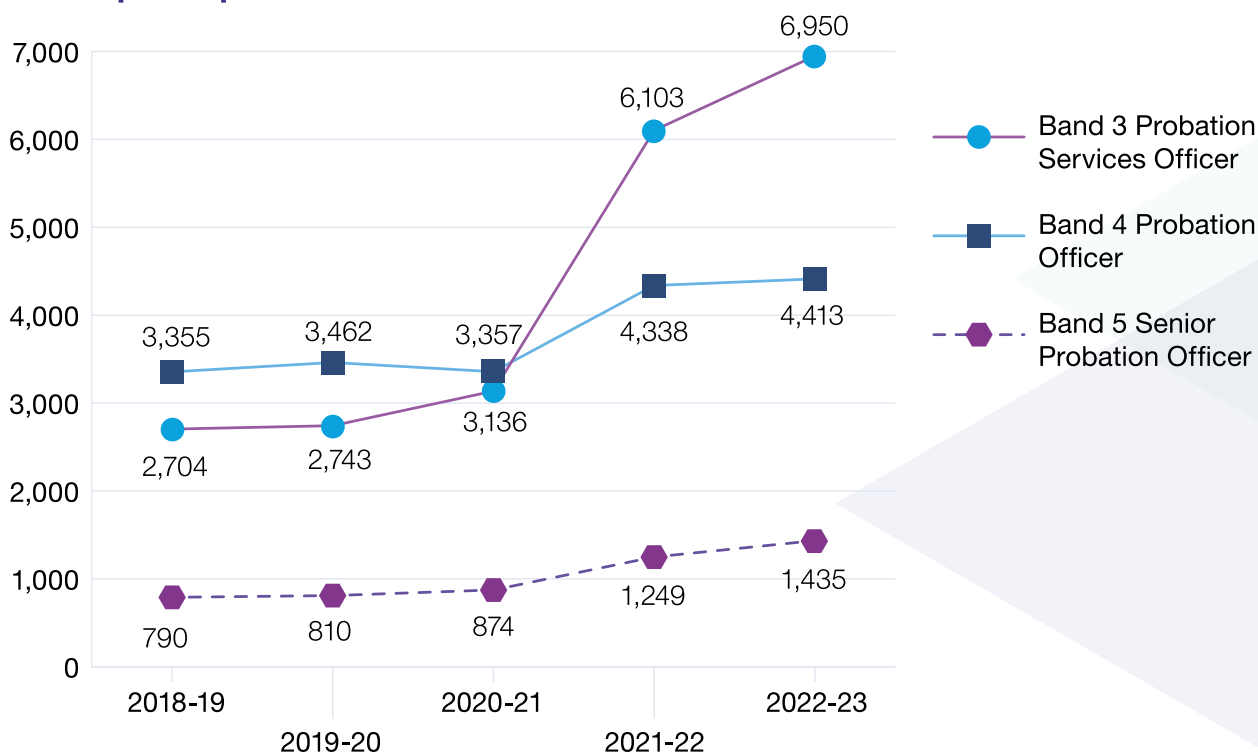
**1,007 PQiPs**  
(against a target of 1,000)  
in 2020/21



**1,518** (against a target of 1,500)  
in 2021/22

**1,514** (against a target of 1,500)  
in 2022/23

### Staff in post - probation officer



Staff in post are published quarterly as part of HMPPS Workforce stats available at: <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

	2018-19	2019-20	2020-21	2021-22	2022-23
Staff in post probation officer	3,355	3,462	3,537	4,338	4,413

Source: Available at: <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

	2018-19	2019-20	2020-21	2021-22	2022-23
Staff resignation rate Band 4 probation officers	4.6%	4.2%	2.7%	5.1%	4.6%
Staff leaving rate Band 4 probation officers	6.5%	6.3%	5.1%	8.1%	7.5%

Source: Available at <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

	2018-19	2019-20	2020-21	2021-22	2022-23
Staff resignation rate Band 3 probation service officers	6.3%	5.8%	4.4%	9.3%	9.7%
Staff leaving rate Band 3 probation service officers	8.8%	8.6%	7.0%	12.1%	12.4%

Source: Available at: <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

## Staffing and recruitment

### Recruitment and retention

We have faced significant staffing shortfalls, particularly in hard to recruit locations in certain parts of the country. This is exacerbated by the volatility of the post-pandemic labour market and cost of living crisis. The level of open vacancies in the UK continues to be high and many businesses are using resourceful tactics to attract and retain candidates including flexible employment terms, higher wages and sign-up bonuses, so we face significant competition in the labour market.

After an extended and challenging period, we have made considerable progress in recruitment. We are closing the gap to reach full target staffing but anticipate that enhanced recruitment support, interventions and retention initiatives will be ongoing for some time.

Alongside strengthened recruitment efforts we are focussed on retaining new and experienced staff. We aim to improve retention by boosting career progression, improving the overall pay and reward package, prioritising employee health and wellbeing, and ways of working. This will be key to driving up quality as new starters complete their training, consolidate their skills and gain experience.

In 2022/23 all prison staff, except for the very highest paid, received a pay award of at least 4% with the lowest paid also receiving up to £3,000 (grade dependant). The Government's response to the Pay Review Body 2023/24 was published in July 2023 with the award paid in September's pay and backdated to April 2023. Probation staff are now in year 2 of a 3 year pay award, with an average of 4% award plus progression via the Competency Based Framework model. The pay award for Year 2 2023/24 will average 3.8%

Retention toolkits to support both prisons and probation were published in May 2022. They focus on drivers of attrition and outline corresponding activity to address attrition and improve retention. A full exit interview process has been embedded across prisons and will be embedded in probation to create a better understanding of why people leave HMPPS. Career progression continues to be a key driver of people leaving and we have developed an interactive career progression toolkit to address this.

## In Probation



In probation attrition is causing some of these staffing issues, with the latest published leaving rate for the whole of the Probation Service at 10.1% (in the 12 months ending 31 March 2023) showing no change since the 12 months to March 2022. Leaving rates vary considerably by grade with some grades showing increasing trends (particularly Band 3 probation services officers) and others demonstrating fluctuation.

As at 31 March 2023, the probation officer staff in post figure stood at 4,413 FTE (a slight increase of 76 FTE (1.7%) since 31 March 2022) against a target of 6,158 FTE with over 2,626 FTE still in training. Therefore, the number of learners in the system currently exceeds the number of POs required.

We have undertaken a number of activities to support probation recruitment:

- offering Public Interest Transfer packages to those willing to move to our areas most in need
- establishing centralised, volumetric recruitment for our key operational roles in six priority regions to improve application numbers and time to hire
- encouraging staff that leave the Probation Service to re-join on permanent terms
- operating a pilot offering probation support officers without a degree the opportunity to undertake the Professional Qualification in Probation (PQiP). An evaluation of the pilot was published in **January 2023** and this is now offered as a permanent internal route
- introducing a non-graduate pathway onto the PQiP programme for internal and external applicants. This will provide an opportunity for applicants who do not currently hold a level 5 qualification to apply.
- delivering a part time programme enabling part time learners to undertake the qualification in a more flexible way
- launched Candidate ID, an engagement tool to target candidates at key stages of the process which aims to reduce attrition, increase engagement and awareness of the role, the Probation Service and the PQiP programme
- continuing to monitor hard to recruit areas such as London, Kent, Surrey and Sussex, and East of England where it may take longer to see improvements
- introducing a prioritisation framework to provide clarity on prioritisation of tasks and what can be reduced/paused when capacity issues begin to impact on operational delivery

## In Prisons and the Children and Young People Secure Estate

Prison officer recruitment and retention challenges have been significant throughout the year. The availability and experience of staff, stability of staffing levels and development of key skills is critical to our ability to deliver against commitments and build back following the conclusion of COVID-19 arrangements.

Ensuring that prisons are sufficiently resourced and that we retain levels of experience are fundamental to delivering quality outcomes in prisons. This is why we are targeting the drivers of staff attrition and taking steps to improve recruitment levels and processes, alongside a wider agenda to professionalise our workforce. Recruitment activity is ongoing for all sites with a current or future recruitment need. Staffing requirements for new prisons continue to be assessed and factored into workforce planning up to 18 months in advance of new prison places opening.

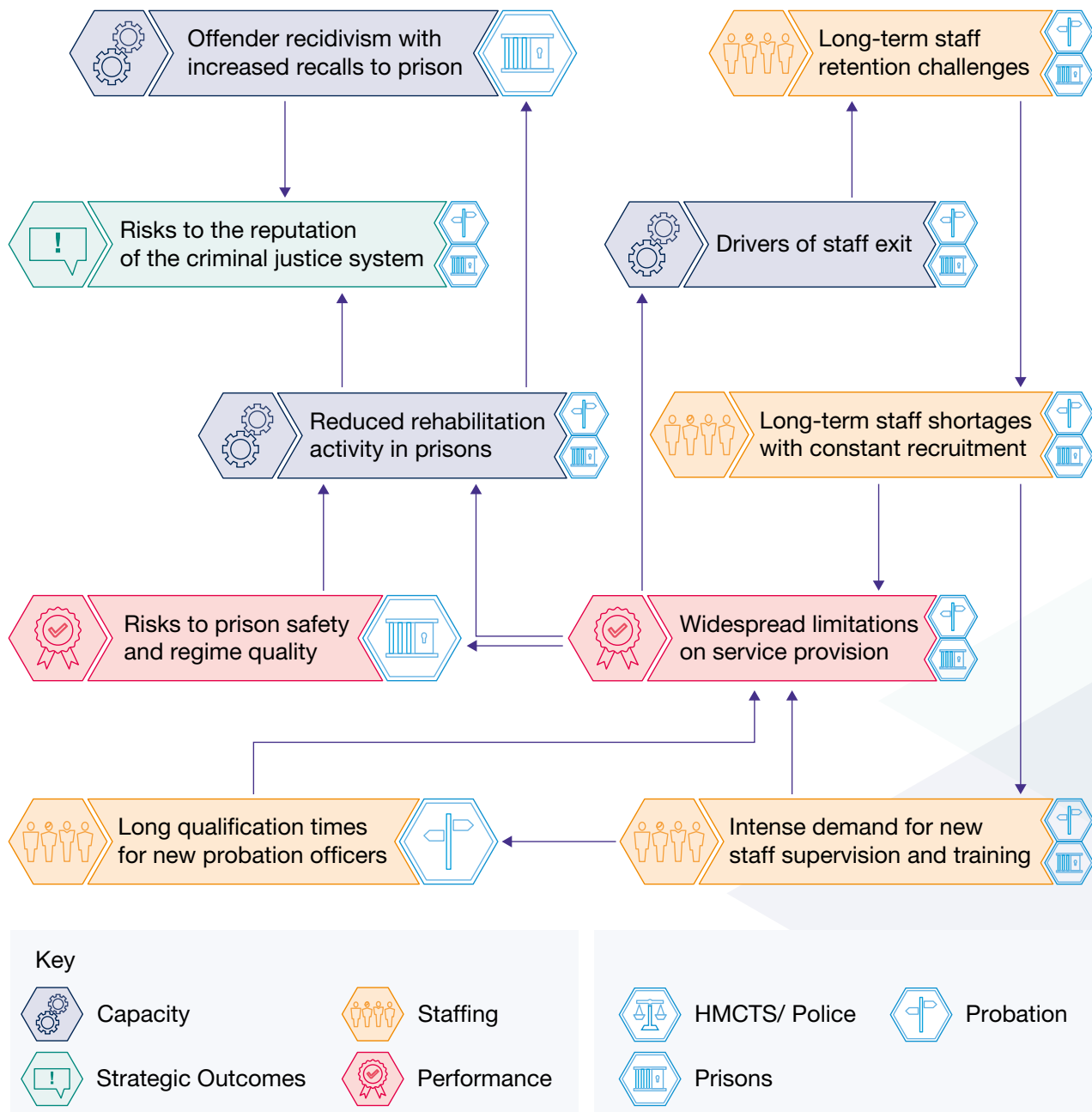


A number of initiatives have been implemented to bolster the recruitment of operational prison roles. These include:

- offering travel and relocation expenses to encourage applications for difficult to recruit to prisons through a National First Posting campaign
- continued delivery of the Operational Support Grade to Prison Officer Fast-Track scheme
- First Deployment scheme to reallocate candidates from over-subscribed merit lists into hard-to-recruit-to prisons
- continuing to refine and enhance use of digital technology by implementing new software in October 2022 to streamline online tests, providing candidates with a more user-friendly experience at our assessment centres
- undertaken work to modernise and improve prison officer foundation training

## Key Interdependencies Web

A web showing interdependencies in the staffing risk category



## Professional standards, equality and inclusion

In March 2023 our leadership team identified two national priorities for HMPPS, following the most recent People Survey results. They are:

- setting professional standards to ensure we treat everyone fairly and with respect
- making HMPPS a great place to work

### Tackling Unacceptable Behaviours Unit

Our Tackling Unacceptable Behaviours Unit (TUBU) aims to support the business in tackling bullying, harassment and discrimination where it is happening across HMPPS, focussed on improving our employee experience and increasing confidence in speaking out. It aims to ensure staff receive support, puts staff voice at the centre of driving positive change, provides a vital source of intelligence and understanding of local and organisational climates and culture, and ensures managers have the right skills and knowledge to respond appropriately when issues or workplace conflict arises. TUBU's work includes the delivery of climate assessments and a workplace mediation service, together with a staff helpline, specialist investigations service and a programme of awareness sessions to help drive improved professional standards of behaviour. This year we have provided support on 305 calls to our confidential helpline and have also carried out 57 mediation sessions, 91% of which resulted in full or partial agreement between the parties. TUBU has undertaken climate assessments at 32 sites, leading to bespoke local responses to support improvements in areas such as culture, values and leadership, and provided the Leadership Team with an overview of themes and key issues across Prisons and Probation Delivery Units, helping to inform where focussed attention is needed to continue to improve standards. A specialist investigations service was launched in March 2022, supporting the business with qualified investigators who can be commissioned to lead complex and sensitive bullying, harassment and discrimination investigations. This service has been tested out in 2 business areas in 2022 and we are doubling the number of qualified investigators in order to expand this service across HMPPS.

## Improving Professional Standards and Behaviours

Taking further action to improve professional standards and behaviours is a priority for the agency in the next year in line with our first- and second-people priorities. The One HMPPS Programme will create a new 'Improving Professional Standards and Behaviours' unit bringing together several existing functions to enhance the support they can provide to the business in reducing bullying, harassment, and discrimination, providing practical support and expertise to help leaders and teams build capability and to drive up positive professional standards and behaviours and specialist support related to professional standards and behaviour within a criminal justice setting and behaviour towards people in prison, youth services and on probation.

### Race Action Programme

To support our ambitions to improve professional standards, we continue to sustain our commitment to inclusion across the agency. The Race Action Programme (RAP), established in 2020 over three years to tackle racial discrimination and disproportionality, has made significant progress. This includes the introduction of monthly Race Action Forums, the launch of a diversity and inclusion learning hub, bolstering the number of race allies supporting staff and introducing a range of initiatives to facilitate inclusive recruitment and retention.

#### Race Allies

There are now approximately 1,600 staff Race Allies in HMPPS – an increase of 45% from May 2022. They are an action-oriented community who work in collaboration with black, asian and minority ethnic staff and prisoners, people on probation and children to understand, embrace and celebrate cultural difference. Working together, they tackle racism and race discrimination in all its forms to create sustainable and impactful change for the benefit of all staff and prisoners, people on probation and children. Examples of this include the creation of a race-action focused book club in the East of England and the HMPPS Race Allyship Charter being translated into a local race action plan in Wales.

## Staff Networks

We operate a number of staff networks, with the three largest covering race, disability and LGBT+. These staff networks play an important role in ensuring that HMPPS is a great place to work and supports our efforts in empowering our staff and creating a sense of belonging, by helping to build safe spaces and community. Currently representing almost 15.5k members, the HMPPS Staff Networks provides important insights, via surveys and other methods, that represents the voices and lived experience of its members, which in turn helps us to ensure our products and practices are inclusive, drives positive behaviours and enables constant development and improvement of our services. Delivering over eighty workshops and various events, our networks support our work in increasing understanding and awareness of difference and valuing diversity. Our workforce also have the opportunity to join the wider departmental MoJ Networks on offer.

## Equalities Monitoring and analysis

The Prisons Equality Monitoring Tool is being updated to provide more information on potential disparities in prison across the protected characteristics. This will provide more data on use of force, days in segregation, and Release on Temporary Licence to support informed decision-making and increase our understanding of disparities experienced by prisoners. We have also launched our Diversity and Inclusion Training Hub for staff which brings a number of products in one place and has received positive feedback and engagement.

## The experiences of adult black male prisoners and black prison staff

In December 2022, HM Inspectorate of Prisons (HMI Prisons) published a thematic review of the experiences of adult black male prisoners and black prison staff (<https://www.justiceinspectorates.gov.uk/hmiprison/inspections/the-experiences-of-adult-black-male-prisoners-and-black-prison-staff/>). We responded in March 2023, by publishing 'A Response to: HMIP Thematic Review – The experiences of adult black male prisoners and black prison staff' which outlines our commitment to act on their recommendations. We set out short, medium and long-term ambitions to establish a zero-tolerance approach to racial discrimination. Short term actions will include the creation of the Improving Professional Standards and Behaviours Unit as set out above, with longer-term actions including monitoring the impact of Use of Force, refreshing mental health services through closer partnerships with the third sector and setting local, regional and national representation targets for ethnic minority staff.

## Race Disparity Unit

A key commitment made in our response was to establish a Race Disparity Unit (RDU). Learning from RAP, the RDU will serve as a national centre of expertise, bringing together all race-specific work. We will establish a clear scope that goes beyond traditional RDUs by focusing not only on effective data collection and analysis to help us understand what our data is telling us, but also on contributing to the development of practical and strategic, evidence-based solutions. The RDU will be part of the new Improving Professional Standards and Behaviours Unit.

## HMPPS Wales

In Wales we have strengthened our equality work by creating a new governance structure and strategic priorities. These include a set of race commitments which align with the ambitions of the Criminal Justice Board for Wales' Anti-Racism Plan. We are piloting a 12-month Positive Action role, the first of its kind in HMPPS, which is focussed on greater engagement with ethnic minority communities in Wales and addressing identified barriers to recruitment. We have seen positive evaluation results from our rollout of cultural awareness training to all staff, as well as delivering a range of informal learning opportunities focussed on race equality. HMP Berwyn's Race Action Plan continues to be cited as national best practice, and our Probation Equality Board has taken steps to improve our evidence base, focussed on better understanding racial disparities in our systems.

## Other initiatives and support

In January 2023 we strengthened our approach to equality analyses by reviewing the equality analysis policy framework, including the development of new guidance and e-learning. This will increase capabilities and ensure our products are inclusive.

Progress has been made with the rollout of the Neurodiversity Support Manager role in prisons. As of December 2022, we have recruited 48 Neurodiversity Support Managers within prisons and are on track to rolling this out across all prisons in England and Wales by 2024, playing a vital role in improving processes to identify and support prisoners with neurodivergent needs, including ensuring neurodivergent prisoners can access the education, skills, and work opportunities within prisons. Additionally, we have commissioned new neurodiversity specialist services within four probation regions, providing interventions, upskilling probation practitioners and providing awareness-raising for senior leaders.

We are championing autism accreditation across the prison estate to make the prison environment more supportive for neurodivergent people, and as of October 2022, four prisons have received accredited status and 14 prisons are working towards it.

The Workforce Adjustment Passport has been produced, supporting staff with disabilities, so that workplace adjustments can be made to support staff being their best, removing barriers and helping staff to thrive at work.

# External scrutiny

## Prison inspections and support



In 2022/23 HMI Prisons carried out 41 full inspections and 21 Independent Reviews of Progress. The urgent notification process was invoked at one prison (HMP Exeter), which required the creation of an immediate 28-day action plan and further support from the executive director's office.

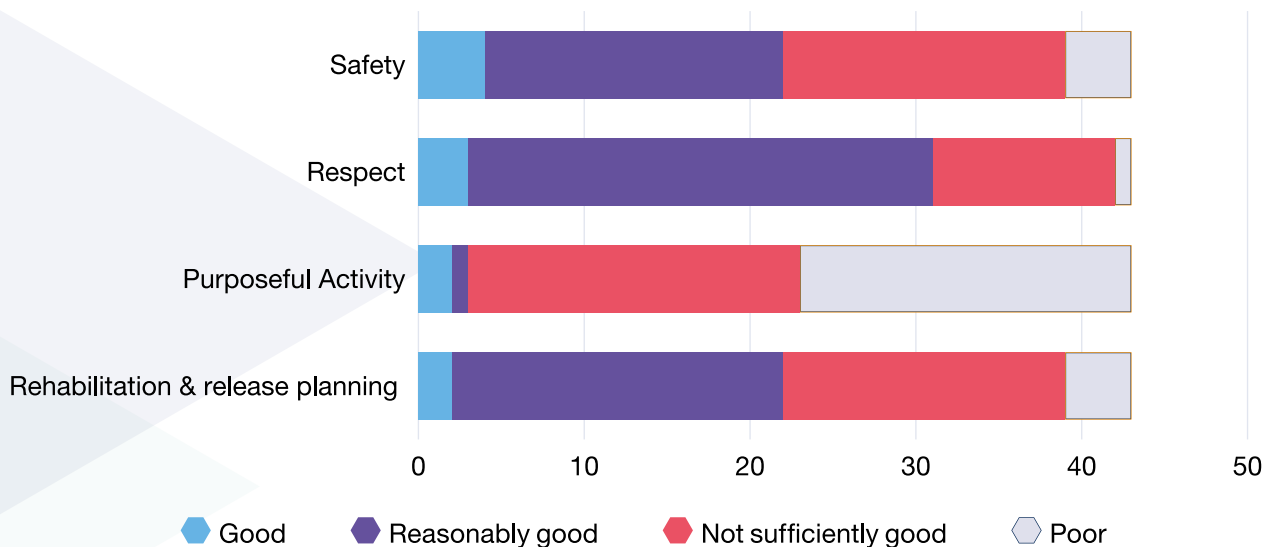
The inspections that took place immediately after the pandemic and since the exit from the COVID-19 Framework have remained critical of the levels of time out of cell and regime offered to prisoners, and scores within the purposeful activity healthy prison test have been poor. This has also been reflected in the inspections carried out by Ofsted within the adult prison estate with a high proportion being rated as Inadequate. Whilst HMI Prisons recognise that there are significant staffing challenges in many prisons, in February 2022, the inspectorate wrote to the then Deputy Prime Minister Dominic Raab in his role as Secretary of State for Justice, stating their view that category C prisons were failing in their core duty to prisoners. HMPPS has acknowledged the issue and governors are being encouraged to maximise the opportunities for prisoners to be unlocked and engaged in purposeful activity.

In April 2023 all prisons received the first iteration of the National Regime Model; a regime progression plan template, regime design guide and further instructions on how to develop the best possible regime vision for delivery by the end of the 2023/24 business year. This plan required prisons to look at their budget allocations, staffing and activities available to formulate a vision that meets the safety, sufficiency, quality, and quantity matrix. Prisons will undertake a quarterly review process on the agreed plans that will measure them against their planned delivery outlined in their yearly regime progression plan. Once the regime design cycle is completed for 2023/24, this will be embedded into business as usual with products that have been further developed taking lessons learned from the initial trial regime design cycle.

HMPPS has provided intensive support for HMPs Hewell, Bedford, Pentonville and Chelmsford through the Prison Performance Support Programme, with improvements in safety and decency independently reported by HMI Prisons through their unannounced inspections and independent reviews of progress for all sites. We have also delivered shorter term support to a number of prisons through the Prison Operational Support Programme where short term focussed support provided is targeted at a small number of specific issues, for example, improving governance and assurance or support planning regime delivery. There have been notable successes seen in the outcomes from HMI Prisons' Reviews of Progress where OSP have supported, including at HMP Brixton.

We have also provided intensive support to staff in 14 prisons through the deployment of standards coaching teams (teams of experienced prison officers deployed into prisons to support and coach their peers in core work) and have continued to develop the building confidence and competency toolkit for use in prisons.

## HMI Prison domain scores for published full prison inspections for 2022/23 as provided by HMI Prisons



Note: the scores cover male, female and under 18 YOI establishments, for which HM Inspectorate of Prisons has different expectations. For further information, please visit: <https://www.justiceinspectorates.gov.uk/hmiprisons/our-expectations/>

## Probation inspections and support



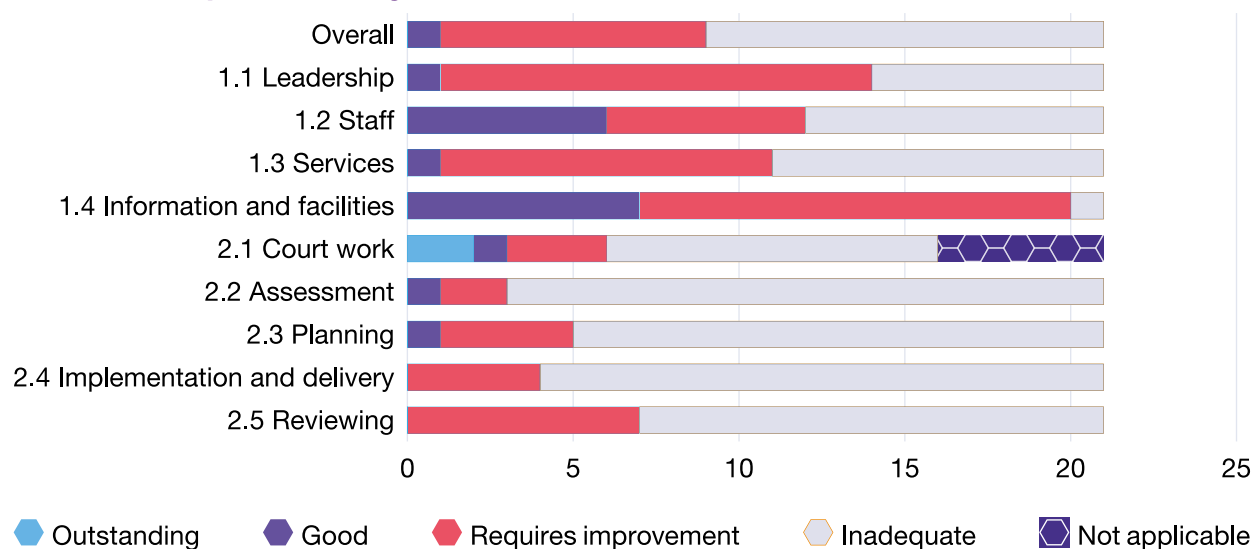
During the current HMI Probation inspection cycle, there have been 26 Probation Delivery Unit (PDU) inspection ratings received covering nine regions. HMPPS invoked the internal Urgent Strategic Response in relation to one PDU (Hammersmith, Fulham, Chelsea, Kensington and Westminster), to provide additional support to the Regional Probation Director through the Chief Probation Officer's office.

Recent inspections have shown some signs of improved quality over time, particularly in Domain 1 (leadership, staff, services, and information and

facilities). Additionally, a Northeast PDU (Gateshead and South Tyneside) received the first 'good' inspection rating and PDUs in Greater Manchester and East Midlands were relatively close to the 'good' boundary. However, this is coupled with lower scoring inspections in other PDUs and ongoing poor scores in Domain 2 (assessment, planning, implementation and delivery and reviewing). Findings in relation to keeping people safe have been a significant factor driving poor scores and addressing this is a priority for the Chief Probation Officer. Steps to address all recommendations made, including through improved risk management within each region, have been published through regional HMI Probation Action Plans. The court element has achieved some 'outstanding' results and consistently performs better than the other Domain 2 areas, which is thought to be due to greater consistency of practice and less staff turnover through the unification process.

The Secretary of State for Justice can ask HMI Probation to undertake an independent review of a particular case following high profile Serious Further Offences independent reviews. Two Serious Further Offences independent reviews were **published** in 2022/23 with resulting action plans to address all recommendations published simultaneously.

## HMI Probation domain scores for published probation inspections for 2022/23 as provided by HMI Probation



Note: For further information on the standards and ratings used in these inspections, please visit: <https://www.justiceinspectorates.gov.uk/hmiprobation/about-hmi-probation/about-our-work/our-standards-and-ratings/>

### Thematic reports

The inspectorates continued to publish thematic reports throughout the year. This included high-profile reviews of:

- **Offender Management in Custody;** key recommendations put to HMPPS asked for the OMiC model to be reviewed to ensure greater flexibility, to ensure responsibility and accountability for delivery sits in the correct place and to better ensure the successful transition of prisoners to the community.
- **Outcomes for girls in custody;** HMI Prisons raised concerns that a lack of alternative provision and intervention meant that custody was not always justified or used as a last resort, that often girls with the highest level of need were placed into the institution with the least resources, that girls were far more likely than boys to harm themselves, experience restraint and to be involved in violence during their time in custody, girls who needed mental health beds waited too long for transfer to hospital, transition plans had little impact on the day-to-day experience of young women when they were transferred to the adult estate and suitable accommodation was not secured early enough before release.

- **Multi-Agency Public Protection Arrangements:** The Criminal Justice Joint Inspection (CJJI) reported on visible national leadership but that the impact of local variation on the quality of delivery was not sufficiently monitored centrally and that audit processes were not used regularly or consistently and therefore did little to drive effective practice.
- **The experience of black prisoners and black staff;** HMI Prisons said black prisoners generally felt that staff viewed them as a group rather than as individuals, were not genuine in the way they related to them and did not have enough understanding of their distinct cultures. They also commented there was a strong theme of mutual mistrust and unease in relationships between white staff and black prisoners and that difficulties in relationships between black prisoners and staff also informed their findings on use of force.

The delivery of thematic review recommendations presents HMPPS with challenges due to prison population pressures, prison and probation staff recruitment/retention issues and wider system implications (for example, in the case of the outcomes for girls in custody and lack of alternative provision to custody). Progress against recommendations from thematic inspections is robustly followed up with senior responsible owners and updated action plans have been published.

A joint thematic inspection of Offender Management in Custody – pre-release ([justiceinspectorates.gov.uk](https://justiceinspectorates.gov.uk))

A thematic review of outcomes for girls in custody September 2022 ([justiceinspectorates.gov.uk](https://justiceinspectorates.gov.uk))

A joint thematic inspection of Multi-Agency Public Protection Arrangements ([justiceinspectorates.gov.uk](https://justiceinspectorates.gov.uk))

Thematic review: The experiences of adult black male prisoners and black prison staff ([justiceinspectorates.gov.uk](https://justiceinspectorates.gov.uk))

## The Prisons and Probation Ombudsman

The Prisons and Probation Ombudsman (PPO) typically investigate around 300 deaths each year. 2020/21 saw an increase to over 400 attributed almost entirely to deaths related to COVID-19, and around 15 deaths of residents in approved premises. During 2022/23 the PPO started investigations into 404 deaths, a 23% increase compared to the previous year. Of these, 224 deaths were from natural causes, 92 were self-inflicted deaths, 65 were non-natural deaths, and 3 were apparent homicides. There were 322 deaths in prisons, 15 deaths of residents living in probation approved premises, and 63 deaths post-release from custody. The PPO made a number of recommendations within reports issued through the year following deaths in custody in a number of areas including healthcare provision, emergency response and suicide and self-harm prevention. HMPPS continues to respond to and share learning from the recommendations made.

During the 2022/23 reporting period, the PPO received 4,472 complaints, a 1% increase compared to last year. The PPO started investigations into 2,094 cases compared to 1,936 in the previous year, an increase of 8%. The PPO completed 2,165 investigations, an increase of 13% compared to the previous year. Of these, 29% related to prisoners' property, 10% related to staff behaviour and 7% were about administration. Of all completed cases, 27% were found in favour of the complainant, similar to the rate of 28% last year.



## European Committee for the Prevention of Torture

A delegation from the European Committee for the Prevention of Torture carried out a routine visit to the UK in March 2023 to examine the 'treatment and conditions of detention' of persons held under immigration legislation, both in immigration detention centres and prisons. The delegation visited HMPs Wormwood Scrubs and Pentonville, and their report is due to be published in 2023. The Home Office and HMPPS will respond to the comments and requests for information in the form of a robust action plan within three months.

## Inspections in the Children and Young People Secure Estate

The Youth Custody Service is subject, as a minimum, to the same inspection scrutiny as the adult estate but with additional oversight. Inspections are typically carried out more frequently and there are a broader number of scrutiny bodies that provide oversight to the Children and Young People Secure Estate. Action plans are developed by the inspected site in response to their inspection report and recommendations, with progress reviewed both internally and by the inspecting body.

HM Inspectorate of Prisons are the primary inspectorate responsible for assessing sites within the YOI sector (England and Wales) in the areas of Safety, Care, Purposeful Activity and Resettlement. Full YOI inspections are carried out once every two years. HMIP also carry out an Independent Review of Progress (IRP) 8 to 12 months after a full inspection to monitor progress against the recommendations from the previous inspection.

<https://www.justiceinspectorates.gov.uk/hmiprison/about-our-inspections/>

Care Inspectorate Wales are the primary inspectorate responsible for assessing Hillside Secure Children's Home, with Estyn inspecting their education delivery

<https://www.careinspectorate.wales/>

Additionally, Estyn inspect the education delivery at Parc YOI, and Care Quality Commission (CQC) inspect healthcare across all English settings.

<https://www.estyn.gov.wales/inspection>

<https://www.cqc.org.uk/guidance-providers/criminal-justice-system/secure-settings>

Ofsted are the primary inspectorate responsible for the English Secure Children's Homes on education and learning, health and resettlement, and additionally lead the Joint Inspection Framework with HMI Prisons assessing Oakhill STC. Ofsted also inspect the education delivery at the YOIs in England.

<https://www.gov.uk/government/publications/social-care-common-inspection-framework-sccif-secure-childrens-homes>

<https://www.gov.uk/government/collections/ofsted-inspections-of-secure-training-centres>

Since the resumption of Ofsted inspections in April 2021, six of the seven Secure Children's Homes (SCH) in England who care for children in the criminal justice system have had full inspections. This year has seen two out of eight SCHs downgraded from a 'good' Ofsted inspection outcome to 'requires improvement'. In response we are implementing our contractual levers and increasing the contract review meetings we hold with SCHs as well as offering strategic support to the sector. As SCHs are required to develop action plans in response to recommendations made by Ofsted, we continue to review progress regularly.

### Ofsted workshops

HMPPS commissioned Ofsted to lead bespoke workshops for all prison governors and Prison Group Directors, the first of their kind, to embed knowledge of Ofsted's Education Inspection Framework and ensure the curriculum vision and strategy for education, skills and work were clearly understood and interpreted, to be implemented in prisons. Feedback was resoundingly positive and led to senior leaders requesting additional training for middle leaders which Ofsted are now conducting, to impact positively on the delivery of education, skills and work.

# Financial Performance

## Where we spent our money in 2022/23

HMPPS committed gross resource expenditure of £4.9 billion, which was £400 million more than 2021/22. In addition to this, £770 million of capital spend was incurred. The expenditure represents a continuing pattern of investment in our prison and probation services.

There remains a continued focus on improving conditions and performance in prisons alongside a drive to implement reform across probation. We have invested in our prisons under our commitment to build additional prison places across our estates and through local initiatives linked to agreed spending priorities e.g. on safety, decency and security. We continued our investment on the wide-ranging Probation Reform Programme through the estates and digital strategies.

## How we are financed

We are primarily financed by funding from the Ministry of Justice (MoJ) as our parent department. We also generated £262 million of operating income in 2022/23 as a result of various initiatives to generate revenue, in addition to recharges of costs incurred.

The retail prison shop income comes from a contract providing offenders with a weekly opportunity to make purchases with their own funds for food, hobby materials and other items. It is a self-funding contract, where offender purchases and the margin made on these are used to offset the total cost of the contract. Regional packing workshops are run by the service provider but are mainly staffed by offenders. This presents a quality, purposeful activity that allows offenders to develop transferable skills.

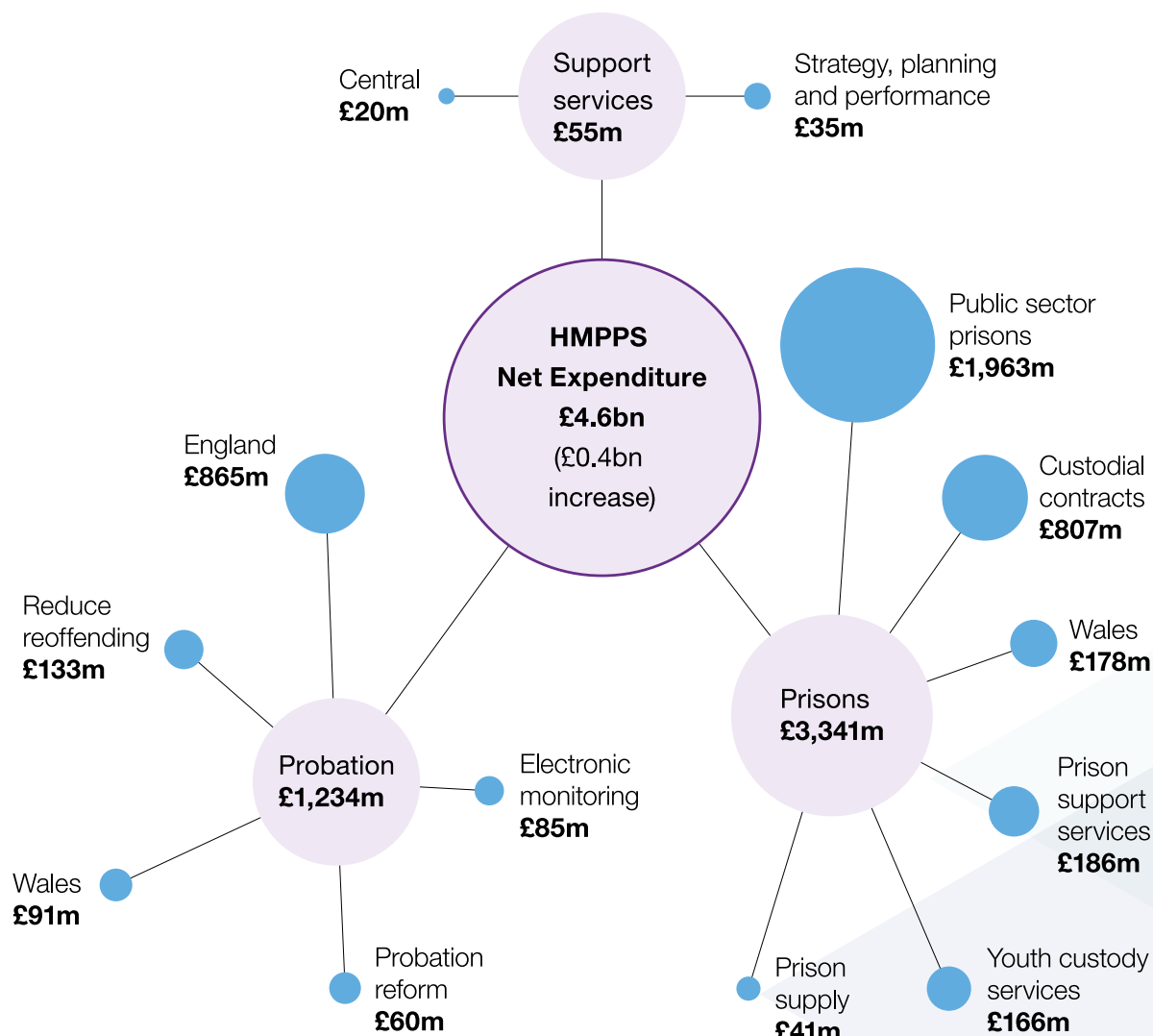
HMPPS receives a financial allocation from the European Union via the European Social Fund Managing Authority (Department for Work and Pensions) for delivery of resettlement services to offenders. The funding is used to support offenders who may be disengaged from mainstream activity, in both custody and community settings, to increase employability and provide opportunities to access mainstream services.

We also recover costs from funding partners as follows:

- provision of custodial services to foreign national prisoners, running immigration removal centres and counter terrorism activities (Home Office)
- provision of healthcare services (NHS England, private sector and Welsh Government)

The split of resource departmental expenditure between custodial and community services and support services is set out in the table below:

## The split of resource departmental expenditure between custodial and community services and support services



## Financial management

The MoJ receives authority to incur expenditure via the supply estimates process. The estimate is published twice in each financial year. The main estimate is published at the beginning of the financial year and the supplementary estimate is published towards the end of the third quarter of the financial year. The supplementary estimate provides an opportunity for MoJ to reflect changes in the budgets internally and any movements of funding with other government departments.

At the start of the financial year, budgets are delegated from the MoJ Permanent Secretary as Principal Accounting Officer to the HMPPS Chief Executive Officer. The Chief Executive Officer may then make sub-delegations to other budget holders within HMPPS directorates. Budget holders are required to meet the conditions of their delegation letters and the requirements of the MoJ's Financial Control Framework.

## Finance function

2022/23 was the fourth full year where the agency's financial management was provided through the MoJ functional leadership model. This model brings together specialists into a single, unified team across the department with the vision of putting finance at the heart of decision-making, with finance business partners working alongside operational colleagues and centres of excellence established to support the production of financial and management accounts.



“We have made great strides in addressing the complex issues we have faced on capacity and on staffing levels, whilst working hard to ensure the impact on delivery is minimised”

# Operational Performance in 2022/23 from the Director General of Operations

As Director General of Operations, I am incredibly proud to have led HMPPS through the challenges and achievements of 2022/23. It is thanks to our talented and committed group of staff who support the agency that we are able to continue to deliver the vital services entrusted to us.

HMPPS has focussed efforts on delivering against our commitments to protect the public and reduce reoffending. We have made great strides in addressing the complex issues we have faced on capacity and on staffing levels, whilst working hard to ensure the impact on delivery is minimised.

This has, at times, meant that we have needed to be flexible in our approach and pause some activity to allow us to focus on priority areas.

We have taken the opportunity to think differently about how we can maintain delivery with reduced resources, whilst ensuring we continue to provide a quality service. For example, the introduction of Video Conferencing Centres in prisons has supported us to continue to safely deliver reliable remote access for prisoners to hearings at court whilst drawing on fewer resources and embracing new technology.

Addressing safety in prisons continues to be a priority. This year we have seen notable increases in violence and self-harm. This will be tackled through a number of initiatives to support prisoners as well as to provide staff with the right tools to understand the drivers and support change in this complex area.

We remain focussed on the safety and stability of the young people in our care. We have made progress in improving the provision for young people with new education contracts and investment to improve decency in our YOI sites and we eagerly anticipate the opening of the first secure school in 2024.

Despite staffing challenges in probation, our dedicated staff continue to tirelessly deliver the orders of the court and work with people on probation through their sentence, although we recognise there are improvements to be made in several areas to improve quality of delivery. We are committed to increasing the use of the pre-sentence reports and in 2022/23 we updated guidance to support a more efficient approach to sentencing advice. Whilst serious further offences are rare, we are taking steps to address the recommendations made in two independent reports received this year through comprehensive action plans.

We continue our excellent collaborative work with valued partners in many areas such as with the Department for Work and Pensions (DWP) to support better outcomes for employment for prison leavers, and the Police who have worked collaboratively with us on Operation Safeguard, improved data sharing, improved support for victims and in tackling corruption and counter terrorism. Our work with partners, stakeholders and contracted organisations is vital to ensure a holistic approach is taken to support individuals, reduce reoffending and protect our communities.

Our staff across prisons, probation and youth custody have been pivotal in driving efforts forwards and should be commended for their dedication and energy. I am eager to see increased staffing levels over the coming years and will ensure that we hold on to that valuable staff experience which is key to enriching our delivery. There is always more that can be done, and we will continue to implement our plans to raise professional standards across the agency, making HMPPS a great place to work.

**Phil Copple**

Director General of Operations



# Performance against outcomes

In this section, we will report on our performance against the headline commitments made in the MoJ's Outcome Delivery Plan. We will also set out the impact of key challenges on operational delivery.

## Protect the public

### Prison places

	2018-19	2019-20	2020-21	2021-22	2022-23
Population	82,643	83,189	78,081	79,744	84,372
Useable operational capacity	84,865	85,583	80,869	81,752	85,503

Source and Notes: Data from 2019 to 2021 includes the population and capacity in HMPPS operated Immigration Removal Centres (IRCs). After this period HMPPS no longer operated any IRCs. Figures include the under 18 YOIs <https://www.gov.uk/government/publications/prison-population-figures-2023>

To keep the public safe from serious offenders we continue to work to modernise and increase the capacity in our prisons. The financial settlement agreed at the 2021 spending review allowed us to continue making progress towards the delivery of 20,000 additional, modern prison places by the mid 2020s, the biggest prison build programme since the Victorian era, ensuring the right conditions are in place to rehabilitate prisoners, helping to cut crime, and protect the public.

These places are being delivered through the construction of six new prisons, as well as the expansion and refurbishment of the existing estate and temporary accommodation.

Of the 20,000 additional prisons places we promised, in total we have delivered c.5,500 to September 2023 (c.2,800 of these were delivered between April 2022 and September 2023 including opening our newest prison, HMP Fosse Way, in late spring of this year).

Construction is well underway at HMP Millsike, due to open in 2025, and will be the UK's first all electric powered prison.

We have experienced some delays to the Cat D Estate Phase 1 programme (c660 places) in part due to delays due to construction market volatility (driven by COVID-19 and the situation in Ukraine) and construction speed being slowed at sites where we have commenced work, due to limited availability of escort staff to support construction activities.



### HMP Five Wells

Additionally, several sites on the Rapid Deployment Cells programme have been delayed due to a need to revise delivery plans as we have entered the construction phase, escort staff limitations and an unanticipated need to progress through full planning applications at some sites rather than being able to progress via permitted development rights. We have engaged with DLUHC to drive proposed amendments to planning requirements which will benefit future projects.

We have also experienced challenges in the planning process, which includes refusals of planning permission at 3 of our new prisons. Where delays in planning approvals have been significant or of most concern, we have engaged senior MoJ colleagues and local MPs to prioritise decision making. And on planning conditions, we have appealed and are working to address planning conditions required at particular sites including for example nutrient neutrality requirements.

We continue to explore and implement options to address and mitigate the risks to our building programmes presented by inflationary pressures and challenges in the planning process. The Accelerated Houseblocks Delivery Programme intends to deliver approximately 2,600 new places through houseblock construction and refurbishment across eight sites in the category B and C adult male estate. All sites under this programme have received planning permissions and we have appointed construction partners to advance the expansion of sites within the female estate, using designs which are conscious of and directly informed by the lived experiences of women in custody, who may have experienced physical and emotional violence and sexual abuse or exploitation.

The private prison contracts at HMP/YOI Parc, HMP Lowdham Grange and HMP Altcourse expired between December 2022 and May 2023. They represent critical capacity (around 5% of the prison population) and are among the first Private Finance Initiative contracts to expire across government. Each competition improved quality outcomes while delivering significant but sustainable savings across the life of the new contracts, with provisions in new operating contracts contributing an additional c.300 places through optional crowding measures. These additional prison places can be brought online when required through agreement between HMPPS and the operators. The project is now in its final stage of mobilising the new services with the successful operators and working with them to deliver the transformation set out in each of their bids.

## Map of Activity Across 20,000 Prison Places Portfolio in 2023

Work is well underway on expansions and renovations to existing prisons which will create thousands of places, including;

A new state of the art workshop at HMP Highdown, completed in March 2023 has enabled the prison to increase its operational capacity by **90 places**



Over **700** new prison places have been installed in the past two years across **14** prisons to support the loss of accommodation from dilapidation and non-compliance



The Rapid Deployment Cells Programme (RDCP) is underway. In January 2023, **48** places were successfully delivered in Phase 1 of the programme at HMP Norwich, and further work is planned at HMPs Ranby, Send and Foston Hall



Construction started on a New Prison at Full Sutton in summer 2022



Construction has also begun on new houseblocks at HMPs Rye Hill and Stocken and Cat D expansions at HMPs Hatfield and Sudbury



Work has started on major refurbishment projects at HMPs Liverpool and Birmingham delivering **c.650** cells between them. The wing-by-wing refurbishment at HMP Liverpool will see every cell renovated, and the second phase of works delivered **75** places ahead of schedule in April 2023



### HMP Morton Hall

Morton Hall was changed from a female prison to an immigration removal centre in 2011. To meet the increasing demand on the prison estate, it was selected for conversion to a secure adult male prison and, following completion of phase 2 of the re-role project in June 2022, now provides 353 additional places which offer safe, decent, secure and uncrowded single cell accommodation. As building a new prison typically takes 5 to 7 years, shorter-term capacity projects are critically important to managing the prison population.

### Prison maintenance

Prison capacity pressures have restricted our ability to take places out of use for refurbishment and compliance works. There remain approximately 26,000 cells requiring investment to bring them in line with modern fire safety standards. We have prioritised our investment through the Fire Safety Improvement Programme and, in 2022/23, brought over 4,000 prison places in line with modern safety standards during the course of the year, creating a safer environment for our staff and prisoners.

As a result of the below investment, 163 major projects at 84 prisons and 167 minor projects at 107 prisons have been in delivery or development in 2022/23.

In the major capital maintenance programme for 22/23, approx. £60 million was invested in fire safety improvements, £30 million on refurbishments, £14 million on infrastructure, £13 million on roofing, £12 million on security, £6 million on regime facilities, £5 million on boilers and heating and £4 million on escorting.

## HMP Kirkham timber workshop

A new state-of-the-art timber workshop at HMP Kirkham has created purposeful activity and qualification opportunities for prisoners. The workshop has been a key part of HMP Kirkham history for the last 60 years, originally located in a 1940s prefabricated aircraft hangar and adapted over the decades to house a wide range of woodworking machines but was eventually closed in 2019 due to safety concerns.

The timbers workshop has played a key role in the production of in-cell whitewood furniture, dog kennels, sheds, utility buildings, office furniture, garden furniture and much more for public sector prisons industries and also completed a range of contracts for the private sector, providing employment to 55 men in the prison. The closure meant contracts would no longer be fulfilled.

Recognising the hangars' decline and the value to the service, an investment proposal and subsequent mandate was submitted, and business case developed to decommission and demolish three aircraft hangars at Kirkham and replace them with a new timber woodworking facility. Additional funding was agreed to supply the equipment to run it as a fully functional wood workshop.

The project was successfully delivered in August 2022 providing the prison with a new state of the art timber woodworking facility.

## Prison Safety

HMPPS is committed to making prisons safer for everyone who lives and works in them. Through 2022/23 there was an increase in assaults, an increase in self-harm in the female estate and a decrease in self-harm in the men's estate. Safety outcomes are linked to staffing including staff experience and the delivery of a consistent prison regime. The three-year next generation safety programme commenced in April 2022 to help drive rates of violence, self-harm, and self-inflicted deaths downwards.

### Violence

	2018-19	2019-20	2020-21	2021-22	2022-23
Assaults on prisoners per 1,000 prisoners	277	250	140	163	185

	2018-19	2019-20	2020-21	2021-22	2022-23
Assaults on staff per 1,000 prisoners	117	109	89	97	92

	2018-19	2019-20	2020-21	2021-22	2022-23
Total assaults on staff & prisoners per 1,000 prisoners	390	355	226	256	274



We continue to address the levels of violence through a range of measures including supporting those at risk of violence to move away from violent behaviours through Challenge, Support and Intervention Plan (CSIP), the case management model for managing those who pose a raised risk of being violent. We have rolled out a new training module for staff on violence, which will help equip them to understand how to mitigate the drivers of prison violence and effectively use CSIP.

## PAVA

To protect staff and prisoners where there is serious violence or an imminent or perceived risk of violence we are rolling out PAVA (a synthetic pepper spray) for use by prison officers in the adult male estate, this was live in 80 sites by the end of 2022/23. We are supporting prisons to introduce PAVA on a safe and sensible timescale, recognising that one of our most effective tools for managing people safely is the interpersonal skills of our staff.

## Body Worn Video Cameras

Body Worn Video Cameras (BWVCs) are an important tool to support staff in their day-to-day jobs and help to keep prisons safer and fairer, to build trust through transparency and to support objective adjudication processes and prosecutions. This year, we aimed to rollout a next generation BWVC service to all 106 public prisons in England and Wales, increasing the availability from 6,000 cameras to over 13,000 new BWVCs on a new networked system. In 2022/23 we delivered BWVCs live in 106 public prisons, with 13,122 new BWVCs in operation. This provides enough BWVCs for all Band 3 to 5 operational staff members on duty at any one time, providing equality of access across prisons. A new policy framework mandates BWVC for every operational Band 3 to 5 member of staff.



## Use of force

HMPPS are developing analytical capability to better understand and respond to patterns in use of force practice across prisons and with different prisoner cohorts. More routine collation and application of local data has brought greater local level insight into patterns of use of force and driven a commitment to improve. We will implement an equalities monitoring tool that will enable us to see and respond to disproportionality where it occurs.

Improving the collection, analysis and use of data related to trends in use of force, starting with access to robust diversity and inclusion data, will allow us to develop evidence-based national strategies to ensure we understand and address key issues such as disproportionate use of force, in a way that makes best use of our resources and maximises impact. We also aim to improve confidence in HMPPS from external scrutiny bodies such as HMI Prisons as a result of developing this work. Our longer-term ambition is to publish use of force data in a similar way to safety data (which will bring us in line with organisations such as the Police).

## In the Children and Young People Secure Estate (CYPSE)

	2018-19	2019-20	2020-21	2021-22	2022-23
Assault incidents per 100 CYP per year	*	448.3	320.9	402.2	384.6
CYPSE Serious assaults per 100 CYP per year	-	28.0	21.4	25.9	34.4

Source and notes: \* Information cannot be provided for 2018/19 as the way that assaults are counted in the Children and Young People Secure Estate (CYPSE) changed in April 2018 for YOIs and April 2019 for the other sectors. The two methods cannot be combined to provide an overall figure. <https://www.gov.uk/government/statistics/safety-in-the-children-and-young-people-secure-estate-update-to-march-2023/safety-in-the-children-and-young-people-secure-estate-update-to-march-2023>

	2018-19	2019-20	2020-21	2021-22	2022-23
Assaults on staff per 100 CYP per year	*	186.7	177.6	212.4	173.6

Source and notes: \* Information cannot be provided for 2018/19 as the way that assaults are counted in the Children and Young People Secure Estate (CYPSE) changed in April 2018 for YOIs and April 2019 for the other sectors. The two methods cannot be combined to provide an overall figure. <https://www.gov.uk/government/statistics/safety-in-the-children-and-young-people-secure-estate-update-to-march-2023/safety-in-the-children-and-young-people-secure-estate-update-to-march-2023>

All Children and Young People Secure Estate (CYPSE) sites have a safety strategy that reflects the local drivers of violence and includes tackling the use of weapons and conflict resolution. Teams of conflict resolution practitioners based in each site apply the principles of restorative practice to resolve conflict between various parties, reducing the need for restrictive interventions and enabling a child's engagement in all other opportunities available whilst in our care.

The Behaviour Management Strategy operated by the YCS integrates various psychological theories and initiatives. This comprises Enhanced Support Units (at two YOIs), Enhanced Support Services, Interventions, Minimising and Managing Physical Restraint (MMPR), Conflict Resolution and Custody Support Plans, as well as incorporating existing processes such as the incentives and earned privileges scheme. This approach encompasses education, psychology, resettlement, health, and behavioural support to ensure each child receives a full needs assessment and psychological formulation which informs a tailored Integrated Care plan.

Looking forwards, the YCS is resetting its focus on safety as the foundation to stable, decent, and supportive environments and staff will be supported to develop the skills needed to safely manage an increasingly complex cohort. All children and young people will have a plan that sets out their risks and needs, managed by a named staff member. Effective security procedures will be embedded to control the manufacture of weapons or tools/materials that can be a threat to the safety of all.

## Self-harm and Self-inflicted Deaths

	2018-19	2019-20	2020-21	2021-22	2022-23
Deaths in custody - self-inflicted (adult)	88	83	80	79	82
Rates per 1,000 prisoners	1.1	1.0	1.0	1.0	1.0

Source: <https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-march-2023>

	2018-19	2019-20	2020-21	2021-22	2022-23
Self-harm per 1,000 prisoners (male)	597	651	535	550	523

Source: <https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-march-2023>

	2018-19	2019-20	2020-21	2021-22	2022-23
Self-harm per 1,000 prisoners (female)	2,828	3,207	3,581	3,846	5,826

Source: <https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-march-2023>

The self-harm data provided relates to individual incidents of self-harm. There were 11,224 individuals who self-harmed in the 12 months to March 2023, up 1% from the previous 12 months. The number of self-harm incidents per individual increased from 4.9 in the 12 months to March 2022 to 5.3 in the 12 months to March 2023.

While we have seen a 5% decrease in the rate of self-harm among adult men in 2022/23, we have seen a continuing rise in the rate of self-harm in the female estate, which has increased by 51%. We are taking action to address self-harm and are working with our women's self-harm taskforce to tackle this. This includes the introduction of a number of measures, including rolling out the support through enhanced management programme for women with complex needs and piloting access to psychologists in the early days of custody. The Taskforce is currently focussing on working across Government departments and with NHS England to develop a more holistic response.

This year we have also:

- completed the roll out of Trauma Risk Management, a peer led approach to encourage members of staff who have experienced a traumatic or potentially traumatic experience to be offered and seek help when they need it
- continued to develop and phase in a Safety Support Skills training package for staff including a new Violence Reduction module
- commenced a debt study to understand the extent and impact of debt in prisons and its contribution to violence and self-harm
- worked with Samaritans to develop a postvention response to providing support in the period following a self-inflicted death in order to reduce the risk of further deaths. This has been implemented in the adult male estate and the roll out of an adapted approach to the female estate is nearing completion.
- worked with RECOOP to pilot a new structured peer support model to promote self-reliance and self-managing behaviour, known as THREADS, in three prisons.
- completed two pilots to test alternatives to the current wet shave provision and started a third pilot to test a bespoke electric razor. We are evaluating the outcomes of the pilots and will consider next steps once the evaluation is complete

## In the Children and Young People Secure Estate (CYPSE)

	2018-19	2019-20	2020-21	2021-22	2022-23
Self-harm per 100 (CYP)	193.8	289.9	223.5	289.4	383.0
Self-harm individuals	*	414	249	255	226

Notes: \*Incident data prior to April 2019 was not collected from Secure Children's Homes or Secure Training Centres in a manner that would enable unique individuals to be counted.

	2018-19	2019-2020	2020-21	2021-22	2022-23
Deaths in custody - self-inflicted (CYP)	0	0	0	0	0

Notes: Deaths of children and young people are fortunately rare and there were no deaths in the 12 months ending 31 December 2022. Since April 2014 there have been three deaths of children and young people within the Youth Children and Young People Secure Estate. All of these deaths were due to natural causes

Due to the relative size of the CYPSE, self-harm data is subject to a lot of fluctuation and often skewed by a small number of individuals.

To support these children and young people, the YCS has oversight and monitors these individuals through a Critical Case Pathway (CCP), a joint YCS and NHS England pathway, providing a level of oversight, assurance and support to professionals working with children and young people who self-harm and those with the most exceptionally complex needs. It allows staff to take action to ensure effective assessment, planning and co-ordination to make sure every effort is made to meet the needs of this vulnerable group.

Our Behaviour Management Strategy includes the Assessment, Care in Custody & Teamwork (ACCT) model which ensures a multi-agency approach to actual or potential self-harming behaviour to reduce risks.

## Security

Crime in prisons undermines the safety and security of prisoners and staff. We continue to work to improve security processes and the stability of prisons. This year we have:

- concluded the Security Investment Programme with the successful installation of x-ray baggage scanner technology to support searching in 44 prisons
- developed a counter drone strategy to support HMPPS in mitigating the growing risk posed by illicit use of drones
- continued work to upgrade phone blocking capability and future requirements devised to ensure that the capability remains live against the changing environment
- installed and provided training for 60 new drug trace detection devices in 2022/23 bringing us to a total of 95 new devices in public sector sites
- rolled out upgraded phone blocking capability to prevent prisoner access to illicit communication methods

## Counter terrorism

The threat to national security from terrorism and extremism is becoming more complex and diverse to manage. It is important that terrorism and extremism risks are appropriately managed within prisons and probation. This year we have:

- created appropriate processes and policy to ensure that the new 'power to detain' set out in the **Police, Crime, Sentencing and Courts Act 2022**, can be used in cases where the offender poses a risk to public safety because of terrorism concerns
- introduced an updated Crime in Prisons Referral Agreement under which terrorist offenders who commit further crimes (of any severity) in prison will be automatically referred

to the police and can be sentenced to longer than the maximum 42 days prison authorities could give, to keep our communities safer

- in response to Jonathan Hall KC's review on **Terrorism in Prisons**, we continue to make excellent progress against recommendations on improving counter terrorism work in prisons and have completed delivery of 7 of 13 recommendations for HMPPS including:
  - introduction of a new Crime in Prisons referral agreement, between HMPPS, Counter Terrorism Police and the Crown Prosecution Service
  - introduction of specialist probation teams to manage terrorist convicted, connected and terrorist risk individuals
- improved use of separation centres, where we house the most pernicious radicalisers (we will now make use of these as a best resort rather than a last resort), and have improved joint working between HMPPS, MI5 and police
- implemented a new separation centre policy framework in November 2022, strengthened by a revised operating manual to support staff
- introduced a new authorised communications controls policy framework in September 2022, allowing for greater scrutiny of any external communications of terrorist prisoners
- significantly upgraded the security at 18 of our approved premises, allowing us to more closely manage terrorist offenders on release from custody
- established the Counter-Terrorism Assessment and Rehabilitation Centre, a dedicated multi-disciplinary team of expert psychologists and specialist staff, to respond to the diverse and changing nature of a terrorist offence or threat by researching and implementing intervention programmes to draw offenders away from terrorism

## Women in prison

In October 2022, we shared the female estate early days standards which set out the minimum standards that every prisoner coming into custody should expect. Additionally, the **Female Offender Strategy Delivery Plan**, published on 31 January 2023, outlines cross government commitments to improve outcomes for women and reduce women's offending over the next three years.

We have continued to develop our workforce strategy to ensure all staff working with women have relevant gender-specific training and have launched a new comprehensive learning package. Additionally, we have progressed the development and delivery of a gender-specific foundation course for new entrant prison officers. The training cohorts comprise delegates who have been specifically selected for deployment to the female estate to ensure we provide suitable training to staff working with women prisoners.

## Mother and baby units

We have responded to the findings and continue to address the recommendations made from the Chief Social Worker review of **applications to mother and baby units (MBUs) in prison**, published on 24 November 2022. The review concluded that MBUs require further external scrutiny; are underused due to a lack of awareness and understanding of their function by Children's Social Services; and that women should receive more support during the application process.

HMPPS has delivered a cross-departmental and collaborative approach in the response to the death of Baby A in September 2019. One outcome provides a National Prison Midwifery and Obstetric Service Specification informed by best practice which can be used by commissioners to identify and deliver appropriate perinatal services across the custodial estate. In May 2022 HMPPS introduced a contingency plan for female prisons to develop and expand on the interim staff instructions on what to do in the event of an unexpected birth.

We have introduced pregnancy and MBU liaison officers in all female prisons to ensure effective care for women and their babies. In November 2022 we held the first bi-annual Pregnancy and Mother and Baby Unit Advisory Forum, designed with the aim to review delivery of the principles of the policy

framework, and to share relevant research and evidence to contribute to future development of this policy area.

## Transgender prisoners

A Transgender Reference Group has been introduced to allow practitioners, policy makers and specialist areas to come together and talk through the complexities of caring for our transgender cohort. Significant revisions to the care of transgender offenders in custody policy framework have been introduced.

## Youth Custody Service

The children and young people secure estate operates across Young Offender Institutions (YOIs), the Secure Training Centre (STC) and Secure Children's Homes (SCHs). In 2024, we will see the opening of the first secure school. This diverse estate has seen performance challenges with responsibility for many children and young people in custody who have increasingly more complex needs. In March 2023, 67% of the population were in custody for violence against the person.<sup>3</sup> Safety and effective regime delivery have been key areas of challenge in the YOI and STC sectors.

## Young Offender Institutions

We continue to focus on safety and stability in our YOIs. The joint NHS England and YCS Behaviour Management Strategy addresses high risk behaviour, working alongside improved individual plans for children and young people, are central in these efforts. We continue to review our safeguarding practices and will launch a national safeguarding strategy policy in 2023. To aid staff in minimising pain inducing techniques, we piloted a new syllabus for Minimising and Managing Physical Restraint (MMPR) and over 250 staff are already trained. An evaluation will be conducted in 2023/24. The conflict resolution model is used to support safety and interaction between children and young people. When children, or children and staff are involved in conflict, conflict resolution is a voluntary process that seeks to repair harm caused by conflict either to prevent violence, or in response to a violent incident. This approach has led to improvements and will continue in 2023/24. The wellbeing and support of our staff is fundamental to their effective delivery to children and young people.

<sup>3</sup> Based on the most serious offence for the most precedent legal basis.

The Youth Custody Service (YCS) has awarded and mobilised new education contracts for the four publicly operated Young Offender Institutions (YOI) in England. These contracts are designed to provide high quality education, covering core education services such as maths, English, and personal, social, health and economic education, alongside life skills and personal development activity. This will deliver a broad and balanced curriculum which meets the needs of all learners through traditional face-to-face classroom-based teaching as well as digitally enabled in-room learning.

Capital funding has been secured for further physical investment in all YOI sites with work improving decency standards with in-room showers and creating age-appropriate environments being rolled out and will continue in 2023/24. Alongside in-room telephony and in-room laptops in public sector YOIs this greatly improves standards for those in our care.



### Secure School Project

The Secure School Project started in 2017, with an aim to open a new type of secure youth provision in Medway, from early 2024. The first secure school will accommodate 49 children and will be run by Oasis Restore Trust with a focus on education and a design based on international research into the successful rehabilitation of young people in custody.

The approach combines two legislative frameworks (academies and Secure Children's Homes) meaning the school will be run by a 'Secure Academy Trust' with a focus on education and integrated care.



Construction progress on the site of the secure school

### Secure Children's Homes

During 2022/23, we worked with Secure Children's Home (SCH) providers to support the continued delivery of secure accommodation and related services which respond to the risks and needs of remanded and sentenced children and young people. As the cohort of children has changed, we are providing support to develop staffing capability around the risk of security and counter-corruption.

The YCS has agreed an approach for commissioning justice beds in SCHs that will drive constructive resettlement practice with NHS England and with the Welsh Government and other partners in Wales. Work has commenced in considering the future commissioning of SCH spaces from 2025.

### Secure Training Centre

A joint Ofsted/HMI Prisons inspection in May 2022 showed positive developments in education and learning, health and resettlement. Following an urgent notification raised in 2021, Oakhill Secure Training Centre had its urgent notification oversight lifted in January 2023 due to sustained improvement activity and having fully implemented the urgent notification action plan has undergone thorough testing to ensure that the changes have a lasting impact and are fully integrated into daily operations. The YCS continue to closely monitor and assess the performance of Oakhill STC to ensure their progress is sustained.

## Imprisonment for Public Protection

The population of unreleased prisoners serving Imprisonment for Public Protection (IPP) sentences was over 6,000 at its highest in 2012. This reduced to 1,602 at the end of December 2021 and then reduced further to 1,355 by March 2023. HMPPS is committed to supporting the progression of those subject to IPP sentences to the point where the Parole Board determines that they may be safely released.

The UK government has issued a formal response to the [Justice Select Committee's report](#) into the IPP sentence, which was published on 28 September 2022. We accepted the committee's recommendation to review the IPP Action Plan and shared a refreshed version of that plan with them in April 2023.

The refreshed IPP Action Plan introduces a new robust governance structure, fronted through a new Senior IPP Progression Board, which will ensure there is transparency and accountability for the delivery of the six workstreams that make up the new plan. The workstreams, each owned by an HMPPS Senior Leader, collectively seek to ensure our systems and processes work to best effect to delivery of swift and strong support to those serving the IPP sentence so that they have the best chance of completing their sentence plan objectives and progressing towards a future safe and sustainable release and, ultimately have their IPP licence terminated once eligible.

The six workstreams include themes such as:

- ensuring consistent and high-quality delivery of the collective sentence management framework
- ensuring HMPPS systems enable the smooth movement of IPPs through prisons and the community on licence, as required
- reviewing and improving the parole process to service cases as effectively and efficiently as possible
- identifying and filling any gaps in current provision of services or interventions, based on identified need

## Serious Further Offences

An offence is classified as a Serious Further Offence (SFO) when an offender is charged and appears in court for a qualifying offence alleged to have been committed within the probation supervision period or within 28 working days of the supervision period terminating. Less than 0.5% of

offenders are convicted for an SFO and we ensure that ministers are fully sighted on any high-profile cases that could undermine public confidence. We provide assurance that all necessary improvement actions have been identified. Published SFO data is available at: [https://assets.publishing.service.gov.uk/media/6538ea2880884d000df71a87/Serious\\_Further\\_Offences\\_bulletin\\_2023.pdf](https://assets.publishing.service.gov.uk/media/6538ea2880884d000df71a87/Serious_Further_Offences_bulletin_2023.pdf)

In 2022/23 HMI Probation published reviews of two high profile SFO cases. Both reviews identified concerns about the accuracy and quality of the risk assessment which did not include important information that had a bearing on the advice to courts (in the case concerning Bendall) and the overall management of the case. The independent report into the management of Bendall highlighted gaps in the consideration for the safety and well-being of his partner and her children. In the case concerning McSweeney the inspectorate identified a delay in instigating recall following non-compliance. We are responding to the identified weaknesses with comprehensive action plans and have made extra funding available to deliver more robust supervision, reduce caseloads and recruit additional staff.

## Digital and technology

The Prison Technology Transformation Programme concludes what has been a significant effort across HMPPS and MoJ to ensure users get the modern technology they require to do their jobs and are confident to use it. The Prison Technology Transformation Programme has now successfully completed the rollout of the new MoJ official technology to over 65,000 members of staff at 146 public and private prisons, Headquarters and non-prison sites across England and Wales.

We have also carried out work to improve access to digital services for prisoners by extending our in-cell technology service Launchpad which provides laptops on a secure network used by prisoners in their cells to access specific content and prisons services. In 2022/23, 5 prisons were deployed with Launchpad, bringing the total to 15 prisons, covering 10,000 prisoners. The next phase of Launchpad will reach a further 4 prisons (and 2,900 prisoners) by March 2025.

Between December 2016 and August 2022 in-cell phones were installed in 82 public sector establishments including all Children and Young People Secure Estate (CYPSE), female and reception prisons. In 2022 a contract signed with BT released funding for the remaining 12 closed sites to have the technology installed and will be completed by March 2024.

## Reducing Reoffending Offender Management in Custody

We have continued to directly support prisons to deliver, embed and develop the Offender Management in Custody (OMiC) model ensuring that offender management is at the heart of each prison whilst improving information sharing between prisons and probation. Significant staffing pressures have impacted our ability to deliver OMiC as designed. In December 2022 we published a Workload Management Strategy to support OMiC delivery during periods with staffing challenges, providing options and guidance about delegating, prioritising and overseeing tasks. We are currently carrying out a review of the OMiC model and of the 'Manage the Custodial Sentence' policy framework, in response to an HMI Prisons thematic on offender management published in November 2022.

### Advice to courts

The publication of Serious Further Offence reviews undertaken by HMI Probation in 2022/23 has highlighted the need to focus on quality delivery (particularly around risk management) as well as continuing to meet demand. However, vacancies continue to impact the number and quality of reports produced.

We have committed to increasing the use of the pre-sentence report and continue to work with stakeholders to maximise delivery outcomes with the resources currently available and to determine feasible alternative delivery mechanisms.

In 2022/23 we updated guidance to support a more efficient approach to sentencing advice. Guidance now outlines that a pre-sentence report can now be requested when a case is committed for sentence from a magistrate's court to the Crown Court. This change has been supported by the Senior Presiding Judge and will be rolled out nationally through 2023/24.

In April 2022 it was mandated that an electronically monitored curfew requirement may only be proposed to the courts where appropriate safeguarding and domestic abuse checks have been completed on the proposed address. This action is helping to ensure that the judiciary are provided with appropriate risk information before passing sentence.

Additionally, the annual Judicial Survey provides direct feedback from the judiciary about the services provided by the Probation Service. This year's judicial response rate to the survey has been the highest ever. Judicial confidence as measured by the survey will be published as a quality Service Level Agreement for the first time in 2023/24.

## Think Child campaign

In May 2022, we delivered a series of internal child safeguarding events for staff. The 'Think Child' campaign aimed to encourage anybody who plays a role in managing people on probation to consider how a child may be affected by the behaviour of individuals we supervise, the actions we take, and their wider involvement in the criminal justice system. It also promoted the new HMPPS policy frameworks for child safeguarding and the new mandatory child safeguarding training. During the campaign we heard directly from children about how their parents' offending affects them, and candid accounts of how they experienced the work of Probation.

The campaign featured an animated video that showed what a child might say if they wrote a pre-sentence report to show how offending can impact a child's wellbeing. The video has been played across the judiciary and with the directors of children's services across England and Wales; meaning the Think Child message has extended well beyond HMPPS. The Think Child campaign is now planned to be an annual event.

## Sentence management

	2018-19	2019-20	2020-21	2021-22	2022-23
Initial appointment: community sentences				75.8%	87.3%

Notes: A new performance framework was introduced in July 2021 for the unified Probation Service. Performance figures prior to this date are not comparable.

	2018-19	2019-20	2020-21	2021-22	2022-23
Initial appointment: releases from custody				91.3%	95.3%

Notes: A new performance framework was introduced in July 2021 for the unified Probation Service. Performance figures prior to this date are not comparable.

	2018-19	2019-20	2020-21	2021-22	2022-23
Sentence plan timeliness (community sentences and releases from custody)				85.8%	82.2%

Notes: A new performance framework was introduced in July 2021 for the unified Probation Service. Performance figures prior to this date are not comparable.

	2018-19	2019-20	2020-21	2021-22	2022-23
Timely risk management plans (recall reports part B)				90.8%	91.0%

Notes: A new performance framework was introduced in July 2021 for the unified Probation Service. Performance figures prior to this date are not comparable.

	2018-19	2019-20	2020-21	2021-22	2022-23
Timely parole reports				85.4%	84.4%

Source and notes: A new performance framework was introduced in July 2021 for the unified Probation Service. Performance figures prior to this date are not comparable.



Sentence management has also been a challenge due to staffing shortfalls. In March 2022 we moved from the COVID-19 exceptional delivery models into the prioritisation framework; a system of prioritising work based on staff capacity and workload. With staffing falling below 50% in some areas, felt most acutely in London, East of England and Kent, Surrey and Sussex regions, this has meant delivering below the expectations of National Standards and the target operating model. This has been reflected in a number of 'inadequate' and 'improvement required' HMI Probation results. Pages 16–18 describe the activity undertaken to address staffing challenges.

This year we developed the Restorative Practice (incorporating restorative justice) Policy Framework which was published in February 2023. We also developed the first Sentence Management Policy Framework which was published in March 2023.

To provide probation sentence management with access to a collated suite of learning relevant for their roles, we introduced new Sentence Management Role Packs and developed 'First Steps to Change' a one-to-one toolkit for probation practitioners to use when working with women on probation.

## Electronic monitoring

	2018-19	2019-2020	2020-21	2021-22	2022-23
Number of people on EM (incl. immigration)	10,771	10,422	13,996	15,394	17,350

Source: Electronic Monitoring Statistics Publication, England and Wales: March 2023 - GOV.UK <https://www.gov.uk/government/statistics/electronic-monitoring-statistics-publication-march-2023/electronic-monitoring-statistics-publication-england-and-wales-march-2023>

The Electronic Monitoring (EM) Expansion Programme aims to achieve the commitment of an overall caseload of 25,000 by March 2025, made up of 21,000 cases within the Criminal Justice System and a further 4,000 Home Office immigration cases. To ensure the effective and proportionate use of electronic monitoring we continue to make probation, police, courts and stakeholders aware of the capabilities available.

For 2022/23 the number of individuals fitted with an EM device increased by 13%. However, the number of individuals fitted with an EM device and whose primary order type was a court sentence has decreased by 32%. This decrease began from April 2022 and is likely to be associated with mandating domestic abuse and safeguarding checks in all cases where EM curfews are proposed, which was introduced from April 2022. Demand can also be changeable and HMPPS continues to work to raise awareness across the criminal justice system of the capabilities available and to promote optimal usage of EM.

We have seen continued growth in the use of GPS and alcohol tags. The number of individuals fitted with a location monitoring device (GPS) on 31 March 2023 was 7,398, an increase of 80% from 4,110 on 31 March 2022. This increase is the result of the continued rollout of EM to new offender cohorts, particularly immigration bail. On 31 March 2023, 2,248 individuals were fitted with an alcohol monitoring device, a 150% increase from 898 on 31 March 2022. This increase reflects the national rollout of alcohol monitoring as a sentencing option and its expansion for prison leavers from June 2022.

The Police, Crime, Sentencing and Courts Act in June 2022 impacted EM by increasing the maximum daily curfew, increasing the length of time a curfew can be in force and permitting HMPPS to vary curfew hours and address. Additional changes relating to Youth Rehabilitation Orders have added trail monitoring to the list of available requirements. We have successfully rolled out the changes as set out in the Police, Crime, Sentencing and Courts Act.

The National Audit Office published a report in June 2022, following a review of progress of the EM Expansion programme. We have accepted all of the NAO's recommendations and are in the process of implementing them, primarily through the design and procurement of new EM service delivery contracts that will replace existing contracts in 2024.

## Unpaid work/community payback

	2018-19	2019-2020	2020-21	2021-22	2022-23
Unpaid work starts within 15 business days of sentence	-	-	-	31.3%	42.6%

Notes: A new performance framework was introduced in July 2021 for the unified probation service. Performance figures prior to this date are not comparable.

	2018-19	2019-2020	2020-21	2021-22	2022-23
Unpaid work completions within 12 months	-	-	-	34.8%	46.3%

Notes: A new performance framework was introduced in July 2021 for the unified probation service. Performance figures prior to this date are not comparable.



HMPPS continues to clear an accumulation of unpaid work requirements that had built up as a consequence of COVID-19 restrictions with a decrease in backlog cases since March 2022. Delivery has increased since 2021 and there is a plan to remove the COVID-19 backlog by 2025.

We have allocated additional resources and set up large-scale projects with National Charities and third sector organisations including Canal and River Trust, Forestry England and National Highways and the fleet has been refreshed with 300 new vehicles. We also implemented an online education, training and employment portal to support outcomes for offenders.

To address challenging compliance rates of people on probation, we initiated the Compliance and Enforcement project to improve compliance rates through changes to cultural behaviour, enforcement practices, technology improvements, communications, and updates to compliance and enforcement guidance. Improvement is beginning to show for community payback projects but remains dependent on resources and effective enforcement practice.

A new statutory duty in the Police Crime Sentencing and Court Act 2022 requires Probation to consult with key partners including Police and Crime Commissioners on the delivery of Community Payback. Engagement will support the delivery of the Governments Anti-Social Behaviour Action Plan, which includes Community Payback undertaking spring and autumn cleans and delivery of rapid deployment pilots working in partnership with Local Authorities.

## Accommodation

	2018-19	2019-2020	2020-21	2021-22	2022-23
Housed on first night from custodial release	-	80.2%	85.5%	86.8%	86.3%

Notes: Data provided for the earliest years for which we have data of sufficient quality.

	2018-19	2019-2020	2020-21	2021-22	2022-23
Settled accommodation three months post release from custody	-	-	74.4%	75.3%	75.6%

Notes: Data provided for the earliest years for which we have data of sufficient quality.

Having somewhere safe, stable and secure for ex-offenders to live is important to protect the public and ensure offenders turn their backs on crime. HMPPS aims to ensure that no one leaves prison without the offer of a place to live from their first night in the community and is supported through our three-tier Community Accommodation Service (CAS).

### Approved premises (CAS1)

For our highest risk offenders, approved premises provide temporary accommodation and close supervision directly on release from prison. This year, we established three new independent approved premises, increasing capacity by 57 spaces; 40 of which are in London where historically the shortfall in supply has been significant. This includes 15 additional spaces in the female estate. In total the programme to expand approved premises capacity has delivered an additional 169 bed spaces.

**The Approved Premises (Substance Testing) Act 2022** received Royal Assent on 28 April 2022. We have rolled out new drug testing kits across the estate which enables more accurate testing for a wider range of drugs, including for psychoactive substances enabling us to facilitate more timely breach action and support of interventions.



Box Tree Cottage Independent Approved Premises

### Short-term accommodation (CAS2)

We successfully implemented the new contract for our CAS Tier-2 accommodation to support low and medium risk people on bail or on home detention curfew and have increased the number of bed spaces available from 550 to 619 by the end of March 2023. A further 31 spaces are secured and in the pipeline.

In addition, the new contract (which replaces the former Bail Accommodation Support Service) brings an improved level of support and move-on for the people living in the accommodation, whilst also rolling out Wi-Fi to all properties, and CCTV in CAS 2 female accommodation.



A room in a CAS2 property



Living space in a CAS3 single occupancy property

### Accommodation for prison leavers at risk of homelessness (CAS 3)

CAS3 aims to ensure that no one who is subject to probation supervision is released from prison homeless, by providing transitional accommodation for up to 84 nights. Originally commencing in 5 probation regions in July 2021, it also went live in Wales at the end of June 2022.

We estimate that there are approximately 12,000 prison leavers at risk of being released homeless each year. Between 1 July 2021 and 17 June 2022, in the 5 live probation regions, CAS3 provided temporary accommodation to 2,396 individuals who would have otherwise been homeless.

A phased national rollout to the remaining six English probation regions commenced and suppliers across England and Wales are working closely with Homelessness Prevention Teams in probation regions to identify and approve properties to best support prison leavers.

We have established pre-release homelessness panels with key partners to create plans to avoid homelessness on release and Homelessness Prevention Teams are in place across all Probation Regions.

In total 5,796 prison leavers have been placed in CAS3 accommodation between 1st July 2021 and 31st March 2023. Of these places 5,422 (93.5%) were for male residents, and 368 (6.3%) were for female residents (6 were Unknown). For reference, males comprise 96% of the prison population, and females 4%.

Homelessness data is published as part of the Community Performance Statistics which is available at: <https://www.gov.uk/government/statistics/community-performance-annual-update-to-march-2023>

## Drugs and substance misuse

	2018-19	2019-20	2020-21	2021-22	2022-23
Drugs finds	18,325	21,575	20,295	17,700	14,724

Includes YOI data from Feltham A, Cookham Wood, Parc A, Werrington, Wetherby

	2018-19	2019-20	2020-21	2021-22	2022-23
% of random mandatory drug tests for illicit substances with positive result	18%	14%			

Source and notes: Following the pause in random mandatory drug tests as a result of COVID-19, testing has resumed but is not yet at levels that will enable robust estimation or trend analysis.

	2018-19	2019-20	2020-21	2021-22	2022-23
Substance misuse interventions: number of prisoners completing treatment free from dependence	8,389	9,029	8,274	8,889	Expected early 2024
Substance misuse interventions: percentage of prisoners completing treatment free from dependence	27.2%	26.3%	32.5%	32.3%	Expected early 2024

Source: <https://www.gov.uk/government/collections/alcohol-and-drug-misuse-and-treatment-statistics#alcohol-and-drug-treatment-statistics:-prisons-and-secure-settings>

	2018-19	2019-20	2020-21	2021-22	2022-23
Community based treatment for substance misuse: number who engage with community-based treatment within three weeks of release from custody	34.2%	34.5%	38.1%	37.4%	Expected early 2024

Nearly half of those in prison and over a third of offenders in the community have an identified substance misuse need. Substance misuse contributes to violence, crime, and vulnerability in prisons and is a key driver of reoffending. We are investing up to £120 million to tackle substance misuse across custody and community to make prisons safer, reduce reoffending and to support recovery.

## In prisons

Through 2022/23 we have procured a national seizures contract, which tests seized items in prisons and approved premises for illicit substances, enabling improved risk management and response- the contract commences in 2023/24 and will be available in all prisons.

We have opened six abstinence-based drug recovery wings and have also increased the number of incentivised substance free living units from 25 to 50 to support the journey of those wishing to engage in reducing their risk of re-offending and focus on release preparation. In 2022/23 we have recruited 18 drug strategy leads to engage with stakeholders in the community and prison, bringing drugs strategy together with security, safety and other functions – we are on track to meet our commitment of a total of 54 through the spending review period with a further 18 planned in 2023/24 and 18 in 2024/25.

This year saw the end of the second year of a four-year project collaborating with the Defence Science and Technology Laboratory to improve and standardise HMPPS detection dog capability in detecting Synthetic Cannabinoid Receptor Agonists (SCRA) by developing new training aids on the four current most prevalent SCRA's.

In 2022/23, HMPPS Wales became the first area where every prison had rolled out incentivised substance free living (ISFL) to support in the reduction of substance misuse. Dedicated Incentivised Substance Free Living Wings are in place in all closed prisons in Wales, alongside Compact Based Drug Testing (CBDT) which has been introduced to reduce the availability of Psychoactive Substances. HMP Prescoed (an open prison) has adopted CBDT across the whole establishment and is supporting prisoners who test positive for certain substances in their rehabilitative journey.



## In probation

In 2022/23 we have successfully delivered an interim testing contract which has improved our ability to drug test people on probation and in approved premises.

To help connect providers across community substance misuse and mental health services and ensure pathways into treatment for all prison leavers we have recruited over 40 health and justice partnership coordinators and 9 of 12 health and justice partnership managers who will work strategically to support people to access appropriate support and treatment once someone is released, known as 'continuity of care'. All posts will be filled in 2023.

We have also established the Probation Notification and Actioning Project (PNAP) in South Wales to support continuity of care on release by simplifying how prison treatment providers notify probation of substance misuse treatment needs. Plans are progressing to continue the PNAP roll across further regions.

Working in partnership with Welsh Government, Public Health Wales and the Probation Delivery Units, HMPPS Wales has successfully piloted the introduction of Naloxone in Probation Contact Centres. Staff have been trained to administer Naloxone across sites and supplies are funded by Welsh Government to ensure we have a potentially lifesaving provision in place to respond to opioid overdoses.

## Employment

	2018-19	2019-20	2020-21	2021-22	2022-23
% of prison leavers in employment six weeks post release	-	12.8%	9.6%	13.0%	17.4%

Notes: Data provided for the earliest years for which we have data of sufficient quality.

	2018-19	2019-20	2020-21	2021-22	2022-23
% of prison leavers in employment six months post release	-	-	14.0%	17.3%	25.9%

Notes: Data provided for the earliest years for which we have data of sufficient quality.



HMPPS is committed to working with employers to increase the number of prisoners leaving prison and going directly into employment and has rolled out new initiatives to improve performance. Employment Advisory Boards are now in place in 92 prisons, linking prisons with business networks, which support governors to identify and deliver the skills and training that employers need.

In October 2022, a change in law allows prisoners eligible for Release on Temporary Licence and nearing the end of their sentence to undertake apprenticeships. This led to the first prisoners starting their apprenticeships in roles such as hospitality and highway maintenance. The new apprentices earn while they learn, benefiting from high-quality on-and off-the-job training.

We rolled out dedicated prison employment leads in 92 prisons, including all resettlement prisons, strengthening the link between local employers and to identify candidates with the right skills in prison. We have also made further investment in the Prisoner ID and Banking programme with the recruitment of 92 new ID and banking administrators to ensure that eligible prisoners leave custody with right to work identification as well as a basic bank account.

### Creating Future Opportunities

The Creating Future Opportunities (CFO) team sources funding for the design, commission, implementation and delivery of resettlement support and activity to those offenders who cannot or will not access core resettlement services.

This year the programme has delivered a clear reduction of re-offending. The latest evaluations show a reduction in re-offending for the CFO cohort of 6 percentage points (from 42% to 36%). The programme supports participants on their journey towards employment and education, so does not specifically focus on employment brokerage itself but this year has placed 410 offenders into employment.

## New Futures Network: Unlocking Construction 2023

In January 2023, New Futures Network (HMPPS's in-house specialist employment service for prison leavers) completed its second national recruitment drive 'Unlocking Construction' across prisons in England and Wales, running 90 events over two weeks with attendance from nearly 2,000 prisoners and over 100 employers.

Events included: construction demonstrations, group information forums, employability workshops and scaffolding virtual reality sessions. More than 50 prisoners received offers of work during the two weeks.

During these events 1,057 pieces of identification were purchased through New Futures Network's Prisoner ID programme, which supports prisoners to obtain right to work documents prior to release.

## Education

	2018-19	2019-20	2020-21	2021-22	2022-23
Attendance rate: % prisoners that attend their allocated education courses					67.7%

Notes: Metric was introduced in 2022/23.

	2018-19	2019-20	2020-21	2021-22	2022-23
% of prisoners who make at least one level of progress in English and/ or maths during their time in custody					6.9%

Notes: Metric was introduced in 2022/23.



HMPPS is committed to delivering a prisoner education service which equips prisoners with the numeracy, literacy, skills and qualifications they need to secure jobs or apprenticeships after they leave custody.

We updated the HMPPS Curriculum Framework in December 2022 with an additional focus on curriculum intent and will deliver further updates in 2023/24 on Curriculum Implementation and Curriculum Impact to create the next full iteration of the framework. This will support prison governors to make increasingly informed and evidence-based decisions on curriculum to reflect their prison function and meet the needs of their diverse populations.

Vocational delivery often requires specialised delivery staff and recruitment of those staff is challenging. Supplier staff vacancies have reduced the ability of learners to attend education sessions in some prisons although prison staffing issues have also had a disproportionate impact on learner attendance. We are working closely with the regime review programme and supporting governors to improve allocation and attendance. The current education contract has been varied to incentivise education providers to engage with the allocation process and higher financial penalties are in place for providers who fail to cover classes.



Through 2022/23, following a successful pilot of three reading assessment tools which help identify those who may struggle with reading, we have begun to roll out the Powell Phonics Checker tool across the adult estate to 103 prisons in England with most sites now operating the new tool. Additional support has been provided to establishments in the development and implementation of reading strategies in reaction to the changing requirements of Ofsted.

This year we recruited 63 neurodiversity support managers (NSMs) to implement a whole prison approach to neurodiversity, including improved processes to identify and support prisoners with neurodivergent needs and ensuring they can access the education, skills and work opportunities within the prison. The second cohort of 60 NSMs will be recruited through 2023/24.

We have introduced a Head of Education, Skills and Work role into 17 prisons in 2022/23. They will work with education providers to review and refine curricula and agree annual delivery plans in line with prisoner and local labour market needs, increase spaces available in education and improve attendance. Recruitment for national roll out across all prisons launched in February, with successful candidates taking up post by September 2023.

## Sports and PE in prisons



Physical Education (PE) in HMPPS aims to ensure the physical health and wellbeing need of prisoners are met, in part, through PE which can also contribute to improved safety and order within prisons. Prisoners have access to a minimum number of PE hours per week (1 hour per week for adults and 2 hours for young offenders) although we aim towards 2.5 hours of activity as recommended by the Chief Medical Officer.

We promote all sporting activities and educational qualifications which are bespoke to the type of establishment and work with community projects where possible. Educational courses and qualifications on offer help prisoners to develop life skills through PE which will enhance their chances of employment upon release.

This year HMPPS have continued to support prisons in their PE and sports delivery:

- we have expanded the Duke of Edinburgh Award into a further 10 prisons, empowering more individuals to learn new skills and build confidence and resilience
- more than 73 establishments are now twinned with English Football League Clubs to deliver accredited level 1 coaching badges to prisoners – there were over 1,000 graduates in 2022/23
- Park Run is now established in 31 prisons – participants are spending their Saturday morning running or walking 5k or volunteering as marshals or timekeepers
- following a successful trial, the Prison Yoga Project was rolled out in the female and young people's estates and select male sites and has been featured on National Prison Radio as part of the 'This Girl Can' campaign
- as part of 'Get on Side Project' funded by the Saracens Rugby Club, we have enabled courses at HMP The Mount and HMP/YOI Feltham which included rugby sessions and classroom activity focusing on employability and life skills for 20 young men who become part of a team that displays honesty, humility, and discipline

## Accredited programmes

	2018-19	2019-2020	2020-21	2021-22	2022-23
Accredited programmes completions in prisons	5,217	5,216	833	1,848	4,135

Source: <https://www.gov.uk/government/statistics/prison-education-and-accredited-programme-statistics-2022-to-2023>

Maintaining evidence-informed accredited programmes to help address offending behaviours and attitudes is a process of continuous improvement and development as we seek to learn from new evidence, identify areas for improvement, take feedback from skilled practitioners and respond to legislative, organisational, and population changes. As such, HMPPS is developing proposals for a future accredited programmes offer, building on what we know about what works in reducing reoffending, including the findings from recent studies. While development work is underway we continue to support the current suite by providing clinical support, staff training, and quality assuring delivery of accredited programmes. In 2022/23 we delivered 1,550 training places for frontline delivery staff across prisons and probation to meet sentence and progression requirements.

Additionally, in line with accreditation requirements, we have undertaken quality assurance activity covering 122 programmes over 42 prisons and reviewed 109 sessions across community delivery, producing a thematic review to drive quality of delivery. Recommendations have been identified and plans are now being put in place to ensure these recommendations are implemented and monitored.

## Structured interventions



Structured interventions are rehabilitative interventions that are designed to fit with the broader sentence plan to maximise the opportunity to reduce the likelihood of reoffending for lower risk individuals in the community. Following the unification of the probation service in 2021, HMPPS has undertaken work to evaluate and select the most appropriate structured interventions to complement our current suite of accredited programmes. The approved suite of structured interventions was formally launched in April 2022 and a performance measure will be developed which will run in shadow from April 2023.

Structured interventions usage continues to ramp up across regions, and we have commenced process evaluations to inform delivery and continuous improvement across the current suite which we hope to complete in the course of 2023/24.

## Partnership working



We are working collaboratively with our partners to break down barriers to desistance from crime, ensuring a whole system approach is taken to reducing reoffending and protecting our communities. This enables our operational colleagues to partner well, influencing the whole system to ensure we develop the right, evidence-informed approaches, enabling our staff to drive better outcomes in all our rehabilitation endeavours. HMPPS has supported cross-departmental system reform and is engaging system partners in delivering departmental priorities.

## Serious Violence Duty

**The Serious Violence Duty** was published by the Home Office in December 2022. This requires local authorities, the police, fire and rescue authorities, health authorities, youth offending teams and the probation service to work together to analyse problems associated with serious violence in a local area and produce and implement a strategy in response to those issues. HMPPS supported the governance and oversight of the duty's operational implementation as well as funding guidance and data sharing guidance to support compliance with the duty.

## Police and Crime Commissioner review

HMPPS has supported the Police and Crime Commissioner (PCC) Review. Key outputs have included: developing a joint HMPPS and Association of Police and Crime Commissioners (APCC) memorandum of understanding to provide confidence in local data sharing; contributing to the draft guidance on the co-commissioning of services by Regional Probation Directors and PCCs, and on guidance on the PCC role in unpaid work.

## National Partnership Agreement with the Department for Work and Pensions Review

We have recently refreshed the National Partnership Agreement (NPA), which provides the framework for MoJ, HMPPS and the Department for Work and Pensions (DWP) to work together on prison leaver employment. The new NPA covers 2023 to 2026 and sets out shared priorities, objectives and ways of working together from the point at which an individual is sentenced through to their release from custody and life in the community. This includes how HMPPS and DWP will work together to maximise the impact of recent investments made in prison leaver employment, such as Prison Employment Leads, Employment Hubs and the ID and Banking Programmes in prisons. It also covers access to Universal Credit for prison leavers, which not only provides access to financial support, but is also the gateway to DWP support to find employment.

### Universal Credit Trial

HMPPS has worked closely with the Department for Work and Pensions to test different approaches to preparing prisoners' universal credit claims before release. The universal credit trial successfully launched in 15 prisons, with nearly 500 prison leavers already supported to make a universal credit claim as part of the trial.

## Health and care partnerships

There has been substantial progress in re-establishing and broadening partnership governance between health and justice sectors including republishing the National Partnership Agreement and associated workplan to additionally cover people on probation as well as in custody. This reaffirms a commitment to work in partnership to address health needs and inequalities across prisons and probation.

Partnership with NHS England Health Inequalities Improvement and their 'Core20PLUS5' programme, an approach to reducing healthcare inequalities, has substantially increased the profile of people in custody and on probation across the NHS as well as providing health information to prisoners

The refreshed joint (HMPPS and NHS) Offender Personality Disorder Pathway strategy has been developed and shared with key stakeholders. This will be published on the NHS website in 2023/24 and sets out a new set of challenges for the programme for the next five years.

## National Prison Radio

National Prison Radio, working with Health and Care Partnerships team, have delivered a campaign to raise awareness and improve health literacy to prevent the spread of diseases, reduce health inequalities and drive down offending and reoffending behaviours, as well as an innovative 'Sorry to Interrupt' series on awareness and self-care related to mental health and wellbeing.



## Supporting victims

### Unwanted Prisoner Contact

Working in partnership with National Police Chief Council, prisons and probation, courts and third sector organisations, Family Services led a relaunch of the Victim's Helpline, which has been expanded by using a single method of reporting and so removing barriers to make it quicker and simpler for those wanting to stop prisoner contact. This scheme is a key MoJ commitment in the National Domestic Abuse Strategy. Since the national launch in November 2022, until the end of March 2023, 1,131 non-contact requests were processed – almost 18 times the number of requests in the previous year.

### Modern Slavery

We have strengthened our approach to managing Modern Slavery in prisons by establishing the HMPPS Modern Slavery Forum in September 2022, providing governance and oversight for work across the agency. The Forum has identified named senior leads across HMPPS to have oversight and responsibility for modern slavery, working to identify gaps and areas for improvement in spotting and supporting victims and establishing a strong network across the operational line to identify and learn from good practice.

Published staff guidance has helped staff understand how to manage and support individuals. We have put in place operational guidance and a needs assessment tool enabling staff to identify and refer potential victims, integrating modern slavery awareness into

the confidence and competence toolkit and in information given to new colleague mentors to be used in staff inductions. Future publications of the prison officer guide and keywork toolkit will also include content on modern slavery.

Our work to raise awareness within prisons through events has resulted in 117 modern slavery single points of contacts (SPOCs) covering all prisons in England and Wales. This network of SPOCs was established in January 2023 to help raise awareness of modern slavery in prisons and provide staff with advice. They also facilitate National Referral Mechanism<sup>4</sup> interviews for potential victims and assist with live cases to ensure the right processes are followed including communicating with offender manager units to ensure relevant Home Office paperwork is delivered correctly to the prisoner. They also work to improve the awareness to prisoners by reviewing induction and FNO processes, displaying posters or leaflets and assisting with translation issues.

### Domestic Abuse Safety Officers

Since the unification of probation services in June 2021, we have reviewed two key areas of the domestic abuse safety officer (DASO) role to ensure a consistent, quality service. The current DASO Practitioner Manual is being reviewed to align with current practice and legislative changes and will be available at the end of 2023. HMPPS has also worked with MoJ Digital to identify an in-house, national DASO database that will improve data recording capabilities; as well as taken steps to gain insight into how to better engage with victims of domestic abuse.

<sup>4</sup> The National Referral Mechanism (NRM) is the UK's primary framework run by the Home Office for ensuring that victims receive the support and assistance in the period immediately after their identification as a potential victim.

## Resettlement



Following unification of probation services in 2021 we have been putting in place probation pre-release teams who will, supported by a new pre-release and resettlement policy framework, provide an embedded resettlement provision, delivering pre-release support services in reception and resettlement prisons.

Due to resourcing issues not all non-resettlement prisons have a regular and consistent in-reach service. The impact has been felt predominantly in Prison Offender Manager to Community Offender Manager handovers within non-resettlement prisons.

Through 2022/23, 11 probation regions (including the female estate) began the phased implementation of a short sentence function. This enhanced service ensures probation practitioners will work with all individuals who have 10 months or less of their prison sentence left to serve, enabling a more timely offer of support via a fast-tracked route, providing reassurance, direct engagement to identify immediate resettlement needs and pre-release planning requirements. Implementation in these 11 regions will be completed during 2023/24, with London commencing a phased implementation during 2024.

From December 2022, resettlement packs have been available to all prison leavers and are designed to help people leaving prison prepare for release. Since being introduced, 21,200 leaflets and 3,500 booklets have been ordered and distributed to people leaving prison custody.

### Resettlement Passport

HMPPS is developing a Resettlement Passport, which will support prison leavers by bringing together into one place all the information and documents they need to successfully resettlement into society. A hard copy version is being tested at five prisons, with over 2,000 already created and nearly 500 prisoners being released with one. Learning from testing of the initial product is informing the development of a digital version, which will be introduced in 2023/24.

### Maintaining family ties



We recognise the importance, where appropriate, of maintaining a prisoner's relationship with family and friends and strengthening family ties is an integral aspect of the work of MoJ and HMPPS. We have competed and re-awarded family services support contracts across the public sector prison estate, with a particular focus on family engagement work and support for those who do not receive regular positive external relationships. The new Family Ties performance measure (a key recommendation from the 2017 Farmer Review) was launched and completed in 2022/23. This self-assessed measure is designed to support and encourage a continued proactive and dynamic approach to work with prisoners' families, whilst also enabling an evidence platform to continuously improve. Secure Social Video calling has continued to be used to support prisoners in maintaining contact with over 220,000 calls made this year with a new provider introduced in Public Sector prisons.

## Release on Temporary Licence

	2018	2019	2020	2021	2022
No. prisoners released on temporary licence (ROTL)	7,737	8,740	6,134	5,675	7,106

Source and notes: Figures are for 12 months ending December. Data includes the 5 under 18 YOIs. Annual figures are only published on a calendar year basis.



Release on temporary licence (ROTL) had to be curtailed during the pandemic and, although its use rose substantially during 2022, we have not yet reached pre-pandemic levels.

Resource challenges have meant that the risk assessments required for ROTL were delayed and also impacted on prisons' ability to visit and assess potential workplaces. It has been a significant achievement to get many prisoners into work on ROTL despite challenges through COVID-19 recovery and ongoing capacity and resource challenges.

Our ambition is to see work related ROTL numbers continue to rise, as they were before the pandemic and following a change in policy in 2019 to improve access. We are exploring what more we can do to increase access to ROTL safely and securely. The indicators suggest that paid work ROTL is healthy. We want to build on this and so we have revised our internal targets to focus on this aspect of ROTL, to align targets with our commitments in the Prison Strategy White Paper.

**Amy Rees**  
Chief Executive Officer, HMPPS  
24 November 2023



# Accountability report

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# Corporate governance report

The purpose of the corporate governance report is to explain the composition and organisation of HMPPS and how these arrangements have supported the achievement of its objectives during 2022/23.

## Statutory background

On 1 April 2008 the National Offender Management Service (NOMS) became an Executive Agency of the Ministry of Justice (MoJ) bringing together the Probation Service, former NOMS HQ and HM Prison Service to enable more efficient and effective delivery of services.

On 1 April 2017 NOMS became HM Prison and Probation Service (HMPPS), an Executive Agency of the MoJ. A number of former NOMS functions transferred to the MoJ to allow HMPPS to better focus on improving operational performance in prisons, probation and youth custody.

## The Agency Board and HMPPS Leadership Team

The governance arrangements within HMPPS from 1 April 2021 as agreed by the Permanent Secretary and the HMPPS Agency Board (HAB), included:

- four HAB meetings focusing on strategic priorities including performance, risk and investment
- a weekly HMPPS Leadership Team (HLT) with a rotating focus on People; Change; Performance, Finance and Risk; and Infrastructure.

As from January 2023, HLT moved from weekly to fortnightly meetings, with the expectation that an increased level of business would be dealt with at sub-committee level, with only essential items requiring full team decisions being escalated to HLT.

The HLT was supported by a comprehensive range of sub-committees and three operational management committees – for probation, prisons and the YCS - reporting to the HLT.

Amy Rees (formerly HMPPS Director General for Probation, Wales, and Youth) was appointed as HMPPS DG CEO on 1 September 2022, by the then Deputy Prime Minister.

The DG CEO HMPPS's pay is determined under the rules set out in chapter 7.1 (Annex a) of the Senior Civil Servant Management Code. Other members of the HAB and HLT are appointed by the DG CEO with the agreement of the Permanent Secretary of the MoJ. Details of the remuneration of Directors of the HAB and the HLT are set out in the Remuneration and Staff Report on pages 119 to 140.

As of 31 March 2023, the structure of the HAB and HLT was:

## HAB

### Core members:

Non-Executive Directors x4 (including one chairing)  
DG CEO  
DG Operations  
Executive Director, YCS  
MoJ Director, Finance Business Partnering  
MoJ People Group Director – HR Business Partnering and People Change

### In attendance:

Executive Director, Strategy, Planning and Performance  
Executive Director, Transforming Delivery  
Executive Director, Change  
Chief Operating Officer Prisons  
Chief Probation Officer  
MoJ Policy Group  
MoJ Legal  
CEO's Office  
Secretariat

## HLT

### Core members:

DG CEO - (chair)  
DG Operations  
Executive Director, YCS  
Executive Director, Strategy, Planning and Performance  
Executive Director, Transforming Delivery  
Executive Director, Change  
Chief Operating Officer Prisons  
Chief Probation Officer  
MoJ Director, Finance Business Partnering  
MoJ People Group Director – HR Business Partnering and People Change

### In attendance:

MoJ Policy Group  
MoJ Legal  
CEO's Office  
Secretariat

Additional executive directors and functional lead directors are invited to attend HAB/HLT for specific discussions related to their area.

Gary Badley, Executive Director, Prison Supply and Tajinder Singh-Matharu, Deputy Director, Central Operational Services, attended HLT on rotation to increase diversity of thought and bring a BAME perspective to discussions, as part of the business' commitment to drive Diversity and Inclusion across HMPPS.

## ARAC, HAB and HLT members as of 31 March 2023



**Gerard Lemos**  
Lead Non-Executive Director

HAB (4 of 4)



**David Bernstein**  
Non-Executive Director

HAB (4 of 4)



**Lesley King-Lewis**  
Non-Executive Director

HAB (3 of 4)

ARAC (2 of 2)



**Heather Savory**  
Non-Executive Director

HAB (4 of 4)

ARAC (4 of 4)



**Nick Folland**  
Non-Executive Director

ARAC (4 of 4)



**Mark Lloyd**  
Non-Executive Director

ARAC (4 of 4)



**Amy Rees**  
DG CEO

From September 1st 2022

HAB (4 of 4)

HLT (26 of 28)

**DG Probation, Youth and Wales**

Until August 31st 2022

HAB (1 of 1)

HLT (13 of 16)



**Phil Copple**  
DG Operations

From September 1st 2022

HAB (4 of 4)

HLT (26 of 28)

**DG Prisons**

Until August 31st 2022

HAB (1 of 1)

HLT (13 of 16)

### Committee Key:

- HAB** HMPPS Agency Board
- HLT** HMPPS Leadership Team
- ARAC** Audit and Risk Assurance Committee

## ARAC, HAB and HLT members as of 31 March 2023 (continued)



**Michelle Jarman-Howe**  
Chief Operating Officer Prisons

From 1 September 2022

HAB (1 of 1)\*

HLT (23 of 28)



**Jim Barton**  
Executive Director of Change

From 1 September 2022

HAB (1 of 1)\*

HLT (25 of 28)



**Ed Cornmell**  
Executive Director, Youth  
Custody Service

From October 24 2022

HAB (2 of 2)

HLT (15 of 19)



**Hannah Meyer**  
Executive Director, Strategy,  
Planning and Performance

From 14 November 2022

HLT (15 of 16)



**Dominic Herrington**  
Executive Director  
Transforming Delivery

From 29 November 2022

HLT (10 of 14)



**Kim Thornden-Edwards**  
Chief Probation Officer

From 1 February 2023

HLT (6 of 6)



**Caroline Murray**  
MoJ People Group Director,  
HR Business Planning and  
People Change

HAB (3 of 4)

HLT (31 of 46)



**Lorna Maden**  
MoJ Director, Finance  
Business Partnering

HAB (4 of 4)

HLT (32 of 46)

\*As of 1 September 2022, Executive Director of Change Jim Barton and Chief Operating Officer Prisons Michelle Jarman-Howe became members of both the HLT and the agency board. However, an amendment to the agency board membership was made following a review of the HMPPS Framework document to increase its compliance with best practice guidance for board composition in both Managing Public Money and the Corporate Governance Code. Therefore, as of 30 November 2022 they ceased to be members of the agency board, and instead were 'in attendance'. Both retained their membership of HLT.

## Departures during the reporting period



**Dr Jo Farrar**  
Second Permanent Secretary,  
MoJ, and CEO, HMPPS

Until 31 August 2022

HAB (1 of 1)

HLT (12 of 16)



**Lesley King-Lewis**  
Non-Executive Director

Until 6 September 2022

ARAC



**Ian Blakeman**  
Executive Director, Strategy,  
Planning and Performance

until 30 September 2022

HAB (1 of 2)

HLT (12 of 20)



**Helga Swidenbank**  
Executive Director, Youth  
Custody Service

until 31 October 2022

HAB (1 of 2)

HLT (19 of 26)

## Changes to the ARAC, HAB and HLT since 1 April 2023

### Departures



**Lesley King-Lewis**  
Non-Executive Director

Until 30 April 2023

HAB



**Lorna Maden**  
MoJ Director, Finance  
Business Partnering

Until 30 June 2023

HAB HLT



**David Bernstein**  
Non-Executive Director

Until 19 July 2023

HAB

### New members



**Caroline Patterson**  
MoJ Director, Finance Business  
Partnering

From 22 May 2023

HAB HLT



**Rommel Moseley**  
Non-Executive Director

From 9 October 2023

HAB



**Nick Campsie**  
Non-Executive Director

From 10 October 2023

HAB



**Matt Grey**  
Executive Director Reducing  
Reoffending, Partnerships and  
Accommodation

From 7 November 2023

HLT

Details of material transactions between HMPPS and its related parties can be found in Note 22 of the accounts.

# Governance Statement

## Introduction

HMPPS is an agency of the Ministry of Justice (MoJ). Its key duties are to implement the sentences and orders of the courts; to protect the public and rehabilitate offenders.

The organisation operates in accordance with its published Framework Document which sets out the arrangements for the governance, accountability, financing, staffing and operation of the agency, agreed between the Secretary of State for Justice and the agency Chief Executive Officer and approved by the Chief Secretary to the Treasury.

On 1 September 2022, the then Deputy Prime Minister Dominic Raab appointed me (Amy Rees, formerly HMPPS Director General for Probation, Wales, and Youth) and Phil Copple (formerly HMPPS Director General for Prisons) as HMPPS DG CEO and DG Operations respectively. As DG CEO, I also became the Accounting Officer for HMPPS.

As DG CEO I'm responsible for the day-to-day operations and administration of the agency and leadership of its staff. As DG CEO and Accounting Officer I'm accountable to the MoJ Permanent Secretary and Principal Accounting Officer, and ultimately to Parliament.

Throughout the year the HMPPS Leadership Team (HLT) and the HMPPS Agency Board (HAB) have maintained close scrutiny of day-to-day business, risk, performance and financial expenditure through formal governance arrangements. Actions have been taken to respond to issues and mitigate risks to the business as necessary. Specific actions have been taken in response to significant risks and issues, set out on pages 89 to 103

The remainder of this statement explains in more detail the arrangements in place to govern HMPPS from 1 April 2022.

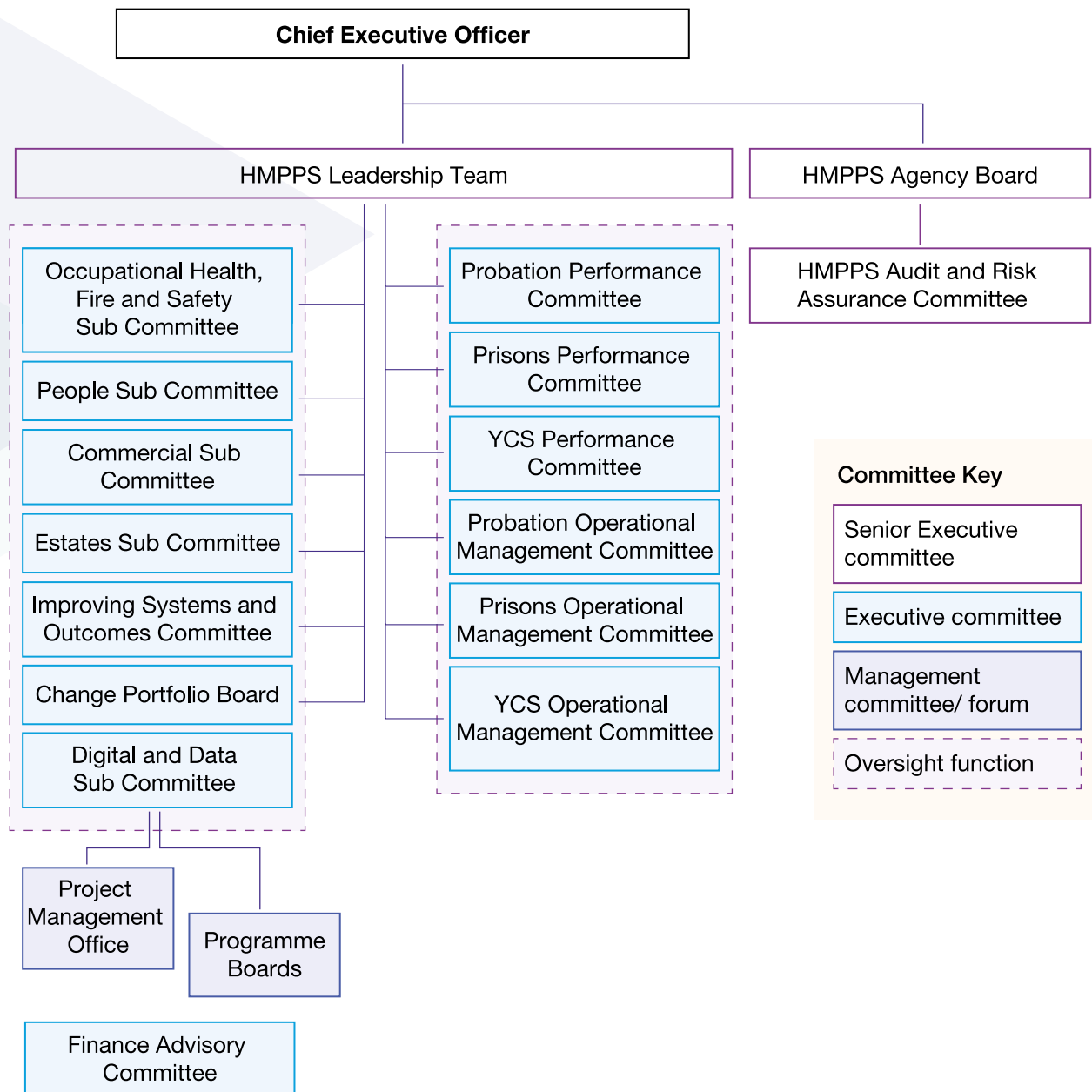
## Governance Framework

Overall responsibility for HMPPS rests with myself as the DG CEO, supported by the HAB and HLT. I am also a member of the MoJ Departmental Board, chaired by the Secretary of State for Justice, and a member of the MoJ Executive Committee, chaired by the Permanent Secretary.

I have regular meetings with the minister with responsibility for prisons and probation and with the Secretary of State for Justice.

The key governance structures in place as of March 2023 are shown on the chart below. These will be subject to change as the recommendations from the KPMG Governance Review are implemented.

## HMPPS Governance Structure as of March 2023



## HMPPS Agency Board Chair's Report

The HMPPS Agency Board met formally 4 times in 22/23. Members were also convened for additional briefing sessions throughout the year, which has been particularly useful in light of the departures and new arrivals across our non-executive team. I would like to take this opportunity to thank two outgoing non-executive directors, Lesley King-Lewis and David Bernstein, for their valuable contributions throughout their tenure. In their places, we welcome the newly appointed Rommel Moseley and Nick Campsie, whose insight and advice will undoubtedly prove incredibly useful in the years to come.

In response to the scale of the challenges faced by HMPPS, the Board adopted a new style agenda, designed to allocate more time to the most significant issues such as prison capacity, staffing, change programmes and finance. This allowed us to provide more in-depth challenge, support and advice on areas that present the highest risk for HMPPS.

We have noted the impressive amount of work that has gone into the One HMPPS programme. The Board supports the principles behind One HMPPS: to strengthen frontline operations and reduce the burden of change across the agency.

The focus on front line services has been brought into sharper focus throughout the past year, with stresses on the system caused by capacity pressures and challenges around recruitment and retention of staff. These were the greatest areas of focus for the Board throughout and since the 22/23 financial year and we have expressed our great pride at the way HMPPS has managed the situation.

As a Board we have collectively advised on various prison capacity contingency measures that were undertaken to alleviate pressures and keep the wider criminal justice system moving. We have been impressed by the collaboration and resourcefulness demonstrated by the executive

leadership team and by their colleagues across the criminal justice system. There has been effective, decisive action to bring additional prison places online and we saw the successful use of police custody suites under Operation Safeguard. Whilst accepting that these challenges will not disappear overnight, we encourage the HMPPS leadership team to prioritise the long-term, strategic aims of HMPPS and ensure that capacity solutions offer value for money and that lessons learned from the current situation can be used in any future 'steady state'.

The Board has been closely sighted on staffing issues, acknowledging the challenges around recruitment and retention which are not singular to HMPPS. I have been pleased to see the commitment to workforce transformation demonstrated by the executive team, and to see the excellent partnership working between HMPPS and the MoJ People Group. The work on improving professional standards and on strengthening wellbeing and support is crucial for staff carrying out such demanding roles. We are eager to see the workforce transformation programme set out who we are as a service and help HMPPS become proactive rather than reactive on staffing issues.

We have received regular and detailed reporting on performance, noting the impact that system challenges have had across the agency. We expect to see greater improvement in the probation space, following early improvements at the end of a challenging period of change after unification. The Board will maintain a close interest in performance across prisons and will expect to see improvement, particularly in areas where the capacity and staffing challenges are less pronounced.

Looking beyond HMPPS' current challenges, the Board advised on long-term strategy and financial planning. We look forward to continuing this work with the executive team to ensure that HMPPS is well placed to respond to future challenges.

### **Gerard Lemos**

Lead Non-Executive Director, Chair of the HMPPS Agency Board

**HMPPS Agency Board**

Chair:	HMPPS Lead Non-Executive Director
Frequency:	4 during the year
Composition as at 31 March 2023:	
By position: 4 non-executive directors; 2 directors general, 3 executive directors	By gender: 5 female, 4 male,

**Role of the Agency Board:**

The Agency Board gave direction to, and drove achievement of, the objectives of the agency's operations. It ensured the following were in place:

- competent and prudent management
- sound planning
- proper procedures for the maintenance of adequate accounting,
- other records and systems of internal control and compliance with legislative and corporate governance requirements.

The agendas and reports presented to HAB ensured a strategic focus on key priorities and their delivery, and included deep dives on highly significant issues, such as actions to address prison capacity pressures and steps to tackle bullying, harassment and discrimination.

The Agency Board's responsibilities also included:

- agreeing the vision and strategy of the agency and aligning the values of the agency with those of the Civil Service code (integrity, honesty, objectivity and impartiality)
- agreeing appropriate governance and internal controls; including processes to ensure sound financial management and good value for money
- agreeing processes to manage financial and performance risks
- supporting the leadership team to deliver operations

**Key issues and reports discussed during the year under review:**

- Supply and demand/prison capacity – taking into account the population projections of the prison estate, including a focus on contingency options.
- Approach to setting the future strategic direction for HMPPS and to achieving the financial viability of the agency in the long term.
- OneHMPPS and its strategic alignment with the agency's focus on protecting the frontline, reducing the change burden, and rebalancing the relationship between HQ and the regions
- Probation delivery and performance – following the process of bringing Community Rehabilitation Companies and National Probation Service staff and assets together into a unified organisation from 26 June 2021
- HMPPS Digital Strategy and long-term service transformation for prisons and probation.
- Regular oversight of performance, risk, finance and change - including Audit and Risk Assurance Committee (ARAC) chair's reports and corporate risk register, change portfolio and management accounts updates and prison, probation and Youth Custody Service (YCS) performance packs

**Managing Conflicts of Interest** – At the beginning of every HAB meeting, all members are asked to declare any new potential conflicts of interest. These are noted in the minutes, along with the appropriate action taken to manage them such as members withdrawing from discussion relating to those interests. HAB and HLT members are also asked to review and update the conflicts of interest record at least annually.

**HMPPS Audit and Risk Assurance Committee**

Chair:	HMPPS Non-Executive Director
Frequency:	Quarterly
Composition as at 31 March 2023:	
By position: 3 non-executive directors	By gender: 1 female, 2 male

**Role of the committee:**

The ARAC is an advisory body providing independent advice on governance, risk management and control issues, and on the internal audit work programme. It provides scrutiny of the accounts and considers key recommendations from internal audit reports and the National Audit Office.

**Key issues and reports discussed during the year:**

- HMPPS Risk Management Framework and Approach – with a particular focus on improving risk processes throughout the HMPPS system and on the prison demand and supply and people risks

- ‘Deep dives’ into the Transforming Delivery in Prisons Programme, the Commercial Function, and evidence availability for multi-agency public protection arrangements (MAPPA)
- An overview of the change portfolio including the outcome of the delivery confidence assessment
- The closure of the unification of probation services, including the priorities that have been delivered and the benefits that have been realised
- Updates on digital delivery, cyber security and HMPPS counter fraud, bribery & corruption activities
- The clearance of the agency’s annual report and financial accounts for 2022/23

## ARAC Chair's report

The HMPPS ARAC met formally four times this year to exercise its review, challenge, and advisory functions in relation to: risk management, annual accounts and internal and external audit. Committee members also attended briefing sessions throughout the year to gain additional context on business activity and attended prison and probation establishment visits.

The ARAC consists of three non-executive members. As chair I lead on risk management and governance, supported by Nick Folland who leads on performance. This year we saw the departure of Lesley King-Lewis as a committee member and thank her for her valuable contributions to the ARAC during her tenure at HMPPS. Lesley was replaced by Mark Lloyd who has supported the agency on prison supply and capacity-related planning issues.

A review of ARAC took place in April 2023, utilising the NAO ARAC effectiveness tool. The scores indicated that ARAC is meeting standards or excelling in most areas. It also highlighted some areas with potential for improvement, particularly around the Committee's sight of second line assurance and its connection to internal performance sub-committees. We are working to address these recommendations.

The ARAC is closely involved in the drafting of HMPPS' annual report and accounts. We were pleased by additions made this year, particularly data for operational performance and an overview of external scrutiny findings. We are disappointed by the delay to the accounts laying date which is, once again, due to delays in the external audit of the Local Government Pension Scheme (LGPS).

The committee takes a keen interest in risk management within HMPPS and saw good

progress made throughout 22/23. Our future focus for risk management will be in supporting HMPPS to mature its approach to the risk assessment of emerging challenges to ensure sufficient action is taken before they crystallise. We will also challenge our executive colleagues to ensure that the impact of cross-cutting risks is properly assessed, due to the inter-connectivity of HMPPS' operational delivery. Finally, we will support and challenge the executive team on the implementation of new governance structures and risk management in relation to the One HMPPS programme.

HMPPS faced significant operational challenges in 22/23 as a direct result of staffing and capacity pressures. ARAC members acknowledge the progress that has been made against those challenges but we believe that they will continue to require significant attention for some time and we will continue to scrutinise their impact on performance across the agency.

I would like to commend the progress that HMPPS made to address fraud, bribery and corruption in 22/23. Whilst work will continue across the department to reduce the levels of fraud and overpayments, we are encouraged by the improvement that has been seen in the detection of cases by HMPPS. I would also like to note that HMPPS has performed well in addressing recommendations made by internal audit and received a 'moderate' annual audit opinion in 22/23.

The ARAC committee members and I would like to thank all those who support the work of the committee and look forward to continuing our work with the HMPPS executive team.

### Heather Savory

Non-Executive Director, Chair of the HMPPS Audit and Risk Assurance Committee

**HMPPS Leadership Team**

Chair:	HMPPS CEO
Frequency:	Twice a month
Composition as at 31 March 2023:	
By position: 2 directors general, 8 executive directors	By gender: 6 female, 4 male

**Role of the Leadership Team:**

The HMPPS Leadership Team (HLT) is responsible for supporting the Agency Board in managing the day-to-day management of the business. This included all agency-wide corporate and operational issues, as well as prison, probation and YCS performance, finance and risk management. It's supported by the three Operational Management Committees (OMCs) for Prisons, Probation and Youth Custody chaired by the DG Operations and Executive Director of the YCS respectively, and the sub-committees shown on the governance chart on page 75.

**Key issues and reports discussed during the year under review included:**

- Staffing and retention – actions and mitigations to recruit and retain prison and probation staff to meet the resource shortfalls across the business
- Prison capacity – including contingency options to mitigate demand pressures across the estate.
- Prison safety – particularly the rate of self-harm in the female estate, and the actions being taken by the safety programme to address these issues
- Tackling unacceptable behaviours – including bullying, harassment and discrimination and how it's addressed through the lens of professional standards across the agency.
- Strategic financial planning including allocations and the corresponding financial risks and pressures

- One HMPPS – including HQ and area model design, to improve the service quality and efficiency across all of HMPPS by joining up prison and probation operations and redefining HQ to deliver more efficient and effective support to our frontline services
- Regular oversight of performance, risk, finance and change - including the corporate risk register, change portfolio and management accounts updates, and prison, probation and Youth Custody Service (YCS) performance packs

Details of HAB, HLT and ARAC membership, including attendance records, can be found on pages 70 to 73.

**HLT Sub-Committees:**

- **Prisons, Probation and YCS Operational Management Committees** - To oversee and take any necessary decisions regarding the day-to-day delivery of prisons, probation and youth custody (public and private sector) including risk, assurance and finances. This will include issues which are to be delivered by other directorates, or the wider MoJ, which impact upon operations.
- **Prisons, Probation and YCS Performance Committees** - To oversee and take any necessary decisions regarding the performance of prisons, probation and YCS (public and private sector). This will include issues which are to be delivered by other directorates, or the wider MoJ, which impact upon performance and allocation of improvement support.
- **Estates** - Provides strategic oversight and guidance across all prison, probation and YCS estate projects.

- **People** - Supports the HLT in its leadership and management of people strategies to improve the coordination of design, decisions and implementation of cross-cutting programmes of work.
- **Digital and Data** - To oversee all digital and data services delivered to HMPPS and to take any necessary decisions and actions regarding performance, risk, assurance and finances.
- **Commercial** - To oversee, assure and support all commercial and contract management activities regarding the services delivered through contracts to HMPPS.
- **Occupational Health, Safety and Fire** - To provide senior leadership and direction to the management of occupational health, safety and fire (OH, S&F) across HMPPS, ensuring that strategic systems for their management are adequate.
- **Improving Systems and Outcomes** - Oversees, assures and drives the operational delivery of reducing reoffending activity across HMPPS.
- **Change Portfolio Board** - Is the decision-making body for change activity across HMPPS, providing senior leadership and challenge to ensure delivery of change is on track and operational impact and delivery are taken into account.
- **Finance Advisory Committee** - Provides advice and support for financial issues and decisions due to be considered by the HLT, sub-committees and MoJ Finance Governance. It provides financial scrutiny of HMPPS - including financial planning, governance, monthly management accounts and wider accounting implications of investments.

## Declarations of interest

Under the Civil Service Code, all Civil Servants are expected to declare relevant outside interests which may compromise their professional judgement and objectivity in conducting their role. The MoJ utilises the Civil Service HR policy on Declaration and Management of Outside Interests and has introduced a toolkit to support the application of the policy.

It is the responsibility of the individual to declare all interests (actual, potential or perceived) that could be relevant to their role. The line manager is responsible for considering the declaration and determining risk mitigations where necessary. Failure to declare relevant financial, personal or outside interests may be considered a breach of the Civil Service Code, with action taken under the Discipline policy where appropriate.

The MoJ maintain a central record of declarations for those in Grade 6 (or equivalent) roles and above (due to seniority) and in the contract and commercial management directorate (due to involvement in procurement and contract management with third parties). This approach provides an effective solution to improve governance arrangements and mitigate risks for the department. The SCS declaration of interest exercise takes place on a bi-annual basis with the remainder taking place on an annual basis. Declarations of interest for the delegated grades are recorded and managed locally.

In line with Declaration and Management of Outside Interests policy, details of all SCS who have declared outside employment, work or appointment which is paid or otherwise remunerated can be found on [GOV.UK](https://www.gov.uk).

## Business Appointment Rules

Civil Servants, at all levels, are subject to rules on accepting outside appointments after leaving the Civil Service. The purpose of the Business Appointment Rules is to avoid:

- the risk that an employer might gain an improper advantage by appointing a former official who holds information about its competitors, or about impending government policy;
- any suspicion that an appointment might be a reward for past favours;
- the risk of a former official improperly exploiting privileged access to contacts in government; and
- unfair questioning or criticism of the integrity of former civil servants.

Full details on the Business Appointment Rules, when they apply and the application process can be accessed by all staff via the Ministry of Justice (MoJ) intranet. To raise awareness of the Business Appointment Rules the intranet content was refreshed, communication was issued to senior leaders across the business, and the wording within exit management letters has been updated.

The MoJ has a clear procedure in place for considering applications under the Business Appointment Rules for SCS2 and below. The process is managed by the Transparency Unit and includes input from the individual, their line manager, the Chief Commercial Officer and the Chief People Officer. In exceptional cases the Permanent Secretary is consulted on Business Appointment Rule applications. The Transparency Unit liaises with the Advisory Committee on Business Appointments (ACoBA) for applications from SCS3 and above.

During 2022-23:

- There were 24 exits from the Civil Service (SCS), including 6 from HMPPS.
- There were 27 Business Appointment Rules applications as follows (including 3 for HMPPS):
  - 11 Ministerial applications
  - 2 Special Advisor applications
  - 6 SCS3 applications

- 3 SCS2 applications
- 1 SCS1 applications
- 1 Grade 6 applications
- 2 Grade 7 applications
- 1 Senior Executive Officer applications
- No applications were found to be unsuitable for the applicant to take up. All applications below SCS2 were approved with conditions set. ACoBA determine the outcome and any conditions set for SCS3 and above.
- There were no breaches of the Business Appointment Rules.

In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments has been published on [GOV.UK](https://www.gov.uk).

## HMPPS COVID-19 Recovery

Throughout 2022-2023, HMPPS has continued to work closely alongside public health agencies, the Department of Health and Social Care, the NHS, Welsh Government and the wider MoJ to make sure it was able to cope with any ongoing risks due to COVID-19. Our decisions and actions continue to be underpinned by three core objectives: to preserve life; to maintain security, stability and safety; and to provide sufficient capacity.

In February 2022, the government published its 'Living with COVID' strategy and the time was right to also move towards a more normalised approach across the HMPPS estate. In May 2022, we safely exited the National Framework, the structure used to manage access to prison regimes in order to expand our delivery while maintaining safety. We retain clear guidance and protocols for responding to positive cases and managing outbreaks. Surveillance remains in place so we are able to monitor the COVID risk and escalate issues as required.

HMPPS has additionally undertaken a comprehensive programme of learning lessons to ensure we can be prepared for further health-based crises and other sustained system challenges in the future.

## Oversight and assurance arrangements

The HAB provides scrutiny of performance, risk management, systems and financial accounts.

The HLT exercises oversight of the performance of HMPPS on behalf of the HAB by:

- using the performance, risk and planning framework to check the progress against delivery of HMPPS's key priorities.
- receiving up-to-date reports on the in-year financial position and regular updates on the progress of major change projects and programmes. It made decisions, based on agreed thresholds, on any issues that arose. It also discussed issues that exceeded the agreed thresholds (for example: overspend, significant risks to delivery)
- agreeing delegations to directorates and throughout the governance structure to ensure the right decisions are being taken by the right people in the right place, whilst ensuring the HAB was provided with the appropriate level of assurance

The HAB also considered information from a range of external sources which included:

- HM Chief Inspector of Probation and Prison and Independent Monitoring Boards
- the Prisons and Probation Ombudsman
- the National Audit Office
- the Youth Justice Board

In addition, one of the key sources of independent assurance within HMPPS came from the Internal Audit service delivered by the Government Internal Audit Agency (GIAA). Arrangements are in place to ensure that I am made aware of any significant issues which indicate that key risks are not being effectively managed. I am assured that the Internal Audit service complies with the Public Sector Internal Audit Standards.

## Government Internal Audit Agency (GIAA)

GIAA provided a 'moderate' annual opinion, defined as 'some improvements are required to enhance the adequacy and effectiveness of the agency's framework of governance, risk management and control'.

This reflects, in part, that the majority of assurance reports issued were rated either moderate or above. They have continued their coverage on controls surrounding our people and processes to ensure safe operating environments for staff, residents and service users. Relationships remain strong across the senior management team as they plan coverage for 2023-24.

In year, GIAA have responded to HMPPS Leadership Team requests to extend coverage to provide a wider insight into ongoing improvement work, increasing their advisory coverage. This included completing work in risk assessments prior to release from custody and sharing of intelligence. They reviewed processes and provided feedback quickly for management to implement swift mitigating actions.

Their coverage has continued to provide assurance against key operational risks. This includes parole dossiers, which reached across the agency and within the Parole Board identifying the need to review the guidance and consider the end user more when reviewing dossier compilation. They also covered youth custody where their work around accommodation for girls provided assurance on decisions made at pace to provide suitable accommodation following the closure of the Medway Centre. Additionally, their review of our governance of Safeguarding recognised improvements needed to be made centrally, however it highlighted the frontline delivery of safeguarding was operating effectively. They have also noted significant progress where we are working across government to deliver improvements relating to substance misuse.

On people related risks their work this year has been positive around the competency-based pay progression in probation and the rollout of body worn video cameras where investment in our people and safety have been a priority. Coverage of vetting in probation and policy have found that there is work to do to maintain consistent information to better manage these processes and further coverage in Q1 of next year will assess the approach and scope of our vetting levels. They have also completed a culture review in probation, following the unification which recognises steps taken to build foundations although also highlighting there is still work to do to embed this.

GIAA have provided real time assurance across a number of key change programmes and been present at portfolio boards; where they have found a focus on management of risk, open to

learning lessons when things have not progressed according to original plans, and project and programme management processes to be well embedded. They have also conducted deep dives into electronic monitoring, future service re-procurement, commercial assurance, accelerated houseblocks delivery programme planning and probation reform benefits management, all of which were rated moderate.

The cross-departmental audits (which covered HMPPS) did highlight that work to embed the MoJ's functional structures and assess compliance with functional standards has continued to mature this year. Specifically, the work on functional standard self-assessment found well-embedded processes to assess compliance with functional standards. However, it also reflected that the relationships and partnerships between MoJ HQ functions and MoJ's sponsored organisations is complex and differs depending on function.

There is a need to ensure clarity between functional and agency accountabilities and responsibilities in order to drive consistent approaches to key processes in order to enable efficiencies and more effective holding to account by those who have policy ownership. They have observed examples of increased maturity in relation to risk and control approaches, in particular in security, but have highlighted that the Department needs to continue to drive forward work to establish more effective assurance frameworks, based on robust data.

As well as GIAA, sources of internal assurance from which the Accounting Officer draws include:

- annual assurance statements from each of the directors covering the key systems for which they are responsible
- bi-lateral meetings with the lead non-executive director to discuss any concerns they may have
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects
- corporate oversight of high value contracts - via the HMPPS Commercial Sub-Committee, and operational assurance activity – by the Operational and System Assurance Group - to confirm the quality of contractual service delivery
- a report from the chair of the ARAC
- attendance at the ARAC

- a second line assurance function, reviewing operational delivery. Operational and System Assurance Group (OSAG) designs, co-ordinates and carries out most of the second line assurance activity of the services managed by HMPPS to ensure a national and consistent approach to quality assurance and operational assurance. This includes both adult and youth custodial establishments, both private and public, the Probation Service, Electronic Monitoring Services, and assurance activity of other providers of some contracted services. The schedule of delivery reflects commitments to populate the performance frameworks for prison and probation and is formally agreed at agency performance committees. The second line function works collaboratively with key stakeholders within HMPPS and with external stakeholders in the third line of assurance such as GIAA and HM Inspectorates to identify the key risk areas to be covered by audit activities. First line assurance focuses on operational day-to-day assurance/risk management and is the responsibility of the frontline operational functions. The second line assurance function supports and enhances this with provision of tools and training to drive consistency and effectiveness in local assurance. The findings of the second line audits and surveys are used to provide a summary of key issues and promising practice on prison and probation performance at prison and regional probation level and to deliver aggregated national findings in thematic reports across a range of forums, boards and meetings, identifying key issues and themes to inform commissioning, service and system development priorities. Assurance is provided to the Board and accounting officer through the Prisons and Probation Performance Committees. These HLT sub-committees provide regular information to HLT for oversight of operational delivery.

## Independent oversight of assurance arrangements

HMPPS is subject to independent external scrutiny and oversight in a number of areas, including by the:

- Parliamentary Public Accounts Committee and Justice Select Committee inquiries
- National Audit Office reports (including Value for Money) and the audit report for the Annual Report and Accounts

- HM Chief Inspector of Prisons publications and annual report
- HM Chief Inspector of Probation publications and annual report
- Prisons and Probation Ombudsman
- feedback from the Major Projects Review Group
- Independent Monitoring Board regular reports
- Ofsted reports
- Lay Observers

## Improving governance

HMPPS commissioned KPMG to undertake an effectiveness review of its governance structures in 2022 ahead of the full implementation of the One HMPPS operating model. The work included analysis of relevant governance documentation and fact-finding working sessions with senior stakeholders.

The review reported final findings and recommendations back to HLT in March 2023. It noted several positive aspects of the HMPPS governance framework including a committed senior leadership team, a strong professional curiosity and a desire to do the right thing. It found senior leaders were heavily involved in decision-making and sought visibility of the detail before reaching a view. It noted there had been previous attempts to change the governance framework to varying degrees of success.

However, the report also found a legacy culture of several inefficiencies which resulted in some duplication of effort and a lack of clear decision making. The recommendations therefore centred around the formalisation of existing structures, creation of some efficient ways of working and basic principles of governance. It also noted that the recommendations would only be fully realised if the HMPPS culture and behaviours surrounding governance changed.

It recommended that HMPPS must focus on ensuring that the responsibilities and decision-making authority of all committees and individuals are clearly defined, understood and acted on. This would enable the existing structures in place to fulfil their obligations when combined with a cultural change to accepting where decision making authority rests. While some decisions should and must escalate to the most senior committee - the

HLT - the sub-committees should be used to fulfil their own objective and responsibilities.

More specific recommendations included:

- reducing the frequency of committee meetings including for both sub-committees and HLT
- redesign the secretariat into a Private Office function that sits within the CEO's office
- review, agree and re-communicate the objectives, key responsibilities and membership for each committee and sub-committee
- define a set of governance principles which align to the good practice code for government bodies and make executive directors accountable for following these

As of April 2023, the HMPPS Governance and Reporting team were in the process of creating an implementation plan to take forward KPMG's recommendations.

The HAB was satisfied that it had sound governance in place, and that HMPPS was compliant with the relevant sections of the corporate governance code for central government departments guidance. During 2022-23, HAB meetings were chaired by the lead non-executive director in accordance with the agency Framework Document.

HMPPS did not have a specific remuneration committee as the scope for making decisions on senior pay was limited. Decisions on senior pay, remuneration and bonuses were ratified by the MoJ Remuneration Committee.

## Quality of Information

The agency recognises the need to ensure the HAB, HLT and sub-committees receive sound advice and information to enable informed decisions to be made. The Board Secretariat works with teams to ensure the information provided is of a good quality, with a template used for committee papers, structured to ensure risks and resource implications are highlighted and to ensure sufficient engagement and challenge during discussions. The structure and information contained in regular agenda items has been reviewed, improved and updated over the course of the year and will be further amended in line with recommendations from the KPMG Governance Effectiveness Review.

The HAB was content that the data it was provided with was adequate, timely and comprehensive and there were robust arrangements for reviewing and checking data.

## Financial Delegations

At the start of the 2022/23 financial year, the Permanent Secretary provided me with a delegation letter encompassing all aspects of the agency's spend and laying out the key conditions that I, as Accounting Officer for HMPPS, and all staff within the agency, must adhere to. To enable efficient operational delivery, the agency operates a scheme of delegation that cascades down through the organisation from the Permanent Secretary to myself, as CEO, and on to all budget holders, including the probation delivery units and public sector prisons. Where a full delegation is not required a statement of financial authority and/or a manual payment authority may be issued to staff who commit expenditure on behalf of the budget holder.

The delegation letter follows a standard format that is used across the Department and specifies the recipient's responsibilities as budget holder. The delegation letter also provides details of the funding allocated at each level and although a budget may be sub-delegated, the accountability for the use of the budget remains with the main budget holder. Adherence with the terms and conditions of each delegation is monitored through the line management chain with specialist finance support provided from MoJ Finance under a functional leadership model. Cost centre budget holders are appropriately supported by Finance Business Partners and provided with monthly management accounts to enable effective decision making. Other specialist finance support may be accessed via the Finance Business Partners as and when required.

HMPPS is subject to a collection of spending controls, some dictated by HM Treasury, some by the Cabinet Office, with the remainder specified by the MoJ. These controls are notified via the delegation process and are available for all to view on the MoJ Intranet. Adherence with these controls is monitored on a monthly basis by the Financial Governance and Grants Centre of Excellence. Other controls also exist to reduce the risk of fraud or error, including system-based controls within the departmental ERP, the Single Operating Platform (SOP) and segregation of duty controls. Additionally, all budget holders are required to complete mandatory Licence to Operate training.

## Value for Money and Financial Performance

HMPPS ensures it has transparency and control over Value for Money and Financial Performance through a variety of control mechanisms. Budget holders are supported in their duties by a team of professional finance business partners who act as critical friends to the business and provide specialist advice as required. Control frameworks include:

- Detailed monthly reporting to HMPPS Leadership Team on in year financial performance against its delegated Resource and Capital budgets. Corrective actions are identified and implemented if required. This is supported by regular meetings with budget holders across the agency on financial performance with clear lines of accountability on budget and commercial delegations. The agency met its financial targets on both Capital and Resource in 2022/23.
- Budgets are set through an allocation process which requires HMPPS Leadership Team discussion and approval based on a series of recommendations from MoJ Finance which recognise agency priorities and pressures including changes in prison and probation population, pay and non-pay inflation and Ministerial priorities.
- Resource and Capital budget allocations are aligned to the priorities set out in the Department's Outcome Delivery Plan and are delegated to Budget Holders in line with our formal processes.
- Budgets and in year financial performance are approved and regularly monitored by the HMPPS Board, informed by timely data and insight produced by the finance function
- Individual decisions for approval by the HMPPS Leadership Team require exposition of any financial implications including affordability.
- There is also an HMPPS Finance Advisory Committee which identifies and initiates actions to correct any financial and management accounting issues as required
- Formal review and oversight is provided by the HMPPS Audit and Risk Assurance Committee

For the 2023/24 financial year the HMPPS Leadership Team are continuing to focus on improving financial management, to ensure spend

is tracked and actively re-prioritised to maximise opportunities and mitigate risks and pressures whilst taking the wider MoJ financial position into account.

Improvements include:

- For both RDEL and CDEL conduct regular assessments of in-year and medium-term financial plans, with a detailed review at each quarter end in the year. This will be a collaborative exercise across financial planning, management accounts and business partner teams with output signed-off by DGs and HLT.
- Encouraging transparent, realistic forecasting with robust challenge of delivery plans especially for new areas of SR21 investment.
- Greater focus on forecasting accuracy, early visibility over management of contingencies and underspends, targeting strengthening the management of large-scale capital budgets.
- Inclusion within the financial forecast of material financial uncertainties. i.e. risks only where we have very limited opportunity to mitigate and opportunities which we are confident of crystallising.
- Cross-team working to review inflationary pressures with commercial, economists and finance.

As well as the above, I, as HMPPS Accounting Officer (HMPPS Chief Executive Officer) receive formal Accounting Officer advice on all major Business Cases such as the Prison Capacity programme and other, potentially, contentious decisions. The advice covers the four Accounting Officer responsibilities of Regularity, Proprietary, Value for Money and Feasibility to ensure that I, as Accounting Officer, discharge my responsibilities in line with HMT policy.

HMPPS relies on Internal Audit to test controls and compliance through an agreed Audit Programme that is reviewed and approved by the HMPPS Accounting Officer, the HMPPS Leadership team and the HMPPS Audit and Risk Assurance Committee.

## Functional reform

Corporate and professional functions play a vital role in HMPPS and are provided centrally from the MoJ. These include: analytical services, commercial, communications, counter fraud, debt, digital, finance, grants, people, project delivery, property, and security.

The MoJ Functional Reform Directorate supports these functions to succeed in delivering the department's priorities, while helping deliver on our ambition to become a recognised functional centre of excellence across government.

The maturity of functions is assessed through a quarterly 'health check', supported by annual or bi-annual self-assessments using Cabinet Office continuous improvement assessment frameworks, many of which were published for the first time this year. The maturity scale ranges from 'good', indicating compliance with the mandatory elements of the functional standard, to 'better', and 'best'.

Throughout 2022-23, the functions' understanding of the requirements of their functional standards has matured and their understanding of the operation of control frameworks to achieve increased compliance is improving.

## Risk management

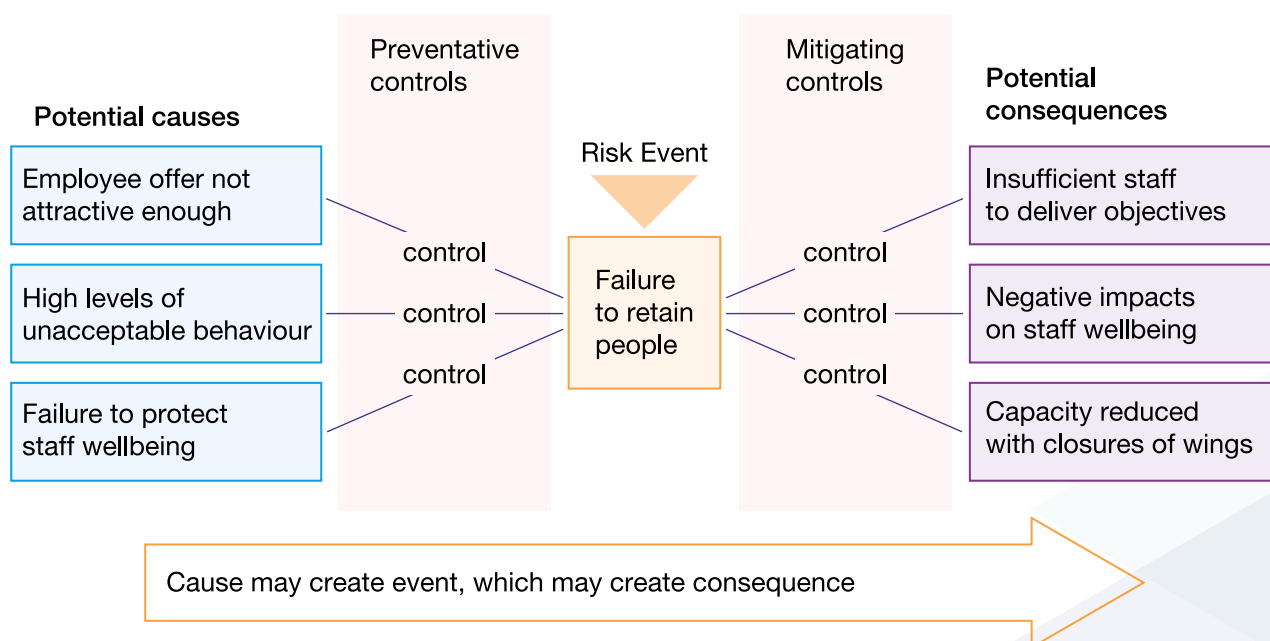
HMPPS relies on GIAA to test controls and compliance through an agreed Audit Programme that is reviewed and approved by the HMPPS Accounting Officer, the HMPPS Leadership team and the HMPPS Audit and Risk Assurance Committee.

HMPPS operates in a high-risk operational environment, but it has faced significant challenges this year in relation to prison capacity in the adult male estate. This resulted in the activation of Operation Safeguard to source options in partner estates, and the standing up of Capacity Gold Command to oversee the deployment of a Custodial Options Taskforce to bring this issue under control. Management of the Capacity risk remains a key area of focus as we enter the new year.

A key requirement of managing all our risks is having the staff to do so. Over the past 12 months, we have faced difficulties in obtaining new staff and keeping the ones we have. This prompted work to drill down into our People risk, to focus on specific controls required to manage it. This has resulted in the development of three people risks, targeting recruitment, retention and training.

This year, the agency has developed its risk management maturity through the communication and use of the Orange Book (HM Treasury – The Orange Book – Management of Risk, Principles and Concepts 2019). At the forefront of this activity is the use of the risk bow tie concept, to identify further key risks and controls to their potential causes and consequences. These are now in place for all agency principal risks, with updates expected quarterly to feed into our reporting process to MoJ as we move forward.

### Example Bow Tie exercise



## Risk Management Framework

The agency has continued to embed its overarching risk management and assurance framework, supporting the MoJ in the reporting of risk against Outcome Delivery Plan objectives.

Our principal risks have been considered and discussed by the HMPPS Leadership Team and reported to the Audit and Risk Assurance Committee (ARAC) and Agency Board on a quarterly basis. We have also supported the MoJ's reporting of key risks to the Finance, Performance and Risk Committee and the Executive Committee through our membership of the Risk Advisory Group which provides challenge around ongoing activity to address those risks that impact on the delivery of the agency's objectives.

Collaboration and engagement are central to the success of our risk management framework. Relationships have continued to be built during the year between risk leads and owners and the agency's risk management team. Monthly risk discussions are taking place to inform reporting and strengthen risk management capability through the application of risk management concepts, such as the bow tie.

The agency's risk management team has developed its training offer, focusing on senior leadership teams to improve their understanding of risk and control management, so that they may be equipped to challenge the reporting of risk, and to inform the driving of improvements of risk management practice throughout their areas of our wider organisation. This training was deployed in the final quarter of the year, with more sessions planned in 23/24.

There is an acceptance that there is a need for a culture change around risk management processes from the current excellence in handling risks once they crystallise as issues to more focus on predictive controls / pre-emptive mitigations. The agency has always been very good at managing risk once it has materialised with a well-established command process but has been less able to consolidation prediction of future risks and establish suitable controls to mitigate in advance. This is a longer-term piece of work and is part of the 'path to green' included in future development work. Work is also ongoing to look at the dependences between risks and how the risk landscape impacts upon the performance of the agency.

## Significant Risks and Issues

The following significant risks and issues have been identified utilising enterprise risk management methodology, in consultation with the HMPPS corporate risk register and director generals/ executive directors' annual assurance statements. Each risk and issue have been linked to the HMPPS strategic principles, as detailed below. Significant key risks and issues are managed within scope of each principal risk, allowing for greater risk ownership, focus, and deployment of controls.

The pressures on the system in recent years including COVID-19, system capacity issues and recruitment and retention issues have impacted on all aspects of our work. The systemic impact of these three risks have aggregated across to increase risk in almost all areas of the organisation. The majority of key risks are now showing a worsening position with the heightened risk expected to remain for the foreseeable future. Work is ongoing to ensure that control matrices address these risks so that the position is controlled.

### HMPPS Strategic Principles:

1. Enable people to be their best
2. An open learning culture
3. Transform through partnerships
4. Modernise our estates and technology

**Risk direction: The direction of the arrow indicates the change in the risk when compared to the previous year.**



Risk has improved



Risk has worsened



Risk has remained stable

## People 1

Topic: People – Strategic Principles 1, 2

Principal risk: Failure to attract, recruit and mobilise people

Detail:	Key mitigations:	Risk direction:
<p>Attracting new recruits to HMPPS remains a challenge, which impacts the agency's ability to fulfil the requirements of its prison capacity expansions.</p> <p>Latest quarterly stats (March 2023) show recent improvements: As of 31 March 2023, there were 22,288 FTE Band 3-5 prison officers in post, this is a slight increase of 287 FTE (1.3%) since 31 March 2022 and an increase of 655 FTE (3.0%) prison officers compared to 31 December 2022. This is expected to be in part due to higher volumes of applications since August 2022, and it is unknown if this will be sustained.</p>	<p>The agency has a dedicated resourcing team targeting OSG, prison &amp; probation officer recruitment.</p> <p>The agency has introduced a new National Operational Stability Panel for probation, overseeing additional recruitment resource to target regions where staffing is at its lowest.</p> <p>We committed to recruiting 1,500 trainee probation officers in the 2022/2023 financial year, and exceeded this target, recruiting a total of 1,514 trainees.</p> <p>A prison resourcing communications team sits alongside recruitment/marketing, to cover communications for prison recruitment and retention in regional areas of most need.</p> <p>We have recruitment activity ongoing for all sites with a current or future recruitment need. Since March 2022, we have streamlined the recruitment process and are starting to see average time for hiring and training fall month on month. We are regularly reviewing the resource demands of the expanded prison estate on our workforce and exploring all viable means to ensure that these new places are staffed. Staffing requirements for new establishments continue to be assessed and factored into workforce planning up to 18 months in advance of new prison places opening.</p> <p>The agency has invested in new initiatives to improve the onboarding of our new joiners and increase levels of experience on our prison landings.</p> <p>The 2022/23 pay award reflected a significant investment to uplift and reform the prison pay structure.</p>	<p>↑</p>

## People 2

Topic: People – Strategic Principles 1, 2

Principal risk: Failure to retain people

### Detail:

Poor retention is currently the agency's greatest risk to staffing, especially in respect of operational prison staff, with leaving rates of 15.1% to end of March 2023, showing a small increase of 0.2 percentage points from the previous year. This remains an area of particular focus. Estate expansion will further increase staffing requirements and further risk mitigation will be conducted to support retention and wellbeing. Prison officer Band 3 to 5 resignations was a core focus throughout 2022/23, with rolling resignations dropping from 10.9% in March 2022 to 9.7% at the end of March 2023.

Probation service officers (PSO) have the highest probation resignation rates, which have more than doubled since March 2021 and have further increased between March and December 2022, and it is recognised that unification has been the greatest impact.

### Key mitigations:

Retention deep dives are being conducted at prison sites with the highest level of attrition, supported by a retention oversight pack and thematic overviews, these are being further rolled out in probation. In addition, a retention oversight process has been set up as part of the agency's retention governance. This approach ensures that operational leaders are provided with targeted support from HMPPS HQ to address local and regional attrition causes.

Since April 2022 we have invested in several new initiatives in prisons, including new colleague mentors and a new peer to peer learning scheme, as well as focused leadership training in sites where staff attrition is highest.

HMPPS is utilising more analytical insights to understand why people leave and has built on feedback citing a lack of career progression, leadership, and health/wellbeing to deliver a programme of leadership journeys and promotional assessments.

Staff wellbeing programmes are being made accessible, consisting of mental health allies, trauma risk management (TRiM) and the employee assistance programme (EAP).

### Risk direction:



## People 3

Topic: People – Strategic Principles 1, 2, 3

Principal Risk: Failure to have a trained, skilled and developed workforce at all levels

### Detail:

Although this risk is currently stabilising, it has many interdependencies requiring wider development which means that this is still a worsening risk. Learning and development and staff skills continue to be a challenge across probation, and HMPPS has identified a lack of effective data hindering its ability to understand both development needs and the talent pipeline.

Due to delivery pressures, some prison training courses have been paused, with trainers currently delivering “back to basics” safety critical training, including suicide and self-harm training. This is a risk to growing a skilled and developed workforce, and the agency has engaged with all unions by signing up to a joint HMPPS/TU protocol of professional engagement to allay concerns.

### Key mitigations:

As career progression remains the main driver of attrition, HMPPS is increasing promotional assessments and scoping options for non-operational to operational opportunities in prisons, for which a pilot scheme is currently in development.

The careers pathway framework launched in February 2023. The framework allows staff to see the career options and the variety of job roles available to them across the whole of the organisation.

The framework gives staff resources that they need to fulfil their career aspirations and extensive information about the learning and development programmes available to aid development.

There are a number of workforce programmes which have been launched for prisons and probation, including new colleague mentors (NCMs) in all prisons to ensure a supportive onboarding, induction, and early career experience, in addition to a new peer to peer Buddy scheme. Work is ongoing to develop a fuller picture of the benefits and opportunities available to probation candidates.

Fitness tests in prisons are currently paused for 9 months from 1st April 2023 in order to enable prisons to focus on essential training. We are clear on which training should be prioritised to establishments

On 17 January, HMPPS decided to suspend the current custody and detention (C&D) apprenticeship model for new prison officers, including a ‘break in learning’ for existing apprentices. Efforts by prisons to meet the requirement to release apprentices from operational duties for 200 hours over the period of the apprenticeship was putting strain on staffing levels and the safe running of prison regimes.

### Risk direction:



## People 4

Key area of focus within the people risks

Key risk: Failure to have a positive organisational culture, where staff feel valued and empowered and where unacceptable behaviour is tackled.

### Detail:

The people survey and HMIP thematic reports have highlighted risks around professional standards of behaviour.

The main drivers for attrition remain consistent and highlight the complexity, with career progression and wellbeing continuing to be the top reasons. Failure to retain staff is impacting on the risk of failing to have a skilled and developed workforce due to pausing non-critical training to support staffing shortages.

### Key mitigations:

Work is underway to review the offer to ensure the business is provided with tools and support to tackle behavioural issues, reduce bullying, harassment, and discrimination (BHD), and increase the use of mediation.

A new Improving professional behaviours function is proposed as part of the One HMPPS programme to provide further mitigating controls.

The HMPPS tackling unacceptable behaviour unit (TUBU) launched in August 2020 and aims to tackle BHD through:

A confidential staff helpline

A mediation service – to encourage early resolution to workplace conflict.

Climate assessments – programme to regularly assess the climate at individual business units.

A specialist investigation service – managers can access trained investigators, advice or signposting for more complex and serious cases

HMPPS recently decided to increase support from TUBU by:

Doubling the number of specialist investigators to 10, increasing access to independent investigators & providing expert oversight on BHD cases to ensure fair and quality investigations.

Developing additional roles for 10 full-time mediators, who can also provide expert support and coaching to managers, to help address situations at early stages before matters escalate into more formal processes.

Launching an internal communications campaign to raise awareness, reset clear expectations of professional behaviour and raise confidence in speaking out or seeking support.

### Risk direction:



## Regime Delivery

### Key area of focus – Regime delivery

Key risk: Failure to deliver regimes at the intended level due to staffing shortfalls

Detail:	Key mitigations:	Risk direction:
<p>All public sector prisons have systems in place for the day-to-day management of staff resources and regime delivery, to ensure that regimes are Safe, Decent, Secure, Resilient and Sustainable. Some prisons have a reduced, but sustainable level of regime delivery due in part to local resourcing pressures, or the need to deploy resource within other parts of the prison system.</p> <p>The impact of reduced staffing varies by establishment, dependent on function, local infrastructure, staffing levels and work profiles.</p> <p>The financial impact of the pandemic requires close understanding to ensure funding risks are controlled.</p>	<p>Clear leadership messages have been communicated regarding the prioritisation of improving regime delivery to the fullest extent that resources can allow, with focus and scrutiny through the operational line being high.</p> <p>The agency is ensuring security remains a priority, with a Basic Security Awareness eLearning programme (prisons) developed by its Directorate of Security (DoS) to mitigate concerns regarding consistency of quality and content of local training. This has been ratified by the National Training Committee (NTC).</p> <p>Measures are in place to track the financial impact of the pandemic, managed through the monthly management account reviews. The agency has continued to monitor any residual Covid spend and manage any pressures within the existing settlement.</p> <p>Prisons use Regime Management Plans to manage day-to-day operational pressures resulting from staff absences, vacancies or operational incidents. Local plans are designed to minimise the impact of staff shortages and safely deliver regimes and services.</p> <p>Minimum Staffing Levels (MSLs) are in operation at prisons to promote safety and security; it is possible to order officers to work additional hours in order to maintain MSLs. Locally agreed Minimum Staffing Levels (MSLs) are not held centrally by the Department.</p> <p>The 'Operational Resourcing and Stability Panel' meets weekly to provide support to those prisons with the most acute resourcing pressures affecting their ability to deliver full regimes, where it is impacting on the stability of the prison.</p>	<p>↑</p>

## Capacity

Topic: Capacity – Strategic Principles 3, 4

Principal risk: Failure to ensure adequate, safe and decent capacity in our systems

### Detail:

Since Autumn 2022, the prison system has experienced an acute and exceptional rise in demand. This prison capacity risk continues to be managed at a tactical level through the work of the Custodial Options Taskforce (COT), working closely with teams across HMPPS. The immediate risk of a critical loss of capacity is being managed through HMPPS Capacity Gold Command and the Criminal Justice System Strategic Command (CJSSC).

Operation Safeguard was announced in November 2022 to enable the coordinated use of police cells across all regions to hold prisoners temporarily for short periods, with first cells activated in February 2023. To deal with rising demand, we have increased capacity in the existing estate through the use of crowding, deferring non-essential maintenance, maximising transfers to the open estate and delaying the transfer of 18-year-olds to the adult estate where appropriate. This approach has enabled us to expand useable capacity in the adult male estate by an extra c.2,600 places between September 2022 and September 2023. We also continue to make progress on delivering 20,000 additional, modern prison places – the largest prison build programme since the Victorian era.

The safety and decency of our prisoners is paramount. We continually monitor prison conditions, and take places on and offline depending on safety, stability, staffing levels and maintenance needs. In prisons where we have crowding in place we have a cell certification process that ensures that use of cells is subject to a formal assessment of safety and decency. We will not take any decisions that create unacceptable risks to prison safety.

### Key mitigations:

The agency is improving its intelligence and coordination of activity. The HMPPS demand and supply working group examines demand and supply at strategic level, consulting key stakeholders to enable an agency-wide view of supply risks, mitigations and interdependencies, and gaps requiring action, including forecasting. Mitigating activities have been implemented and their effectiveness continues to be monitored.

We are also making progress on the biggest prison expansion programme since the Victorian era to create 20,000 new prison places – over a quarter of these have already been built – and we are ramping up prisoner numbers as quickly as is safe to do so at our two new prisons (Five Wells and Fosse Way). We have deployed all available contingencies to maximise use of the existing estate. This includes bringing online additional crowding places, deferring non-essential maintenance, maximising transfers to the open estate for eligible offenders and delaying the transfer of 18-year-olds to the adult estate where appropriate. We are also implementing a suite of demand reduction measures, which include measures to speed up the deportation of Foreign National Offenders (FNOs), extension of HDC policy, increasing the number of re-releases through Risk-Assessed Recall Review (RARR) and increasing capacity of the parole board.

The Prison Joint Resourcing Unit pulls together operations, policy and HR to obtain a single view of the data and activity related to prisons. Current projections continue to show a sustained increase in staffing shortfalls, despite a slight fall in resignations. In addition, despite sufficient probation candidates exceeding Probation Officer Training (PQiP) targets, the potential for attrition means a continuing risk of insufficient candidates onboarding. The agency has implemented mitigating activities and their effectiveness continues to be monitored.

### Risk direction:



## Capacity

The agency's commitment to recruit 1,500 trainee probation officers in both 2021/2022 and 2022/2023 continues, although there remains a long lead time and it will be several years of consistent recruitment before the staffing gap closes. Recruitment campaigns for probation services officer (PSO) progression candidates in all regions and Internal MoJ & external candidates in the hard-to-fill regions have launched.

Although occupancy within the Youth Estate remains low, numbers have increased to around 23% as of the middle of May 2023 due to the retention of 18-year-olds to ease wider capacity issues in the adult male estate.

## Estates

Topic: Estates – Strategic Principles 3, 4

Principal risk: Poor standards of accommodation and maintenance impact on the health and safety of service users and place additional demands on capacity.

### Detail:

The day-to-day running of the prison estate and its deterioration carry inherent risks to capacity and health & safety compliance, as does the ability to upgrade fire safety and security systems to the latest requirements.

HMPPS is investing to mitigate these risks, although the capital maintenance funding secured through SR21 is not sufficient to reduce the backlog of required works or slow the rate of dilapidation significantly enough to avoid system shocks and service disruption.

We continue to carry the risk of asset failure, capacity loss and operational disruption into 2023/24, where reduced funding will reduce our ability to invest in works critical to regime and asset resilience.

We are continuing to monitor maintenance activity in line with population pressures, with projects that require adult male places to be taken out of use restricted to those concerned with health & safety compliance.

### Key mitigations:

The Custodial Capital Maintenance Programme has targeted critical projects affecting the growth of annual capacity loss through dilapidation and to bring the remaining approximately 26,000 cells in line with current fire safety standards by end-2027.

Increased headroom pressures mean the programme has undertaken a review of all major maintenance projects across the adult male estate in preparation for potential decisions to halt or defer.

Detailed condition surveys are now underway to clarify the relationship between investment and dilapidation to inform targeted investment in future years. Investment to bring previously out of use places at HMP Dartmoor is being sought to improve conditions and provide much needed places through the capacity programme.

In 22/23, c.£60 million was invested in the fire safety upgrades of approximately 4,000 cells, bringing the total number of places in need of investment down to 26,000. The ICF continues working closely with MoJ Property to ensure planned remedials are scrutinised and actioned in a timely fashion by Facilities Maintenance providers through the Health, Safety and Compliance panel.

### Risk direction:



## Funding

Topic: Funding – Strategic Principles 3, 4

Principal risk: Failure to secure and manage sufficient funding to deliver core services.

### Detail:

HMPPS received a three-year settlement from the 2021 Spending Review, with funding prioritised for operational delivery and aligned to Outcome Delivery Plan priorities. The SR21 settlement did not include cover for the subsequent rise in inflation that has impacted particularly on Custodial Contracts, fuel, utilities and food costs, as well as on construction costs.

Throughout 2022/23, work has been done collectively and collaboratively across business groups to manage financial challenges. Plans and forecasts have been tested for realism to identify risks and implement controls, enabling our response to meet our priorities and financial challenges – including managing pressures arising from an increase from the 2022/23 Prison Service Pay Review Body (PSPRB) pay outcome and costs of capacity measures, such as Operation Safeguard.

### Key mitigations:

HMPPS has been able to manage unfunded pressures, such as the PSPRB pay outcomes, inflation and Operation Safeguard, through underspends that emerged during the year. The overall position at year-end is forecast to be an underspend against both the RDEL and CDEL positions. Whilst there has been some utilisation of this underspend across HMPPS, these have not generally been available to reprioritise because they were required for wider departmental pressures (RDEL) or because they were reprofiled into future years to align budgets with delivery timetables (CDEL).

### Risk direction:



## Safety in prisons

Topic: Safety in prisons – Strategic Principles 1, 2

Principal risk: High levels of assaults, self-harm and self-inflicted deaths impact adversely on the safety and wellbeing of staff and prisoners

### Detail:

HMPPS is continuing to address the increase of self-harm in the female estate, including supporting those women with complex needs.

In addition, the agency's current prison capacity issues are likely to impact the safety of all those who are at higher risk of suicide and self-harm.

There remains a risk to successfully embed Offender Management in Custody (OMiC) across the prison estate due to the resourcing pressures of Prison Officers and probation Prison Offender Managers (POM).

### Key mitigations:

Women's self-harm Taskforce in place, which includes work on early days in custody.

Close working with Samaritans in to ensure Listener peer support schemes are running effectively.

Postvention response to support staff and prisoners following a self-inflicted death.

Work is being undertaken to address debt which is identified as a main driver of violence and self-harm.

The National OMiC team are providing ongoing direct support to prisons on the delivery of key work and case management and activity is being conducted to increase the number of prison officers and trainee probation officers.

The OMiC performance and evaluation strategy is underway, consisting of a review of the OMiC model in the female Estate and the case study research approach in the male closed estate.

The rollout of TRiM (Trauma Risk Management) has been completed to support staff impacted by traumatic events including self-harm, violence and self-inflicted deaths.

### Risk direction:




To be monitored until publication, as SIDs are currently increasing, and self-harm in women.

## Probation

Topic: Probation – Strategic Principles 1, 3, 4

Principal risk: There is a risk that the Probation Service does not fully realise the benefits of reforms and current investment across probation, rehabilitation & EM and fails to stand-up sufficient delivery across the service, due to the combined effect of demand rising faster than we can increase supply, continuing pressure from recovery from the pandemic and inherited staffing gaps.

Detail:	Key mitigations:	Risk direction:
<p>The agency has experienced performance issues with the Electronic Monitoring (EM) system used to monitor GPS tags (EMSys), the impact of which has caused a backlog of unprocessed alerts.</p> <p>The impact of not meeting the workforce and capacity target could cause delays in meeting the regional staffing targets under the Target Operating Model for the Probation Service. It could also place additional pressure on future PQiP cohorts when filling the backlog of vacancies.</p>	<p>We are working with EM suppliers to improve system performance and manage down backlogs. The issue affecting the performance of legacy systems continues to be taken forward to ensure the continued smooth running of the existing case management system and its scalability to support EM expansion and avoid the risk of system outages.</p> <p>The Probation Officer Recruitment risk is being managed at both Project and Programme level. The programme currently expects to reach its target. However, forecasts remain heavily caveated, subject to successful allocation into additional vacancies and attrition.</p>	

## Youth Custody Service

Topic: Youth Custody Service – Strategic Principles 1, 2, 3

Principal risk: The Youth Custody Service is unable to provide a suitable safe environment to meet the increasingly complex needs of children in custody.

### Detail:

Levels of violence remain high, with long standing concerns remaining around the ability of YOIs and STCs to meet the needs of an increasingly complex cohort. This is being impacted by resourcing challenges in YOIs.

Current occupancy is not high, but our population is increasing more quickly than projected. Capacity has been reduced to facilitate essential works and support performance improvement. This presents regional and cohort specific pressures across all sectors of our estate. We continue to work with the Custodial Options Taskforce to assist with adult capacity pressures.

Construction of a Secure School at the Medway site is on track to complete by end of 2023. There remain risks to achieving this deadline linked to delayed building works and a dependency with achieving sufficient levels of recruitment. The Secure School operator (Oasis) is planned to accept placements between February and April 2024.

### Key mitigations:

Use of separation increased as sites experience the pressures from an increasingly complex cohort. Enhanced support services has seen an improvement in quality for those separated with more individualised plans being developed to address underlying risks. In line with the direction set by the Executive Director, the central team are supporting a move away from Covid-19 led approaches to those that utilise the core support team for all children and young people. Core support teams are critical to developing and monitoring individual plans for those identified as most at risk of violence involvement. Application of the conflict resolution model, developing a standardised approach to using the non-associations tool and the introduction of a safety and security intelligence hub will mitigate and better manage safety risks.

Capacity is monitored through the YCS capacity board, and a deep dive will be undertaken to test the impact of our accommodating young people beyond 18-years-old.

Recruitment for the secure school continues, with the bulk of staff training expected to start in October 2023 and conclude in January 2024. Oasis is developing the integrated education, health, care and wellbeing model for the school, engaging with YCS and Ofsted as part of the process.

### Risk direction:



## Security 1

Topic: Security – Strategic Principles 1, 2, 3

Principal risk: Failure to maintain order & control

### Detail:

The current position is one of rising concern, with a rise in the number of reportable incidents. There were 12 Operation Tornado call outs in 2022 with 1,464 staff that can be used against a target staffing figure of 2,100. Use of Force training nationally is below target. However, we have scheduled more initial courses and there are arrangements in place around contingency planning and gold command. Plans have been developed to address potential industrial action by nurses and ambulance trusts designed to work alongside normal continuity arrangements.

National Intelligence Unit (NIU) continue to assess Serious Organised Crime (SOC) to be the single largest security threat to HMPPS, as it is believed to be at the root of drugs supply, violence, disorder, and creates environments where prisoners feel unsafe.

### Key mitigations:

The review of Operation Tornado was tested by the Prison Operational Management Committee (POMC). 15 of the 16 recommendations have been accepted and are being addressed by the Operational Resilience and Response Unit (ORRU). The level of staffing is a concern and continues to be assessed. Rising levels of reportable incidents and ORRU callouts are consistently monitored and are currently on track to return to levels experienced in 2019. The completion of PAVA, SPEAR and Body Worn Video Cameras (BWVC) roll outs are now forecast for early August. ORRU reviews all incidents requiring Gold to open and absorbs lessons learned into contingency arrangements.

National Crime Agency (NCA) have identified poor operational join up and information sharing with law enforcement as a key weakness that enables SOC activity. Serious Organised Crime Unit (SOCU)/ Multi-agency Response to SOC (MARSOC) alignment is being reviewed, including a review of case management processes. This will support the development of an HMPPS SOC strategy. It is anticipated that the SOCU cohort will be expanded by approximately 70% by September 2023.

### Risk direction:



## Security 2

Topic: Security – Strategic Principle 3

Principal risk: Failure to protect the public and prevent a serious breach of security due to ineffective physical, procedural and personnel security.

### Detail:

Serious Organised Crime (SOC) is assessed to be the largest security threat to HMPPS, continuing to inhibit efforts to reduce reoffending and tackle substance misuse

Until the Intelligence Management System (IMS) Project (Mercury replacement) is complete, HMPPS continues to carry a risk of significant intelligence failure. The roll out of a corruption reporting tool for Probation provides a partial mitigation.

Significant numbers of high-risk active Serious Organised Crime Nominals (SOCNs) are held in Category C and D prisons. The National Crime Agency (NCA) assess that up to half of mapped SOCNs continue to commit offences while in custody or under probation supervision. It is likely that staff identified to be in financial difficulty as a result of cost-of-living increases will increasingly be targeted by prisoners.

Staffing levels continue to be an inhibitor of delivery of core security functions and services and recent procedural security failures relating to Category A prisoners show HMPPS vulnerability to errors with potentially serious consequences.

### Key mitigations:

We have put in place a number of mitigations to address the risk of intelligence failure. Our IMS project is entering a testing phase later this year (for prisons) with work on the probation element starting in 2024. Due to this lag, we are delivering a number of smaller mitigations to bridge the gap which include a new approach to dealing with Crimestoppers intelligence and some training products for probation staff.

Work to upgrade mobile phone blocking/denial capabilities is underway to reduce the risk posed from 5G and expand network delivery. Deployment of counter drone equipment is being trialled. Baggage scanner procurement is underway. Funding of £6 million for 2023/24 for the Prison Strategy White Paper/drugs strategy commitment to an upgraded digital forensics lab has not been confirmed, inhibiting efforts to tackle illicit devices and drones.

Staffing levels and recruitment requirements are being managed in conjunction with the people risk.

### Risk direction:



## Information Security and Assurance

HMPPS is committed to ensuring effective information management and security and is alert to the risks surrounding information assets. The information security (Info Sec) team moved from within HMPPS to MoJ in July 2023 to enable even closer working with its MoJ counterparts.

The HMPPS Senior Information Risk Owner (SIRO), continues to form part of the functional and Executive Agency SIROs board who meet every two months as an Information Risk and Security Board. This enables active senior monitoring of the department's key and crosscutting security information and personal data risks which have been captured in a department-wide information and security risk register. This board is chaired by the DG Chief Financial Officer, and attended by the department's Data Protection Officer, Chief Security Officer, Chief Information Security Officer and agency SIRO's. The board is supported by working groups covering physical, personnel, cyber and data and information security all of which continue to have HMPPS representation provided by the InfoSec team. We also hold our own HMPPS risk register, owned by the HMPPS InfoSec team on behalf of the HMPPS SIRO.

All new SIROs and Information Asset leads receive training to ensure they are following best practice and Cabinet Office policies. All senior civil servants (SCS) pay Band 1 staff in HQ, governing governors and heads of NPS are information asset owners and receive guidance and training to support them in their role. A programme of work continues to review and update our security policies and guidance for both technical and general users to ensure they are fit for purpose and align with the existing government functional standards. HMPPS currently hold their own policies which dovetail into and are used in conjunction with MoJ policies.

The MoJ Chief Security Officer oversees the security and privacy division of the MoJ, including HMPPS, which brings together the data protection, cyber, physical and personnel security teams within the MoJ working alongside the InfoSec team representing HMPPS ensuring we are able to meet our data protection and government security obligations as well as reducing cyber threats.

Work to address the risks and challenges of HMPPS' legacy technology and siloed systems continues, with MoJ digital and technology supporting HMPPS delivery through the functional model. During 2022/23, the HMPPS InfoSec team have continued to work with stakeholders across HMPPS, MoJ and contracted service providers to promote IA policies and compliance.

The team also continued to:

- investigate information security-related incidents when required, as well as acting as the HMPPS liaison with the Information Commissioner's Office (ICO) on all self-reported serious data breaches
- carry out records management on behalf of the HMPPS estate, working closely with MoJ colleagues, as well as offering specialist IA advice to programmes projects and suppliers of services to HMPPS.
- work closely with colleagues in MoJ cyber consultancy to on-board new providers of services, ensuring that any asset used for processing of HMPPS data conforms with all relevant IA and cyber controls.
- work closely with colleagues in MoJ Data protection covering, for example, Data Protection Impact Assessments (DPIA), and Information Sharing Agreements (ISA) along with data protection training.

## Personal data-related incidents

Two significant personal data-related incidents were reported to the Information Commissioner's Office (ICO) during 2022/2023. One has come back with no further action required and one is still awaiting an ICO response.

Month	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification of steps
June 2022	Offender information disclosed via staff member to third party	Personal identification of offenders	One offender	Third party self-reported to the ICO who have confirmed that no further action is required
November 2022 Oldham PDU	Offender information has been emailed to a former staff member's personal email by themselves before leaving the service	Personal identification of offenders	15,000 offenders	Self-reported to the ICO and awaiting response.

## Counter Fraud, Bribery & Corruption Activity

HMPPS policy on fraud, bribery and corruption is one of zero tolerance. The MoJ Chief Financial Officer has overall responsibility for counter fraud across the Department; the HMPPS Executive Director for Strategy, Planning and Performance is the nominated HMPPS counter fraud champion, supported by the HMPPS Counter Fraud Lead. HMPPS counter fraud activity is aligned with the MoJ Counter Fraud, Bribery & Corruption Centre of Expertise to meet the Cabinet Office Counter Fraud, Bribery & Corruption Functional Standard. HMPPS Counter Fraud drives a culture of awareness in order to raise the profile of the threat from fraud, ensures staff know their responsibilities, and provides practical, operational support in the event of an incident or report, with advice and guidance to ensure an appropriate response by the most appropriate authority. HMPPS investigate nearly all suspected fraud cases at a business unit level but refer complex cases to the Government Internal Audit Agency (GIAA), who lead on investigations on behalf of HMPPS and support referrals to prosecuting authorities for consideration of prosecution and recovery of funds. A programme of post event assurance has been established to ensure any additional fraud risks are understood and remedial actions taken where appropriate.

HMPPS Counter Fraud work is separate but complementary to the work of the HMPPS Counter Corruption Unit (CCU). CCU tackle corruption in prisons, probation and youth custody, providing clear guidance and support for anyone in HMPPS who has concerns about wrongdoing or corruption. CCU have a clear strategy for tackling corruption through four strategic approaches:

- **PROTECT** against corruption by understanding threats, having robust policies, processes and procedures in place and holding ourselves to account
- **PREVENT** staff from engaging in corruption by recruiting a resilient workforce, strengthening capability and professional integrity and managing corruption risks
- **PURSUE** and punish those involved in corruption through disciplinary and criminal justice outcomes
- **PREPARE** for the consequences of corrupt behaviour and support teams where corruption has occurred

The Counter Corruption and Reporting Wrongdoing Policy Framework is supported by the Counter Corruption Handbook and a Memorandum of Understanding (MoU) between HMPPS and the National Police Chiefs' Council regarding corruption in prisons and probation. HMPPS defines corruption as a person in a position of authority or trust who abuses their position for benefit or gain for themselves or for another person. In prison and probation services, this would include the misuse of a person's role to plan or commit a criminal act, or a deliberate failure to act to prevent criminal behaviour. HMPPS Counter Fraud abides by the principals of the Government Accounting Regulations relating to reports of fraud or theft, including reports via CCU that meet the criteria, and provides that information to the Public Sector Fraud Authority (PSFA).

HMPPS are working to strategically align counter fraud with the Counter Corruption Unit. The vision is that, in line with wider government, HMPPS will have one strategic response to counter fraud, bribery and corruption which will bring it in line with the wider functional standard. HMPPS counter fraud, bribery and corruption responsibilities contribute to creating a unified and responsive department collaborating with partners across the justice system and government; and supports HMPPS in creating a whole system approach to decision making, working with MoJ and its partners in an open and outward facing way.

## Electronic Monitoring Investigation by the Serious Fraud Office (SFO)

In late 2013, HMPPS commissioned an internal investigation of the management of electronic monitoring contracts with G4S and Serco. An interim report was published in November 2013. Subsequently, the matter was referred to the Serious Fraud Office (SFO). In July 2019, as a result of the investigation, the SFO and Serco Geografix Limited entered into a deferred prosecution agreement in respect of three offences of fraud and two offences of false accounting. In July 2020, the SFO entered into a deferred prosecution agreement with G4S Care and Justice Services in respect of three offences of fraud relating to a scheme to defraud the MoJ in connection with contracts for electronic monitoring of offenders.

On 16 December 2019, the SFO announced that it had charged two former Serco employees with fraud by false representation and false accounting in relation to representations made to the MoJ between 2011 and 2013. The trial commenced in March 2021. Issues with the Prosecution's disclosure process were identified during the trial. The SFO had sought an adjournment to remedy the position so that it could pursue a retrial, but this was rejected by the Judge. The Prosecution therefore offered no evidence, and the Judge directed the jury to return verdicts of not guilty on 26 April 2021.

On 8 September 2020 the SFO charged three former executives of G4S Care and Justice Services (UK) Ltd (G4S C&J) with multiple offences in relation to a multi-year scheme to defraud the MoJ. Commencement of the trial was initially deferred until January 2023 and further rescheduled for April 2023. On 10 March 2023, following a comprehensive case review the SFO informed the court that it would not be proceeding with the trial of these executives. In line with the Code for Crown Prosecutors, it was determined that it was no longer in the public interest to continue this prosecution.

## Whistleblowing Arrangements

HMPPS actively encourages employees to speak out and raise concerns about wrongdoing. Our Raising a Concern (including whistleblowing) policy and guidance supports people on the process for raising concerns (including public interest disclosures) and advises on the protection afforded to whistle-blowers who raise concerns. The policy also provides reassurance that concerns will be investigated promptly and professionally.

In November 2022, events took place to promote the department's anti-bullying, harassment and discrimination awareness week, urging staff to have the confidence to speak out and report wrongdoing. We also promoted the cross-government speak up campaign, which aims to build the comfort levels of individuals coming forward with concerns, the credibility of internal reporting routes, and underline the inclusive leadership culture to which the department aspires.

The department's people survey results provide a measure of the effectiveness of the policy. The results for HMPPS in 2022 showed an increase to 60% (from 59% in 2021) of staff being aware of how to raise a concern under the Civil Service Code and 62% (59% in 2021) were confident that if a concern was raised it would be investigated properly. HMPPS will continue to monitor responses on an annual basis and promote routes for staff to raise concerns.

In February 2023, a review of the internal procedures for Whistleblowing was completed. Work is currently underway to:

- improve the training package offered to nominated officers
- update internal documentation to provide better clarity of the scope of the policy
- engage with stakeholders to improve record keeping processes

This will strengthen the ways that staff disclosures are managed and provide greater assurance that concerns raised within the department are dealt with efficiently.

## Environmental Sustainability

Governance and assurance of climate change and sustainability activity across HMPPS is coordinated by HMPPS and MoJ's Climate Change and Sustainability Unit (CCSU) and performance is overseen by MoJ's Senior Sustainability Board, which include prison and probation senior representatives.

HMPPS sustainability performance data is gathered and validated by Rio, MoJ's external consultants contracted to manage data, and is audited by DNV-GL on behalf of Department for Environment, Food and Rural Affairs (DEFRA).

We follow the MoJ's **Sustainable Operations Strategy** which sets out how the Department embeds environmental sustainability throughout its estate, operations and procurement activity.

During 2022-23 we have:

- Implemented actions contributing to HMPPS 2025 GGC targets, including bidding for grant funding to decarbonise a coal-fired boiler.
- Completed an Adaptation Pathway for Prison Services to contribute towards the third National Adaptation Programme;
- Implemented actions included in the MoJ's Nature Recovery Plan for the estate and operations;
- Incorporated 10% Biodiversity Net Gain, and Net Zero Ready principles in our New Prisons Programme;
- Established circular economy pilots on the prison estate to support resource efficiency
- Actively fixed eight water leaks, together with working with the prison estate to rectify other related issues. Cumulatively this has saved c. £1 million annual equivalent water charges.

Looking forward, we will:

- Continue to develop projects that deliver both improved offender outcomes and environmental recovery, e.g. through our Prison Tree Nurseries and Unpaid Work partnerships such as with the Canal and River Trust.
- Aim to cut operational carbon emissions of our new prisons by at least 85% compared to HMP Fosse Way.
- Develop a climate adaptation action plan supported by flood risk assessments at some sites

## Conclusion

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

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed HM Prison and Probation Service (HMPPS) 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 HMPPS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury 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 accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Principal Accounting Officer of the Ministry of Justice has designated the Chief Executive Officer of HMPPS as Accounting Officer.

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 the assets of HMPPS, are set out in Managing Public Money published by HM Treasury.

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

# Climate Change and Sustainability report

## Introduction

As part of the second largest government estate, HMPPS has a responsibility to reduce negative environmental impacts and to enhance the natural environment. HMPPS shares MoJ's vision to embed sustainability principles into everything that it does.

Sustainability is a strategic enabler in our 2022 internal Outcome Delivery Plan, supporting MoJ's strategic outcomes. Areas of a focus include tackling climate change, using resources sustainably, protecting and enhancing environment, embedding sustainability across the organisation and maximising opportunities to deliver justice outcomes that also support delivery of government's Environmental Improvement Plan.

As the largest of the department's agencies, HMPPS understandably accounts for the majority of MoJ's total greenhouse gas emissions, water use and waste arisings, and recognises the importance of reducing its impacts on the environment.

## Scope

This report is prepared in accordance with HM Treasury's Sustainability Reporting Guidance 2022/23.<sup>5</sup>

This report covers Probation Service contact centres and approved premises, all public sector prisons in England and Wales, several privately operated prisons, as well as associated administrative buildings. The department is unable to report data from locations where property operators are not obliged to provide it. Some data will be estimated.

The data below shows our present position for 2022/23 against a 2017/18 baseline, using data available to December 2022. We have recently reviewed our Greening Government Commitment data to better reflect changes in our estate. As such, our baseline year and 2021/22 non-financial indicators have been restated to reflect these changes and to show the full financial year up to March 2022.

## Governance

Governance and assurance of climate change and sustainability activity across HMPPS is coordinated by HMPPS and MoJ's Climate Change and Sustainability Unit and performance is overseen by MoJ's Senior Sustainability Board, which include prison and probation senior representatives.

HMPPS sustainability performance data is gathered and validated by Rio, MoJ's external consultants contracted to manage data, and is audited by DNV-GL on behalf of Department for Environment, Food and Rural Affairs (DEFRA).

We follow the MoJ's **Sustainable Operations Strategy** which sets out how the department embeds environmental sustainability throughout its estate, operations and procurement activity.

## Greening Government Commitment Performance

We track our progress against the Greening Government Commitments (GGC) for the period 2021 to 2025 on a quarterly basis. We work with the Climate Change and Sustainability Unit to develop our Sustainability Action Plans, to identify actions to drive improvements across our estate. These action plans are regularly reviewed and updated to reflect progress, and to highlight new opportunities for improving our environmental performance.

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1125091/2022-23\\_Sustainability\\_Reporting\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1125091/2022-23_Sustainability_Reporting_Guidance.pdf)

Table 1: HMPPS GGC performance 2022/23

Requirement by 2025	2022/23 performance	2021/22 (last year) performance*	Explanation if not on track
Reduce greenhouse gas (GHG) emissions by 41%	-27%	-21%	Decarbonisation of the electricity grid is helping towards this target; but expansion of the estate will make achieving this target challenging. Net Zero Strategy is being refreshed to reflect challenges and opportunities.
Reduce direct greenhouse gas emissions by 23%	-10%	-3%	Technology and financial constraints have slowed progress. Heat decarbonisation plans completed for various prison and probation sites. Funding obtained to commence decarbonisation work at HMP Risley and Eastwood Park.
Reduce emissions from domestic business flights by 30%	-23%	-52%	Distance travelled on domestic flights is increasing, post-covid lockdown.
Reduce overall waste by 15%	+7%	+1%	Different operational practices since the pandemic, including increased use of single-use items has made achieving this target challenging. Pilot recycling and refurbishment schemes are underway to improve waste management practices.
Landfill waste to be less than 5%	7%	7%	
Increase recycling to at least 70%	50%	51%	Pilot recycling workshops within prison waste management units will help to improve this position.
Reduce paper use by 50%	-17%	+5%	Many processes are still paper based. We are increasingly switching to digital systems which will help reduce paper use, including the trial of in-cell technology.
Reduce water consumption by at least 8%	+5.5%	0%	Reducing water use in ageing infrastructure is difficult, particularly in prisons which run 24/7. Some significant water leaks occurred during the winter. Smart meter installation continues, helping to quickly find and fix water leaks.

\*Based on cleansed baseline and 2021/22 full financial year data

# Greenhouse gases

Table 2: Overall greenhouse gas emissions and financial costs 2022-23

Greenhouse Gas Emissions		2017/18 re-stated‡	2018/19	2019/20	2020/21	2021/22 re-stated§	2022/23
Non-financial indicators (tonnes CO2e)*	Total gross scope 1 (direct) emissions	152,925	154,341	153,267	142,989	148,311	137,637
	Total gross scope 2 (indirect) emissions	119,392	92,644	88,320	70,806	66,834	64,855
	Total gross scope 3 (official business travel) emissions	6,588	16,173	7,328	5,879	6,251	1,503
	Total emissions - Scope 1, 2 and 3	278,905	263,158	248,915	219,674	221,396	203,995
Related energy consumption (kWh)	Electricity	339,577,450	327,284,350	318,501,334	304,834,471	314,764,992	305,983,905
	Electricity on-site renewable†	28,605	Data not available	Data not available	Data not available	231,579	251,352
	Gas	738,154,538	715,895,508	687,697,747	665,453,499	699,373,842	644,866,586
	Other energy sources	36,934,917	44,196,140	47,120,471	42,882,986	55,710,896	71,975,011
Total energy consumption		1,114,695,510	1,087,375,998	1,053,319,552	1,013,170,956	1,070,081,309	1,023,076,854
Financial indicators (£m)	Expenditure on energy	69	67	74	71	76	101
	Expenditure on official business travel	20	22	21	5	9	16
	Total expenditure on energy and business travel	89	89	95	76	85	117

\* Definitions for scope 1-3 emissions – [www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance](http://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance)

† Previous reports showed values for renewable energy that referred to grid-supplied green tariff. This does not align with GGC reporting, which makes no allowance for green tariffs in the carbon reporting. The table has therefore been updated to show on-site generated renewable energy, with the original figures now merged with the electric figures.

‡ These values are based on the updated baseline data approved by DEFRA.

§ These values have been updated as approved by DEFRA, and to reflect the full financial year up to March 2022.

HMPPS carbon emissions show an overall 27% decrease since 2017/18. We have continued to reduce our overall carbon emissions through a range of energy and carbon saving measures this financial year including installing:

- 103 boiler control units saving 460tCO<sub>2</sub> and nearly 20,000 LEDs saving 484tCO<sub>2</sub>
- 50kW solar PV array at HMP Stirling generating 1,333Mwh of energy and saving £225,723 over its lifespan
- Installing an additional 41 electric vehicle charging points
- BMS at HMP Elmley resulting in estimated 1,397Mwh/year energy and £100,000/year in financial savings and

- putting 'Net Zero' at the heart of new prison design, recognising that what we build now will still be in use by 2050.

MoJ's Net Zero Strategy is being refreshed and is planned for publication following approval. We have secured £20 million capital grant funding to replace coal boilers and oil boilers, with heat pumps at HMP Risley and Eastwood Park respectively over the next two years and further funding to complete heat decarbonisation plans at nine prison and probation sites.

MoJ achieved the target of 25% of cars converted to ultra low emission vehicles in line with the Greening Government target. This was achieved 12 months ahead of the target date of December 2022. MoJ's fleet currently comprises 42% ultra-low emission vehicles and 1.7% zero emission vehicles.

## Electric Vehicle Charge Points – HMP Belmarsh



The MoJ has installed six dual electric vehicle charge points (EVCP) and procured six plug-in hybrid electric vehicles and an electric minibus at HMP Belmarsh as part of our national EVCP programme to progress towards our net zero targets. The EVCP programme supported delivery of 25% ultra-low emissions vehicles target by December 2022, and helps enable the 100% zero emission vehicle target by December 2027.

## Climate Change Adaptation

In line with our Climate Change Adaptation Strategy, we carried out a climate change risk assessment of our estate and operations last year. We are now using the results of this risk assessment to update our Adaptation Strategy and associated action plan. We have identified a weak evidence base in relation to overheating and flooding and have commissioned research into overheating, part funded by Defra, which will close in 2024. We have entered a partnership with the Environment Agency and have commissioned Flood Risk Assessments for our most vulnerable sites to better understand flood risk.

In line with treasury guidance, our keyholder process screens for net zero, natural capital and climate change impacts. In line with treasury guidance on 'Accounting for the Risks of Climate Change' – climate change adaptation will feature in programme and project gateway reviews.

## Travel

Flight-related emissions have remained low since the pandemic restrictions, and emissions from domestic flights have reduced by 23%, compared to our 2017-18 baseline.

Air travel	2017/18 re-stated*	2018/19	2019/20	2020/21	2021/22 restated†	2022/23
Distance travelled domestic flights (km)	173,625	180,121	176,856	9,564	84,141	148,222
Emissions from domestic flights (tCO <sub>2</sub> e)	24.55	28.4	23.9	1.2	10.9	19.0
International business travel flights (km)	2,503,560	2,151,980	3,623,600	3,287,969	3,008,007	1,732,746

\* These values are based on the updated baseline data approved by DEFRA.

† These values have been updated as approved by DEFRA, and to reflect the full financial year up to March 2022.

Other values have been updated to reflect data cleanse.

## Water

Our water usage has increased by around 5.5%. This is in part due to prison expansion and several water leaks and burst pipes during the winter.

We continue to install smart meters to improve measurement of our water consumption; in excess of 160 were installed during the year. Data from smart meters has enabled identification and repair of leaks more quickly.

MoJ's Water Efficiency Strategy has been drafted and is intended for publication in due course subject to approval.

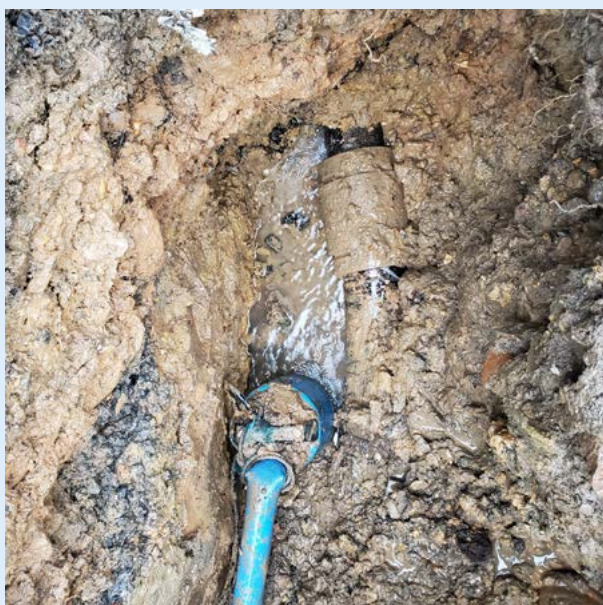
Table 4: Water consumption and financial costs

Water consumption		2017/18 re-stated*	2018/19	2019/20	2020/21	2021/22 re-stated†	2022/23
Non-financial indicators (m <sup>3</sup> )	Volume	8,776,830	8,393,180	8,427,775	8,761,906	8,759,543	9,265,176
Financial indicators (£m)	Water supply & sewage cost	23	24	25	20	22	24

\* These values are based on the updated baseline data approved by DEFRA.

† These values have been updated as approved by DEFRA, and to reflect the full financial year up to March 2022.

### Water leak repair – HMP Guys Marsh



In October 2022, an underground water leak was identified at HMP Guys Marsh.

The water meter reading at the site was showing signs of heavy constant water flow, which indicated a substantial water leak. A multi-team effort accurately located, and subsequently repaired the leak, avoiding annual losses equivalent to £45,000 and 15,000 m<sup>3</sup> of water.

## Waste and resources

Table 3: Waste production 2022/23

Waste		2017/18 re-stated*	2018/19	2019/20	2020/21†	2021/22 re-stated‡	2022/23
Non-financial indicators (tonnes)	Non-hazardous waste						
	Landfill	5,371	764	860	3,924	3,566	3,899
	Reused/Recycled	21,004	32,232	32,808	26,562	21,165	21,664
	Incinerated with energy from waste	14,270	4,106	6,299	6,258	16,417	17,763
	Incinerated without energy recovery	8	0	11	22	1	1
	Total waste	40,653	37,102	39,978	36,766	41,149	43,327

\* These values are based on the updated baseline data approved by DEFRA.

† 2021/22 non-financial indicators have been restated to include actual environmental performance for the financial year.

‡ These values have been updated as approved by DEFRA, and to reflect the full financial year up to March 2022. Figures have been corrected to avoid double-counting of composted waste

HMPPS has increased its waste by around 7% since 2017/18, of which 7% went to landfill and 50% was recycled.

Recent work with one of our waste contractors has significantly reduced the quantity of waste to landfill and this will manifest itself over the coming years. Our Circular Economy Strategy has been drafted and we have developed several pilot recycle and repair workshops across the prison estate, thereby reducing waste and increasing recycling.

## Paper usage

HMPPS has reduced paper use by 17% compared to the 2017/18 baseline. Better data is helping us identify where most of our paper is being used, and to help drive efficiencies. Digitisation of some processes is being rolled out, including the use of in-cell technology.

## Single-use plastics

The MoJ's single-use plastics policy, (<https://www.gov.uk/government/publications/ministry-of-justice-single-use-plastics-policy>) published in January 2019, continues to drive our work with facilities management providers to ensure that single-use plastics are only used when no viable alternative is available. We are also where possible, reducing single-use plastics on the operational estate (i.e. prisons and approved premises), and prison settings use re-usable cutler and plates.

## Biodiversity & rural proofing

MoJ has developed a Nature Recovery Plan – the first government department to do so – detailing nine principles of behaviour and action to restore biodiversity on our estate and benefit our people. Our biodiversity baseline has been completed, and Ecological Management Plans have been drafted for most of our large land holdings (remaining due 2023/24). A performance dashboard has been developed and a biodiversity policy for our estate has been drafted. HMPPS and Prison Industries teams have doubled their output to 200,000 saplings a year across seven tree nurseries. MoJ contributed to the Queen's Green Canopy by planting 3,500 trees, orchards and hedging across the estate.

### Nature recovery – HMP Woodhill orchard planting



Staff and prisoners at HMP Woodhill – a men's high security prison and young offender institution in Milton Keynes - worked with partners to plant an orchard of 50 native tree species, with orchard planting training also provided for both staff and prisoners.

MoJ has committed to planting 50 new orchards across the estate to inspire connection between people and nature, and HMP Woodhill is one of 17 planted in 2022/23 in support of the Queen's Green Canopy.

Currently, 16 men are employed part time to maintain the orchard and advance the greening agenda within the open spaces, with the opportunity for the men to complete City & Guilds qualifications alongside the work. HMP Woodhill managers are committed to providing a safe educational environment for prisoners to make positive use of long sentences, with learning opportunities including developing horticultural skills in the prison gardens.

A prisoner from HMP Woodhill said: "I really enjoy the gardens; it gives me purpose and I enjoy learning."

## Sustainable procurement

MoJ's approach to sustainable procurement is to proactively educate, engage and embed sustainability across our commercial landscape while considering the operational environment and whole life value for money.

We use a variety of communication methods to educate and influence staff and effect positive behaviour change, including tailored webinars focusing on our sustainability priorities including circular economy principles, climate change, carbon reduction and biodiversity. These sessions are supported by bespoke guidance that is available through our intranet and detailed in our policies, procedures, and the sharing of best practice case studies.

We have sought to develop a clearer understanding of the link between the Greening Government Commitments and our procurements and contracts, through an assessment process that will help identify risks and opportunities to further embed sustainability.

The prison food contract ensures all goods are bought in line with animal welfare and fair trade or ethical standards. All animal derived foods are from farm assured sources, all fish and products containing palm oil are sustainably sourced, and over 50% of produce is from the UK.

We continue to look for opportunities to further embed sustainability, for example, investigating opportunities to embed climate risk as part of the commercial risk framework and supply chain resilience work and detailed in our policies, procedures, and the sharing of best practice case studies.

## Reducing environmental impacts from ICT and digital

MoJ's digital and technology services are also focused on delivering more environmental outcomes. We have a digital sustainability working group looking to address the impacts of ICT on the environment, and we have adopted the Greening Government: ICT and Digital Services Strategy and associated targets. Within our prisons, we are undertaking trials of in-cell technology to reduce the reliance on paper.

## Sustainable construction

MoJ's revised sustainable construction and BREEAM Policy (August 2021) requires all new build projects to target BREEAM outstanding and major refurbishments to target BREEAM Excellent. Our next four new prisons aim to deliver at least 10% biodiversity net gain, and will be all-electric, using green technologies such as photovoltaics and heat pumps to cut operational emissions by nearly 90%.

# Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed HM Prison and Probation Service (HMPPS) 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 HMPPS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury 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 accounts

- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Principal Accounting Officer of the Ministry of Justice has designated the Chief Executive Officer of HMPPS as Accounting Officer.

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 the assets of HMPPS, are set out in *Managing Public Money* published by HM Treasury.

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

# Remuneration and staff report

## Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body on Senior Salaries can be found at: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

## Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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: <https://civilservicecommission.independent.gov.uk/>

## Remuneration

The following sections provide details of the remuneration and pension interests of the most senior management (that is, core board members) of HMPPS.

### Salary

‘Salary’ includes the gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by HMPPS and recorded in these accounts.

### Taxable benefits

Taxable benefits include all benefits in kind and taxable cash benefits. The monetary value of benefits in kind covers any benefits provided by HMPPS and treated by HMRC as a taxable emolument. Benefits recognised relate to travel and subsistence. Benefits in kind are an estimate, as the final value is to be agreed between the Secretary of State for Justice and HMRC.

### Bonuses

Directors’ bonuses are determined by the MoJ SCS Pay Committees – chaired by the MoJ Permanent Secretary for SCS pay band 1 and SCS pay band 2. Bonuses for SCS pay band 3 are determined by the Permanent Secretary in line with the SCS Pay Practitioners Guide.

Working within the set parameters for the management of senior level pay, an individual can only be awarded a bonus if they have exceeded at least one finance and efficiency objective.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonus payments made in 2022/23 are for bonuses awarded in both 2021/22 and 2022/23. Bonus payments made in 2021/22 are for bonuses awarded in 2020/21.

### Pension benefits

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.

## Total remuneration (audited)

	2022/23					2021/22				
	Total amount of salary and fees (£'000)	All taxable benefits (to nearest £100)	Bonus payments (£'000)	Pension related benefits (to nearest £1,000)	Total amount of salary and fees (£'000)	All taxable benefits (to nearest £100)	Bonus payments (£'000)	Pension related benefits (to nearest £1,000)	Total (£'000)	
<b>Officials</b>										
<b>Dr Jo Farrar*</b>	65-70	-	-	10,000	75-80	-	-	25,000	185-190	
Chief Executive Officer (until 15 March 2021)	(annualised 165-170)									
Second Permanent Secretary, MoJ and CEO, HMPPS (until 31 August 2022)										
<b>Amy Rees*</b>	150-155	20,400	15-20	25,000	210-215	1,900	10-15	62,000	220-225	
Director General, Probation and Wales (until 31 August 2022)										
Director General, Chief Executive Officer (from 1 September 2022)										
<b>Phil Copple</b>	155-160	-	15-20	(28,000)	145-150	-	10-15	25,000	190-195	
Director General, Prisons (until 31 August 2022)										
Director General, Operations (from 1 September 2022)										

	2022/23					2021/22				
	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total £'000	
<b>Officials</b>										
<b>Caroline Murray†</b> Director, Business Partnering and Change, MoJ People Group (from 1 February 2022)	100-105	-	-	112,000	210-215	15-20 (annualised 95-100)	-	-	33,000	45-50
<b>Lorna Madent†</b> MoJ Director, Finance Business Partnering	115-120	-	-	(22,000)	90-95	110-115	-	0-5	-	110-115
<b>Dave Mann†</b> MoJ People Group Director, Strategy and Delivery (interim) (until 31 January 2022)	N/A	N/A	N/A	N/A	N/A	75-80 (annualised 95-100)	-	5-10	76,000	160-165
<b>Helga Swidenbank</b> Executive Director, Youth Custody Service (until 31 October 2022)	70-75 (annualised 120-125)	-	-	46,000	115-120	115-120	-	-	46,000	160-165
<b>Ed Cormell</b> Executive Director, Youth Custody Service (from 24 October 2022)	50-55 (annualised 115-120)	-	-	21,000	70-75	N/A	N/A	N/A	N/A	N/A

		2022/23				2021/22			
Officials		Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)	Total amount of salary and fees £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Pension related benefits (to nearest £1,000)
<b>Jim Barton</b>	25-30 (annualised 100-105) HMPPS Executive Director, Change (from 1 September 2022 to 30 November 2022)	25-30 (annualised 100-105)	-	10-15	4,000	40-45	N/A	N/A	N/A
<b>Michelle Jarman-Howe</b>	25-30 (annualised 115-120) Chief Operating Officer Prisons (from 1 September 2022 to 30 November 2022)	25-30 (annualised 115-120)	2,000	10-15	1,000	40-45	N/A	N/A	N/A
<b>Ian Blakeman</b>	55-60 (annualised 115-120) Executive Director, Strategy, Planning and Performance (until 30 September 2022)	55-60 (annualised 115-120)	9,700	5-10	(10,000)	60-65	110-115	10-15	20,000
							11,500		155-160

\*Dr Jo Farrar is a member of the Partnership pension scheme and as such did not accrue PCSPPS pension benefits in 2022/23 and 2021/22. Amy Rees transferred to the Partnership pension scheme in February 2023. The employer contributions to their Partnership pension account are included in the 'Pension related benefits' column of this table and CETV table below.

†The roles of MoJ Director, Finance Business Partnering; MoJ People Group Director, Strategy and Delivery (interim); Director, Business Partnering and Change, MoJ People Group; are part of the MoJ

Functional Leadership group and are not included in the staff cost note or staff numbers within the HMPPS accounts but are included in the MoJ accounts. As HMPPS Board members they are included in the Remuneration Report above.

Where the pension benefits for 2022/23 are negative we have disclosed this figure in the table above. This has had an impact on the remuneration figure by reducing the overall total remuneration banding.

## Compensation for loss of office (audited)

No directors were compensated for loss of office in 2022/23.

## Fair Pay Disclosures (audited)

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

### Percentage change from previous year in total salary and bonuses for the highest paid director and the staff average

	2022/23		2021/22	
	Total salary	Bonus payments	Total salary	Bonus payments
Staff average	11%	(13.9%)	2%	(94.1%)
Highest paid director	0%	40%	(6%)	0%

### Ratio between the highest paid directors' total remuneration and the pay and benefits of employees in the lower quartile, median and upper quartile

	Lower quartile	Median	Upper Quartile
2022/23	7.1:1	5.9:1	4.9:1
2021/22	7.1:1	5.9:1	5.0:1

### Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits

	Lower Quartile		Median		Upper Quartile	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Salary component of total pay and benefits	24,067	21,547	26,839	24,689	32,424	31,649
Total pay and benefits	26,566	23,749	32,049	28,200	38,289	33,545

The banded remuneration of the highest-paid director in HMPPS in 2022/23 was £185k-£190k (2021/22: £165k-£170k). This was 5.9 times (2021/22: 5.9) the median remuneration of the workforce, which was £32,049 (2021/22: £28,200).

In 2022/23, 1 (2021/22: 4) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £15,000-£20,000 to £190,000-£195,000 (2021/22: £15,000-£20,000 to £200,000-£205,000).

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

In 2022/23, pay deals were implemented for HMPPS employees. The Probation Service pay award applies to former National Probation Service (NPS) staff with effect from 1 April 2022 for 2 years, following approval from Cabinet office and HM Treasury. The Prison Service pay award was implemented for 2022/23 on the recommendations of the Prison Service Pay Review Body (PSPRB) with effect from 1 April 2022, following approval from HM Treasury and Ministers. The implementation of the pay awards in 2022/23 increased average staff remuneration.

The banded remuneration of the highest paid director increased in 2022/23 due to increased benefits-in-kind.

## Non-Executive Directors' remuneration (audited)

	2022/23			2021/22		
	Fees (excluding bonuses paid) £'000	All taxable benefits (to nearest £100)	Bonus payments £'000	Fees (excluding bonuses paid) £'000	All taxable benefits (to nearest £100)	Bonus payments £'000
<b>Gerard Lemos*</b> Lead Non-Executive Director	15-20	-	-	15-20	-	-
<b>Alan Hammill</b> Non-Executive Director (until 30 June 2021)	N/A	N/A	N/A	0-5 (10-15 annualised)	-	-
<b>Lesley King-Lewis</b> Non-Executive Director	10-15	-	-	10-15	-	-
<b>David Bernstein</b> Non-Executive Director (from 20 May 2021)	10-15	-	-	10-15 (10-15 annualised)	-	-
<b>Heather Savory</b> Non-Executive Director (from 20 May 2021)	15-20	100	-	10-15 (10-15 annualised)	-	-

\*Gerard Lemos chaired the HMPPS Agency Board meetings.

## Pension benefits (audited)

### Cash Equivalent Transfer Value

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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of them buying their own additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction in benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension benefit 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.

Officials		Accrued pension at pension age as at 31/03/23 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/23 £'000	CETV at 31/03/22 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
<b>Dr Jo Farrar*</b> Second Permanent Secretary, MoJ and CEO, HMPPS (until 31 August 2022)		N/A	N/A	N/A	N/A	N/A	10,400
<b>Amy Rees*†</b> Director General, Probation and Wales (until 31 August 2022) Director General, Chief Executive Officer (from 1 September 2022)		55-60 plus a lump sum of 5-10	0-2.5 plus a lump sum of 0	734	664	(1)	3,300
<b>Phil Copple†</b> Director General, Prisons (until 31 August 2022) Director General, Operations (from 1 September 2022)		75-80 plus a lump sum of 140-145	0 plus a lump sum of 0	1,366	1,262	(46)	N/A
<b>Lorna Madent</b> MoJ Director, Finance Business Partnering		40-45 plus a lump sum of 115-120	0 plus a lump sum of 0	941	896	(32)	N/A
<b>Dave Mann</b> MoJ People Group Director, Strategy and Delivery (interim) (from 1 April 2021 to 31 January 2022)		N/A	N/A	N/A	1,016	N/A	N/A
<b>Caroline Murray</b> Director, Business Partnering and Change, MoJ People Group (from 1 February 2022)		50-55 plus a lump sum of 105-110	5-7.5 plus a lump sum of 7.5-10	978	790	93	N/A
<b>Helga Swidenbank</b> Executive Director, Youth Custody Service (until 31 October 2022)		10-15	2.5-5	163	124	28	N/A

<b>Officials</b>		<b>Accrued pension at pension age as at 31/03/23 and related lump sum £'000</b>	<b>Real increase in pension and related lump sum at pension age £'000</b>	<b>CETV at 31/03/23 £'000</b>	<b>CETV at 31/03/22 £'000</b>	<b>Real increase in CETV £'000</b>	<b>Employer contribution to partnership pension account (to nearest £100)</b>
<b>Ed Cormell</b>	Executive Director, Youth Custody Service (from 24 October 2022)	35-40 plus a lump sum of 60-65	0-2.5 plus a lump sum of 0-2.5	579	529	11	N/A
<b>Jim Bartont</b>	HMPPS Executive Director, Change (from 1 September 2022 to 30 November 2022)	35-40	0-2.5	439	419	(1)	N/A
<b>Michelle Jarman-Howe†</b>	Chief Operating Officer Prisons (from 1 September 2022 to 30 November 2022)	45-50 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0	775	763	(3)	N/A
<b>Ian Blakemant</b>	Executive Director, Strategy, Planning and Performance (until 30 September 2022)	60-65 plus a lump sum of 120-125	0 plus a lump sum of 0	1,181	1,146	(18)	N/A

\*Dr Jo Farrar is a member of the Partnership pension scheme. No PCSPS pension benefits were accrued in 2022/23 (2021/22: nil). Amy Rees transferred to the Partnership pension scheme in February 2023. Benefits from both the PCSPS and Partnership scheme have been disclosed in the table above.

†Taking account of inflation, the CETV funded by the employer has decreased in real terms.  
There were no employer contributions to the Local Government Pension Scheme (LGPS) in relation to HMPPS directors.

## Civil Service Pensions

Pension benefits are provided to employees of HMPPS (excluding Local Government Pension Scheme (LGPS) members) through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha between 1 June 2015 and 1 February 2022.

Following the Government's response to the McCloud Consultation in February 2021, eligible members who were in the legacy pension scheme on 31 March 2012 and were employed in either the legacy or reformed scheme from 1 April 2015 will have a "deferred choice underpin" at the point of retirement to decide whether the legacy or reformed pension scheme is more beneficial for the period of service employed during the remedy period of 1 April 2015 to 31 March 2022 (including those with a qualifying break in service of less than 5 years). Those who have already retired will be offered a choice as soon as practicable after necessary legislative and process changes can be made.

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Since October 2002 new joiners have been able to opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha.

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions' increase legislation.

Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a

stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Local Government Pension Scheme

The scheme is administered under the Local Government Pension Scheme (LGPS) 2014. Under the LGPS 2014 scheme the pension added for each member, each year, is based on 1/49th of their earnings (1/98th if opted to be a member of the 50/50 section of the scheme). The individual pension accounts will then be increased each year by the Consumer Price Index up to retirement. Repeating this calculation for each year of membership provides what is known as a Career Average Revalued Earnings (CARE) pension.

This is a change from the LGPS 2008 scheme, under which benefits accrue at the rate of 1/60th of the pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum of three times the annual pension is payable on retirement.

For the 12 months to 31 March 2023, HMPPS paid employers' pension contributions of £371.7 million to the PCSPS and £174.7 million to GMPF (LGPS). Further details of these schemes and related costs and liabilities are in Note 18 to the accounts.

## Staff costs, numbers and composition

The following sections are included to satisfy parliamentary reporting and accountability requirements.

### Staff costs (audited)

	2022/23 £'000	2021/22 £'000
Permanent staff – wages and salaries	2,095,242	1,870,650
Permanent staff – social security costs	234,836	190,311
Permanent staff – pension costs	635,239	597,768
Agency staff costs	58,491	49,967
Departures and severance payments	22,166	15,179
Inward secondments	14,755	16,943
<b>Sub-total</b>	<b>3,060,729</b>	<b>2,740,818</b>
Recoveries in respect of outward secondments	(6,397)	(7,084)
<b>Total net costs</b>	<b>3,054,332</b>	<b>2,733,734</b>

## Pension costs (audited)

Details of pension costs and associated balances are in Note 18 to the accounts.

## Consultancy costs

Expenditure on consultancy was £4.7 million in 2022/23 (2021/22: £5.0 million).

## Agency costs

Agency staff costs have increased as the average number of full-time equivalent persons has increased. There has been increased activity on digital and other capital projects across the estate.

## Senior Civil Service (SCS) salaries

The following table shows the number of substantive SCS staff employed by HMPPS by pay range. Salary ranges represent full-time equivalent rates, and bonuses are not included.

Salary band	31 March 2023		31 March 2022	
	Number	Percentage	Number	Percentage
£70,000–£79,999	10	12%	12	14%
£80,000–£89,999	13	15%	16	19%
£90,000–£99,999	11	13%	17	20%
£100,000–£109,999	41	48%	28	34%
£110,000–£119,999	6	7%	7	9%
£120,000–£129,999	2	2%	1	1%
£130,000–£139,999	1	1%	-	-
£140,000–£149,999	-	-	1	1%
£150,000–£159,999	2	2%	1	1%
£160,000–£169,999	-	-	1	1%
<b>Total</b>	<b>86</b>	<b>100%</b>	<b>84</b>	<b>100%</b>

## Staff numbers (audited)

The average number of full-time equivalent persons, including senior management, employed during the year was as follows:

2022/23			2021/22			
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
Directly employed	59,635	-	59,635	57,012	-	57,012
Other	-	1,238	1,238	-	1,011	1,011
<b>Total</b>	<b>59,635</b>	<b>1,238</b>	<b>60,873</b>	<b>57,012</b>	<b>1,011</b>	<b>58,023</b>

## Reporting of Civil Service and other compensation schemes – exit packages (audited)

Redundancy and other departure costs have been paid in accordance with the provisions of the

Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where HMPPS has agreed early retirements, the additional costs are met by HMPPS and not by the Principal Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table below.

			2022/23		2021/22	
Exit package cost and band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	152	152	-	102	102
£10,001 – £25,000	-	65	65	-	70	70
£25,001 – £50,000	-	142	142	-	84	84
£50,001 – £100,000	-	193	193	-	105	105
£100,001 – £150,000	-	18	18	-	22	22
£150,001 – £200,000	-	7	7	-	8	8
£200,001 – £250,000	-	2	2	-	2	2
£250,001 – £300,000	-	-	-	-	1	1
<b>Total number of exit packages</b>	<b>-</b>	<b>579</b>	<b>579</b>	<b>-</b>	<b>394</b>	<b>394</b>
<b>Total cost of exit packages (£'000)</b>	<b>-</b>	<b>23,659</b>	<b>23,659</b>	<b>-</b>	<b>16,606</b>	<b>16,606</b>

Exit costs are accounted for in full within departures and severance costs above in the year in which the exit package is confirmed. These costs reflect an element of pension costs which crystallise on confirmation of departure.

In 2022/23, the figures include the costs of 2 departures for HMPPS staff members leaving under the Probation Service voluntary departure scheme (2021/22: 62 exits). These exits were agreed in exceptional circumstances in April 2022 under a second tranche. These exits relate to

staff who are members of the Local Government Pension Scheme, a funded scheme, and therefore result in additional costs. In the interests of transparency, the figures within the above table include the strain costs payable by HMPPS which are additional pension costs payable where an individual is retiring before normal pension age with no reduction to their pension. The overall costs of these departures (including strain cost) sit within payment bands of £50,000 to £250,000. With strain costs excluded these payments are within bands of £50,000 to £150,000.

There were 5 other voluntary departures in 2022/23, of which 4 are for HMPPS staff members leaving under an MoJ voluntary exit scheme (3 of these are confirmed exits with leaving dates in 2023/24). The costs for this scheme are being accounted for by MoJ in their accounts.

In 2021/22, the figures included the costs of 62 departures (of which 34 relate to confirmed exits with leaving dates in 2022/23) for HMPPS staff members leaving under the Probation Service voluntary departure scheme and including additional pension costs as described above. In the interests of transparency, the figures within the above table include the strain costs payable by HMPPS which are additional pension costs payable where an individual is retiring before normal

pension age with no reduction to their pension. The overall costs of these departures (including strain cost) sit within payment bands of £0 to £300,000. With strain costs excluded these payments are within bands of £0 to £150,000.

Included within 'other departures agreed' above in the year to 31 March 2023 are 572 efficiency departure exit packages at a value of £22.8 million, within payment bands £0 to £250,000. In 2021/22, there were 332 efficiency departure exit packages at a value of £10.9 million, within payment bands £0 to £150,000. Efficiency departures are authorised in the interests of the continued efficiency of the service and the wellbeing of the individual, under section 6.3 of the Civil Service Management Code.

## Staff diversity

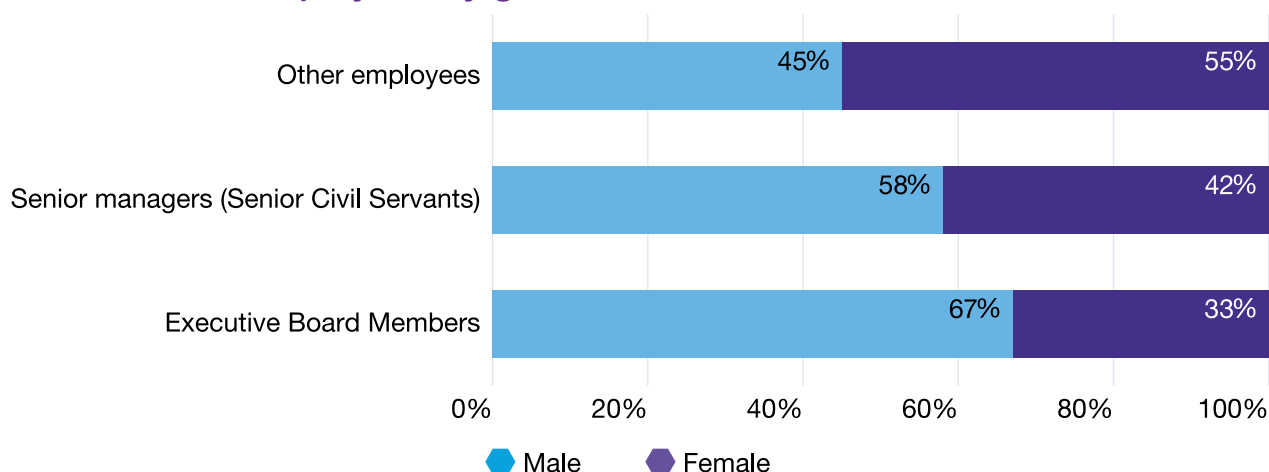
### Staff composition data

As at 31 March 2023 the breakdown of employees was as follows:

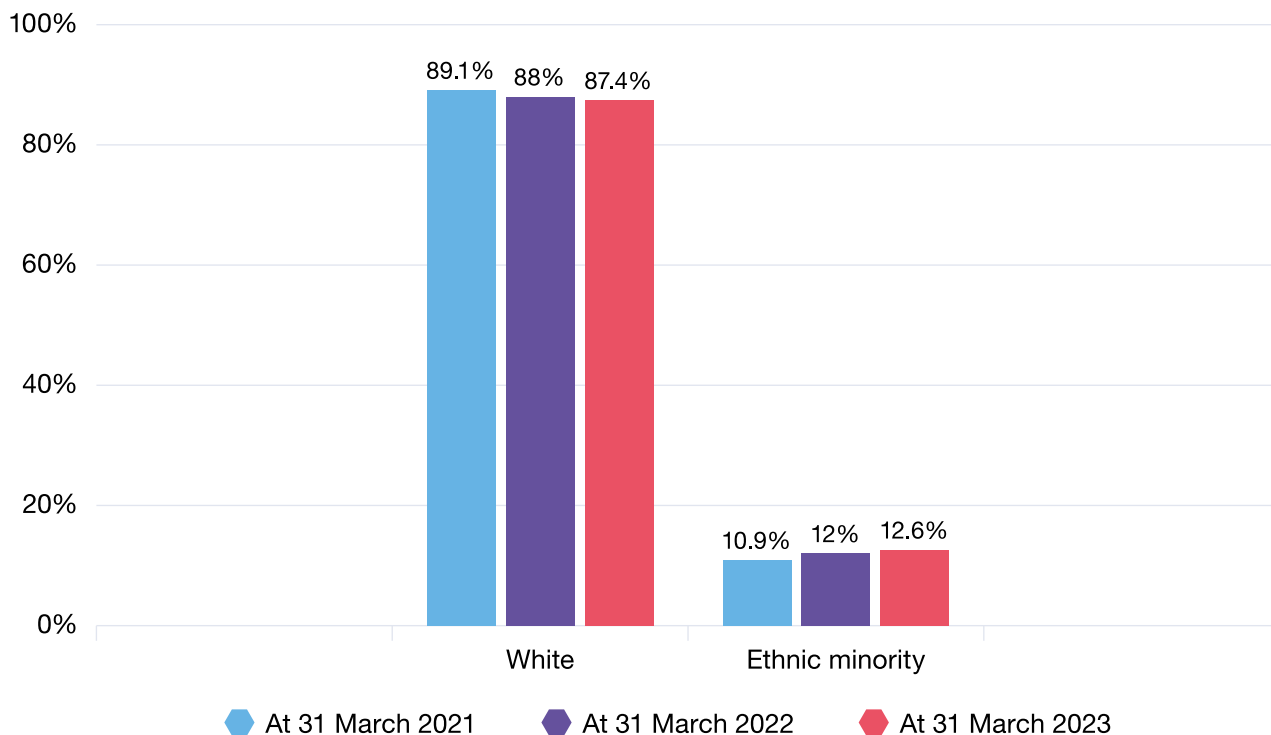
	Male	Female	Total
Other employees	29,761 (45%)	36,181 (55%)	65,942
Senior managers (Senior Civil Servants)	48 (58%)	35 (42%)	83
Executive Board Members	2 (67%)	1 (33%)	3
<b>Total</b>	<b>29,811</b>	<b>36,217</b>	<b>66,028</b>

Senior Civil Servants includes substantive grades only

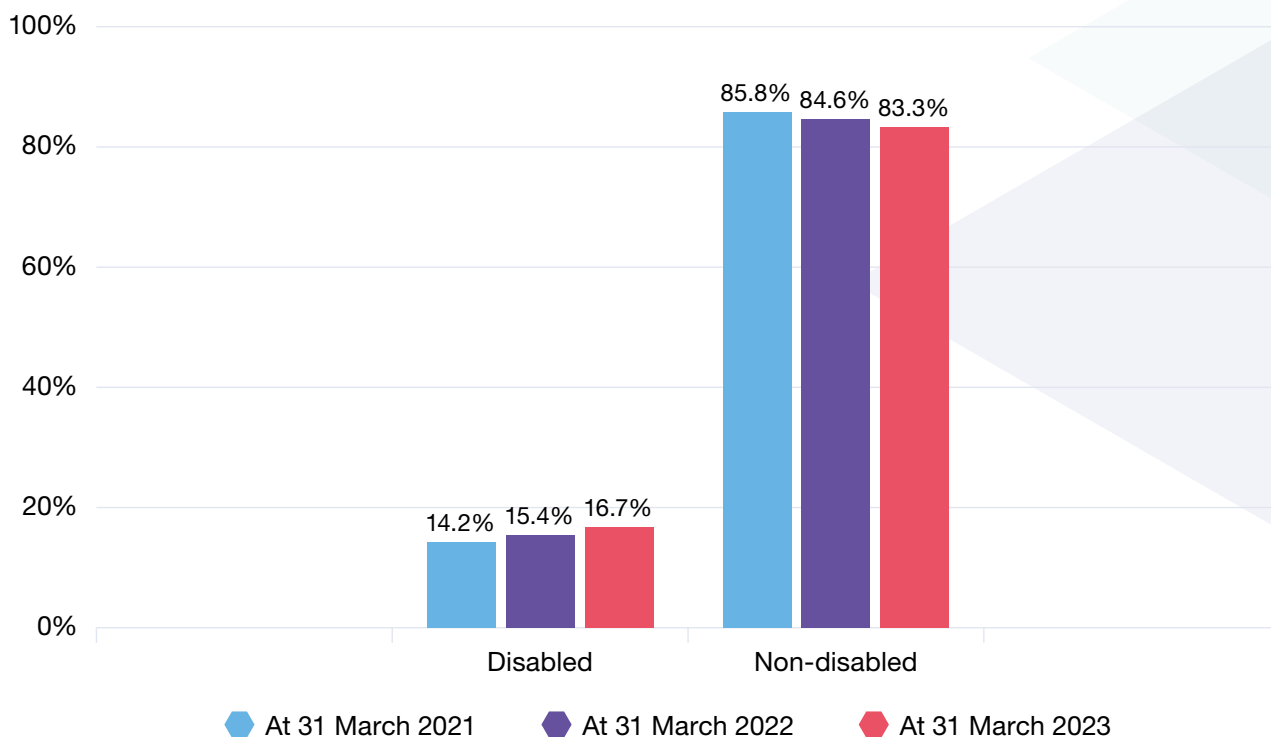
### Breakdown of employees by gender



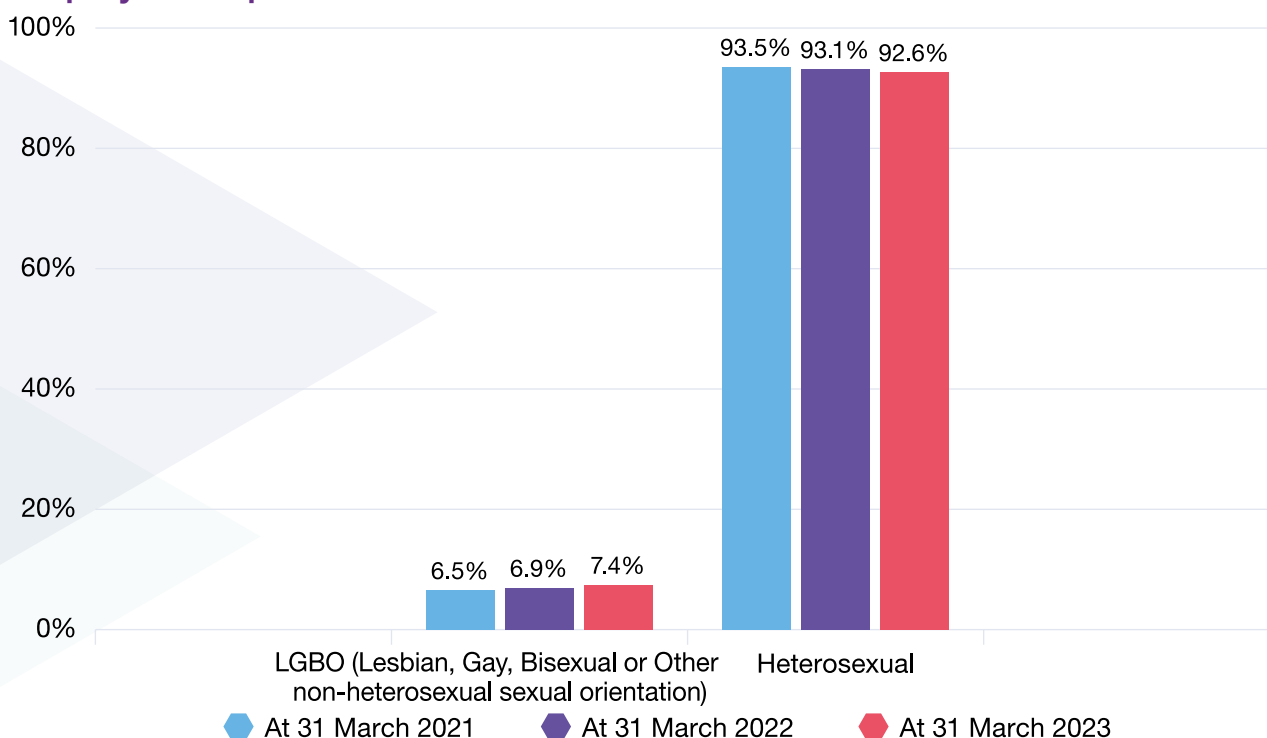
## Employees in post where ethnicity has been declared



## Employees in post where disability status has been declared



## Employees in post where sexual orientation has been declared



HMPPS is committed to ensuring that we deliver all our services fairly to our staff, prisoners, people on probation and children, to achieve equal access, equal opportunities, and equal outcomes. Our commitments are underpinned by our responsibilities under the Public Sector Equality Duty contained within the Equality Act 2010.

Following the 2022 Civil Service People Survey, two national priorities were set by the HMPPS CEO and Leadership Team: (1) setting high professional standards to ensure we treat everyone fairly and with respect; and (2) making HMPPS a great place to work. There has also been a change to the business planning process nationally to ensure that everyone sets a third, localised, priority within their business plan.

Our new People Plan 2023-25 gives clear commitments under these priorities and tangible agreed actions for each commitment with measures and success outcomes identified. The plan is managed by our People Sub Committee.

We have an HMPPS-wide Disability Plan that was introduced in April 2022, and will run until April 2025, which is monitored by the HMPPS senior disability champion and a Disability Steering Group. We have started work to better understand the needs of our workforce through our data. This includes examining diversity declarations to help us understand the profile of staff with disabilities, and

trends in non-disclosure and monitoring data at an organisational level to ensure staff with disabilities are not being treated less favourably in our Reward and Recognition processes.

Quarterly reviews of staff leaving HMPPS show that those employees with a disability have a lower resignation rate than others.

To improve our workforce representation we have, through our Race Action Programme (RAP), enhanced our recruitment, retention, and talent management opportunities by developing Vacancy Filling guidance; designing the Regional Recruitment toolkit and launching the Progression Buddies Scheme pilot across prisons, probation, and Youth Custody Service (YCS) with 22 mentors signed up and 26 matches to mentees completed by late March 2023.

We have introduced a monthly series of Race Action Forums to empower staff to discuss and understand D&I matters. We have brought diversity of thought through the introduction of policy dialogue sessions which provide lived and learned experiences to a range of staff and operational policies.

We have enhanced our learning provision to address gaps in cultural understanding across all staff groups by completing the Good Governance Toolkit; piloting the Everyday Inclusion workshops and launching the D&I training hub to bring together Civil Service Learning, My Learning, Toolkits and locally developed, approved learning and development products together in one place.

Our Tackling Unacceptable Behaviours Unit (TUBU) supports staff, and the wider business in relation to matters of bullying, harassment, and/or discrimination. The unit dealt with 305 calls to the helpline and managed 141 referrals for mediation (a 58% increase on last year), with 91% of the 57 mediations completed in year resulting in full or partial agreement between the parties.

TUBU has also completed 32 Climate Assessments, giving voice to thousands of staff and supporting senior leaders to understand local climate and identify/take action towards positive change and delivered a series of awareness events to drive positive behaviour change reaching over 1,000 staff across 14 areas in Probation and HQ Group.

## Sickness absence data

In the year ended 31 March 2023, HMPPS staff lost an average of 12.6 working days to sickness absence (2021/22: 13.8 days). This includes sickness absence resulting from COVID-19.

## Staff turnover and departmental turnover

In 2022/23, HMPPS staff turnover was 11.5% (2021/22: 11.9%) and department turnover was 12.7% (2021/22: 12.8%). Transfers within the Civil Service are not included in HMPPS staff turnover but are included within department turnover.

The department continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover.

The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in the MoJ and take appropriate action to improve effectiveness, including where turnover becomes problematic.

## Communications and employee involvement

The HMPPS Communications team support the agency and its senior leaders in delivering their strategic objectives to over 58,000 staff, prisoners and their families.

From urgent crisis communications and operational updates, to supporting staff wellbeing and providing timely information to prisoners, people on probation and their families, we produce and support and advise on activity across a wide range of subjects.

Messages are tailored for each audience and shared in the most effective way, using our suite of internal and external channels including the intranet, weekly senior leaders' bulletin, global updates, X (formerly known as Twitter), LinkedIn, Instagram, YouTube, Facebook, GOV. UK, Launchpad and weekly Probation News. We also create printed materials for prisons, probation offices, young offenders' institutions and approved premises.

We have continued to work closely with partners such as National Prison Radio, Wayout TV and prison newspaper Inside Time, to continue to inform and engage with prisoners.

Important areas of work over the year include:

- Launch of a new agency-wide intranet in September 2022. It has a vastly improved search function, an updated design and simplified navigation, providing user-led content focused on helping people to get their job done quickly and easily with improved accessibility on devices used across the organisation. As of 31 March 2023 we have seen an increase of 84% in average views of homepage news content compared with the old intranet.
- Leading the agency's communications in response to the death of Her Late Majesty, Queen Elizabeth II, ensuring prisons and offices were able to run effectively and any communications were in line with the cross-government Operation Bridges plan.

- Delivery of the Prison Officer of the Year and Probation Champion of the Year awards, which recognise the often-unseen work of frontline staff in custodial and community environments. These include a “Changing Lives” category, the finalists for which are nominated by those people in prison or under community supervision for the impact that staff have had on their rehabilitation.
- Managing a high volume of operational communications, ensuring all our audiences were kept informed of the changing positions throughout challenging circumstances. This has required communications to remain agile and responsive throughout the year
- Delivering a series of in-person and virtual events for audiences from operational staff to senior leaders to address current challenges, share good practice and identify areas for improvement. A regular programme of events across varied channels enables staff groups to remain engaged and informed about the work of HMPPS
- Using our established Independent Advisory Forum to ensure key partners remain engaged and able to discuss issues of importance with HMPPS senior leaders
- Rebrand and relaunch of the Transforming Delivery Directorate including stakeholder round table with key partners, intranet articles, internal communications to the members of the directorate, and an in-person event for more than 100 people
- Significant and ongoing support for Capacity Gold Command which was stood up in February 2023 to respond to capacity challenges
- Continued upkeep and evaluation of GOV.UK prison pages to support prisons and family support services in their communications with family and friends of prisoners.
- Launched social media guidance for leads across prisons, YCS and probation. This has included production of tailored content for their channels, digital upskilling training, regular drop-in sessions, monitoring and evaluation of their channels and clearance of social media around sensitive topics.
- HMPPS social media channels and in-house digital content producers joined with the Prison Resourcing Team to be a key function of the prison and probation officer recruitment campaign, leading on all digital messaging and content to help to recruit and retain talent in HMPPS.
- Relaunching Probation News from an inaccessible PDF issued fortnightly to a weekly email newsletter, going out to over 15,000 probation staff
- Promoting wellbeing support for our staff and people in prison or on probation and ensuring that the routes to support are signposted
- Established a Reducing Reoffending Communications team that has launched the CAS3 service, offering temporary accommodation for up to 84 nights to prison leavers at risk of homelessness, supported Prison Education Service procurement and led communication for the Accelerator Programme, which included preparation for the national roll out of Heads of Education, Skills and Work.
- Increased capacity in the Youth Custody Service Communications Team to help achieve its aim of improving outcomes for children, including delivering communications packages for the groundbreaking on the secure school site, the annual YCS engagement event and the publication of significant COVID-19 research. Also, producing the YCS’ first communications strategy to ensure we meet the Executive Director’s priorities in 2023/24.
- Providing training and support to upskill HMPPS staff with basic communications skills, including social media, accessibility, video and image capture, and basic evaluation skills
- Established the Criminal Justice in Wales Communication Group to provide strategic communications oversight across Wales for the Criminal Justice in Wales Board and also chaired the Group.

## Staff Wellbeing

The HMPPS People Plan established a people sub-committee (PSC) to oversee delivery and set the strategic direction. The plan sets out five areas to help us to grow as an organisation and enable people to be their best.

The HMPPS Wellbeing Group supports PSC in its leadership and management of the People Plan objective “Promoting wellbeing for everyone” by driving wellbeing across HMPPS and promoting the wellbeing support available to staff.

Reflective Sessions, offering bespoke support for Governors and Deputy Governors commenced in

January 2021. Uptake and regular engagement with the service remains strong. Continued promotion and a targeted marketing approach will potentially increase the uptake and engagement with senior leadership positions across HMPPS. Management Information currently suggests that 93% would recommend the service to other team members.

The sessions focus on preventative and proactive care, providing a confidential space to discuss the challenges of senior leadership and assist with navigating the more emotionally demanding aspects of the role, with a view to potentially reducing burnout and mental ill-health related absence.

‘Reflective Sessions’ for all prison staff continue to be available and promoted. All prisons have access to centrally funded group sessions to break down the stigma of talking about the challenges of prison work among peers.

We are working with the provider (PAM Assist) on further improvements to the workshops, particularly with regard to accessibility and our diversity and inclusion best practices.

Optima Health, occupational health provider to HMPPS, hosts a Workplace Wellbeing platform which continues to support line managers and employees in keeping up to date with relevant guidance, information, articles, videos and podcasts to support staff health and wellbeing. The site dashboard layout is improved periodically, and a manager zone is available containing quick links to commonly used websites. The platform can be saved to the desktop or downloaded as an app to a mobile phone.

The Post COVID Syndrome support (Long COVID) OH service commenced in April 2021 and will be reviewed in early 2024. The service includes an initial assessment with the clinical assessment team and onward referral to specialists or support services with interim check points with an occupational clinician.

My Physio Checker is a self-referral physio online health tool introduced as a pilot in June 2022. It was evaluated in February 2023 and is now a fully embedded service. 432 employees have accessed the service to gain help with their Muscular Skeletal issue. 18% have been appropriate for supported self-management. All individuals accessing the service have reported improvement to their condition. Available on the workplace wellbeing platform, the tool offers employees access to

support without referral from a line manager leading to either a physio telephone appointment or signposting to information and guidance.

My Health Condition Management was introduced in July 2022. The self-referral health management tool allows an employee to gain access to instant support for their condition. Accessed directly by staff with concerns relating to specific health conditions such as type 2 diabetes, asthma, obesity or heart conditions, the service is available via the Workplace Wellbeing app and aims to identify the most appropriate pathway for professional support to help manage such conditions. 90% of users agreed the service has helped them to understand and manage their health condition.

Staff may be signposted to appropriate healthcare providers or be sent a free ‘self-management pack’ for their specific condition containing items such as blood pressure or blood sugar monitors, peak flow meters or oximeters along with videos and fact sheets.

A new e-flu voucher scheme is planned for the 2023-2024 flu season. This will enable staff to order a digital flu voucher online and to have access to over 4,500 outlets to obtain their employer-funded flu vaccine. The prison onsite staff flu vaccine clinics will continue.

Trauma Risk Management (TRiM) policy has been rolled out nationally and all prisons have a TRiM team in place. The trained practitioners offer on-site support to help staff understand the symptoms of post-traumatic stress and offer practical self-management and signposting advice. There are over 2,000 practitioners trained nationally to offer colleagues one-to-one confidential support with follow-up checks.

Over 1,000 Mental Health Allies (MHAs) have been recruited across HMPPS. These are staff volunteers who have been trained to support staff and managers. They offer confidential support, raise awareness and challenge the stigma surrounding mental health.

New colleague mentor (NCM) roles were introduced in April 2022 to support the wellbeing of new staff. They provide a welcoming and supportive onboarding, induction, and early career journey experience for colleagues. NCMs are in place on all prison sites and are currently creating buddy schemes within their prisons to provide informal peer to peer support.

There are over 150 NCMs funded and recruited. Over 70 NCMs have an established buddy scheme with the remaining sites preparing to launch.

A network of regional Prison Staff Support Leads has been established. They act as a single point of contact in the region and connect local services to form a strong support network for individuals. They link with local staff support teams such as Care Teams, MHAs, Chaplaincy, TRiM, HR wellbeing leads and wellbeing champions to ensure prison staff have access to support.

## HMPPS Recognised Trade Union relationships

HMPPS recognises ten trade unions. For prisons, Youth Custody Service and HQ, these are the Prison Officers Association (POA), Prison Governors Association (PGA) and NTUS (comprising PCS, UNITE, FDA, PROSPECT and GMB). For the Probation Service, these are the National Association of Probation Officers (NAPO), GMB Society of Chief Officers of Probation (SCOOP) and Unison. The prime focus of engagement with all these recognised trade unions during 2022/23 has been on the return to decent and safe post pandemic regime and service delivery in prisons and probation respectively. This has been significantly complicated by acute prisoner population and staffing pressures. The 2022 Probation Service multi-year pay agreement and 2022 Prison Service Pay Review Body (PSPRB) outcome have been important stabilising factors against a wider backdrop of cost-of-living pressures and wider public sector union challenge. The 2023 PSPRB outcome for Prisons will be equally important. HMPPS is currently reforming its HQ and regional structures, with trade unions being key stakeholders in this work. It remains critical that these relationships and levels of engagement continue to be constructive at a national and local level to support operational delivery and reform. HMPPS has strong engagement frameworks in place to ensure this remains the case.

## Talent management

Throughout 2023/24 the Leadership, Talent and Capability (LTC) team will design, develop, and curate a portfolio of programmes, initiatives and schemes that provide quality learning experiences that can be accessed at the right time, to enable staff to discover their talents, build their capability and grow their leadership.

Our aim is to champion leadership excellence, nurture talent, and inspire every individual to fulfil their potential.

Existing Leadership, Talent and Capability Offers:

### MoJ Leadership School

Delivered 2 events, in June and September 2022, that welcomed 398 individuals from across the MoJ to spend 4 days dedicated to listening to speakers, attending workshops, participating in group discussions, all around the theme of 'Unleashing Your Leadership'. Applications for our 2023 events closed in March 23 where we received over 800 applications.

### Grow Your Leadership

Through October-December 2022 we delivered a series of bite-sized learning on the theme of 'Trust & Psychological Safety' that had a combined total of more than 3,000 sign-ups to the various webinars and/or self-paced virtual course by individuals from across the MoJ.

In March 2023, we launched the next iteration of the Grow Your Leadership sessions which continue to engage with our workforce across the organisation on the theme of 'Leading Through Change'.

### Build Your Capability

During the year we launched the Build Your Capability series which provides self-paced learning through three modules on the following themes:

1. Navigating through personal change
2. Building your personal brand
3. Personal career planning and development

### Coaching and mentoring for all grades

We recently recruited a cohort of 40 learners to undertake the Institute of Leadership and Management (ILM) Level 5 qualification in Coaching & Mentoring with the vision of building a coaching network within the MoJ. We also support individuals across the MoJ access executive coaching.

### Leadership Development for SCS and Senior Leaders

We offer masterclasses aimed at SCS & Senior Leaders across the MoJ which are designed to create a learning space for senior leaders to reflect, consider and re-evaluate their current leadership skills.

We continue to support the Unlocked Graduate Programme for graduate entry prison officers.

Professional accreditations and qualifications – we facilitate the access to a wider range of apprenticeships for staff across the MoJ and have a cohort of 12 individuals each year enrolled on the Cambridge Masters in Applied Criminology.

Programmes for developing new and experienced line managers – First Line Managers Core and Middle Line Leaders.

Traverse is a senior leadership development programme delivered by Sheffield Hallam University that targets Bands 8/9 in HQ, Deputy Governors and SPOs/B6 in Probation.

The People Manager Handbook launched at the end of 2022 provides staff across the MoJ a consistent ‘pack’ of guidance and information to support them as line managers. We have recently undertaken a refresh to ensure it’s up to date and will continue to deliver this.

We’ve delivered a variety of internship and work-experience schemes such as Movement to Work & The Launch Programme (sometimes known as Care Leavers Internship Programme).

Learning opportunities currently in pilot:

- Bespoke HMPPS Leadership Development – Leadership Journey Routes 1 & 2 – Leadership Journey Route 1 Pilot, was piloted in the North East this summer, and delivered focused development opportunities across 13 sites. This included traditional Horizontal (by grade) sessions alongside Vertical (in team) workshops and bite-sized online content.
- Our SPARK (pilot) continues to run successfully and supports custodial Bands 3/4 to progress to a Band 7/8 Head of Function position.

New development opportunities (currently in development):

### **Discover, Build & Grow**

Following the successes of both ‘Grow Your Leadership’ and ‘Build Your Capability’, we will be looking to develop an initiative that combines these two programmes along with the addition of a ‘Discover Your Talent’ branch to deliver a comprehensive package of bite-sized and self-paced learning for individuals across the MoJ and supports development across the three strands: Leadership, Talent & Capability.

### **Learning to Lead**

We are developing a programme to replace the Aspiring Leaders Programme (ALP) which was developed for Bands 1-4 (PSP, NPS, YPE and HQ) considering a leadership role in future.

### **SPARK 2**

Following the launch of the SPARK 1 Pilot which is still ongoing, we have launched the 2nd cohort in Spring this year.

The LTC Team continue to create a compelling learning offer that inspires leaders at all levels.

The learning offer will also support the 70:20:10 approach to development, where 70% of learning is through experiences (i.e. on the job learning), 20% is learnt through others (i.e. shadowing, coaching) and 10% through formal methods (i.e. workshop/programme).

## **Off-payroll engagements**

During the financial year 2022/23, HMPPS has reviewed off-payroll engagements where we are required to consider intermediaries (IR35) legislation using HMRC’s guidance and online status indicator. We have advised our contracting body of the outcome of the status determinations so that, where appropriate, tax deductions are made at source from payments made in respect of the engagement with HMPPS. Further details of off-payroll engagements are shown in the off-payroll tables in the MOJ Group ARA 2022/23.

# Parliamentary accountability

The following sections are included to satisfy parliamentary reporting and accountability requirements and are subject to audit.

## Losses and special payments

The following losses and special payments are included within the Statement of Comprehensive Net Expenditure on page 148:

	2022/23		2021/22	
	Cases	£'000	Cases	£'000
Cash losses	92	23	228	54
Losses of accountable stores	15,736	2,222	16,648	2,184
Fruitless payments and constructive losses	1	2,698	3	6,841
Claims waived or abandoned	12	171	55	176
Administrative write-offs	-	-	-	-
<b>Losses statement</b>	<b>15,841</b>	<b>5,114</b>	<b>16,934</b>	<b>9,255</b>
Special payments to staff	529	7,833	681	9,453
Special payments to offenders	6,280	16,755	5,714	13,507
Special payments to third parties	245	2,244	282	1,962
<b>Special payments</b>	<b>7,054</b>	<b>26,832</b>	<b>6,677</b>	<b>24,922</b>

In 2022/23 HMPPS made 1 (2021/22: 3) loss payment over £300,000, which is detailed here:

There was one constructive loss of £2.7m. In 2022 it was decided that work being carried out in relation to developing a new Public Protection unit database would be permanently halted. This resulted in a constructive loss of £2.7m related to the costs already incurred.

In 2022/23 HMPPS made 11 (2021/22: 6) special payments over £300,000: four compensation payments were made to operational members of HMPPS staff: £1,000,000; £451,531; £442,305; £400,000; five to prisoners: £1,150,000; £1,066,967; £471,130; £431,255; £351,000; and two third party legal claims: £645,000; £435,000.

## Remote contingent liabilities

As required by Managing Public Money, in addition to contingent liabilities disclosed in accordance with IAS 37 in Note 17 to the Accounts, HMPPS discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote.

HMPPS has the following remote contingent liabilities:

- the Secretary of State for Justice has provided a guarantee to the GMPF in respect of the Commissioned Rehabilitative Services' participation in the GMPF for pension liabilities that transferred to the CRSs

The Secretary of State for Justice has also given the following assurance to the Heathrow Airport Holdings Limited and other third parties (for example, airlines) that may be affected by our operations. This assurance covers the following amounts:

- up to £50 million for damage or injury per incident to third parties caused airside in the event of negligence by HMPPS
- up to £250 million for damage or injury to third parties per incident in the event of negligence by HMPPS while on board an aeroplane
- personal accident and/or sickness for HMPPS staff while on escorting duties

The likelihood of a liability arising from these contingencies is considered to be remote.

HMPPS would be liable as underwriter of last resort to meet losses incurred by the privately managed prisons.



**Amy Rees**

Chief Executive Officer, HMPPS  
24 November 2023

# Certificate and report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of His Majesty's Prison and Probation Service (HMPPS) for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise: HMPPS's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of HMPPS's financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the HMPPS's affairs as at 31 March 2023 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022).

My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of HMPPS in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

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

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

The going concern basis of accounting for HMPPS is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of HMPPS and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by HMPPS or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within HMPPS from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing HMPPS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by HMPPS will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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

## Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we:

- considered the nature of the sector, control environment and operational performance including the design of HMPPS's accounting policies.
- inquired of management, HMPPS's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to HMPPS's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including HMPPS's controls relating to HMPPS's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- inquired of management, HMPPS's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within HMPPS for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates including the valuation of the prison estate, the valuation of provisions, and the valuation of the defined benefit pension scheme. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of HMPPS's framework of authority and other legal and regulatory frameworks in which HMPPS operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of HMPPS. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law and tax legislation.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

### Other auditor's responsibilities

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 Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### Report

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General**

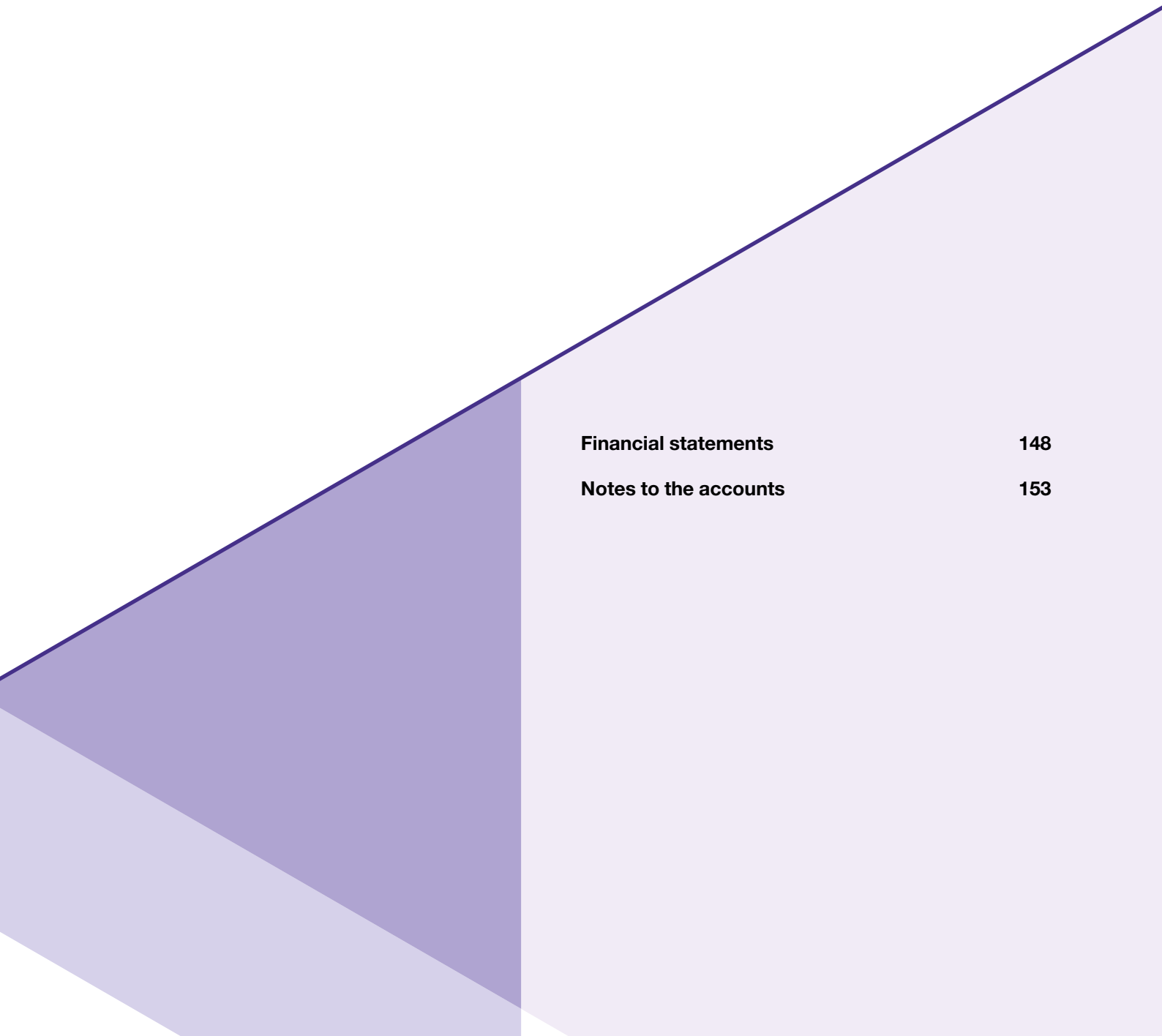
27 November 2023

National Audit Office  
157–197 Buckingham Palace Road  
Victoria, London, SW1W 9SP



# Financial statements

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# Financial statements

## Statement of Comprehensive Net Expenditure

For the period ended 31 March 2023

		2022/23		2021/22	
	Notes	£'000	£'000	£'000	£'000
Income from contracts with customers	3a	(216,829)		(237,183)	
Other operating income	3b	(34,912)		(44,992)	
<b>Total operating income</b>			<b>(251,741)</b>		<b>(282,175)</b>
Staff costs	4a	3,054,332		2,733,734	
Purchase of goods and services	4b	2,201,235		2,244,393	
Depreciation, amortisation and impairment charges	4c	403,851		440,897	
Notional expenditure	4d	459,273		379,398	
<b>Total operating expenditure</b>			<b>6,118,691</b>		<b>5,798,422</b>
<b>Net operating expenditure</b>			<b>5,866,950</b>		<b>5,516,247</b>
Finance expense	4e	54,150		65,106	
<b>Net expenditure for the year</b>			<b>5,921,100</b>		<b>5,581,353</b>

## Other Comprehensive Expenditure

For the period ended 31 March 2023

Items which will not be reclassified to net operating expenditure:		2022/23		2021/22	
	Notes	£'000	£'000	£'000	£'000
Net (gain)/loss on revaluation of property, plant and equipment	5	(571,933)		(460,393)	
Net (gain)/loss on revaluation of intangible assets	6	(695)		490	
Net (gain)/loss on revaluation of assets held for sale	8	509		23	
Net (gain)/loss on revaluation of ROU	7	(4,433)		587	
Remeasurement of net pension liabilities (gain)/loss	18	(1,969,664)		(950,558)	
<b>Total comprehensive expenditure</b>			<b>3,374,884</b>		<b>4,171,502</b>

The Notes on pages 153 to 197 form part of these accounts.

# Statement of Financial Position

At 31 March 2023

		31 March 2023		31 March 2022	
	Notes	£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	5	10,520,780		9,281,716	
Intangible assets	6	41,831		37,545	
Right of use assets	7	167,326		132,202	
Investments		382		381	
Pension surplus	18	198,982		-	
<b>Total non-current assets</b>			<b>10,929,301</b>		<b>9,451,844</b>
<b>Current assets</b>					
Assets held for sale	8	9,115		6,174	
Inventories	9	65,174		55,089	
Trade and other receivables	10	165,929		176,228	
Cash and cash equivalents	11	60,393		29,283	
<b>Total current assets</b>			<b>300,611</b>		<b>266,774</b>
<b>Total assets</b>			<b>11,229,912</b>		<b>9,718,618</b>
<b>Current liabilities</b>					
Trade and other payables	12a	(865,041)		(823,451)	
Financial liabilities	14b	(26,910)		(29,540)	
Lease liabilities	7	(19,944)		(18,742)	
Provisions	13	(37,747)		(24,395)	
<b>Total current liabilities</b>			<b>(949,642)</b>		<b>(896,128)</b>
<b>Non-current assets less net current liabilities</b>			<b>10,280,270</b>		<b>8,822,490</b>
<b>Non-current liabilities</b>					
Trade and other payables	12b	(324)		(499)	
Financial liabilities	14b	(201,432)		(228,342)	
Lease liabilities	7	(140,562)		(91,664)	
Provisions	13	(182,647)		(251,396)	
Pension deficit liability	18	-		(1,630,843)	
<b>Total non-current liabilities</b>			<b>(524,965)</b>		<b>(2,202,744)</b>
<b>Assets less liabilities</b>			<b>9,755,305</b>		<b>6,619,746</b>
<b>Taxpayers' equity</b>					
General Fund			6,226,501		3,556,498
Revaluation Reserve			3,528,804		3,063,248
<b>Total taxpayers' equity</b>			<b>9,755,305</b>		<b>6,619,746</b>

The Notes on pages 153 to 197 form part of these accounts.



**Amy Rees**  
Chief Executive Officer, HMPPS  
24 November 2023

## Statement of Cash Flows

For the period ended 31 March 2023

		2022/23	2021/22
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Net expenditure		(5,921,100)	(5,581,353)
Adjustments for non-cash transactions		811,350	834,058
Adjustment for notional transactions with MoJ group		227,042	160,877
Adjustment for pension contributions paid less service costs	18	94,569	122,010
(Increase)/decrease in trade and other receivables:	10	10,299	(19,740)
Less: Impairments in trade and other receivables	4c	98	1,282
(Increase) / decrease in inventories	9	(10,085)	(297)
Increase/(decrease) in trade and other payables	12a, 12b	41,590	35,463
Increase/(decrease) in capital payables		(41,052)	(11,893)
Utilisation of provisions	13	(28,770)	(27,627)
<b>Net cash outflow from operating activities</b>		<b>(4,816,059)</b>	<b>(4,487,220)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(933,411)	(807,137)
New PFI liabilities in year		-	41,538
Purchase of intangibles	6	(12,762)	(2,196)
Proceeds on disposal of property, plant and equipment		131	269
Proceeds on disposal of assets held for sale		1,278	1,062
<b>Net cash outflow from investing activities</b>		<b>(944,764)</b>	<b>(766,464)</b>

		2022/23		2021/22	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flow from financing activities</b>					
Net funding received from MoJ		5,842,000		5,293,000	
Payments of amounts due to the Consolidated Fund to MoJ		-		-	
Repayments of local authority loans	12b	(175)		(278)	
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts	14b	(29,540)		(20,013)	
Repayment of IFRS16 lease liabilities	7	(20,352)		(20,899)	
<b>Net financing</b>			<b>5,791,933</b>		<b>5,251,810</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			<b>31,110</b>		<b>(1,874)</b>
Cash and cash equivalents at the beginning of the period	11	29,283		31,157	
Cash and cash equivalents at the end of the period	11	60,393		29,283	
<b>Increase/(decrease) in cash and cash equivalents</b>			<b>31,110</b>		<b>(1,874)</b>

The Notes on pages 153 to 197 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the period ended 31 March 2023

		General Fund	Revaluation Reserve	Total Reserves
	Notes	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>		<b>2,300,357</b>	<b>2,715,100</b>	<b>5,015,457</b>
<b>Changes in taxpayers' equity for 2021/22</b>				
Net expenditure for the year to 31 March 2022		(5,581,353)	-	<b>(5,581,353)</b>
<b>Net gain/(loss) on revaluation of:</b>				
Property, plant and equipment		-	455,242	<b>455,242</b>
Intangible assets		-	4,053	<b>4,053</b>
Release of reserves to the General Fund		111,147	(111,147)	-
Remeasurement of net pension liabilities	18	950,558	-	<b>950,558</b>
Funding from the MoJ		5,293,000	-	<b>5,293,000</b>
Settlement of transactions with MoJ		170,296	-	<b>170,296</b>
<b>Notional items:</b>				
Auditor's remuneration	4d	330	-	<b>330</b>
Notional element of MoJ overhead recharges		312,163	-	<b>312,163</b>
<b>Balance at 31 March 2022</b>		<b>3,556,498</b>	<b>3,063,248</b>	<b>6,619,746</b>
<b>Changes in taxpayers' equity for 2022/23</b>				
Net expenditure for the year to 31 March 2023		(5,921,100)	-	<b>(5,921,100)</b>
<b>Net gain/(loss) on revaluation of:</b>				
Property, plant and equipment		-	571,933	<b>571,933</b>
Intangible assets		-	695	<b>695</b>
ROU assets		-	4,433	<b>4,433</b>
Assets held for sale		-	(509)	<b>(509)</b>
Release of reserves to the general fund		110,996	(110,996)	-
Remeasurement of net pension liabilities	18	1,969,664	-	<b>1,969,664</b>
Funding from the MoJ		5,842,000	-	<b>5,842,000</b>
Settlement of transactions with MoJ		276,259	-	<b>276,259</b>
<b>Notional items:</b>				
Auditor's remuneration	4d	380	-	<b>380</b>
Notional element of MoJ overhead recharges		391,804	-	<b>391,804</b>
<b>Balance at 31 March 2023</b>		<b>6,226,501</b>	<b>3,528,804</b>	<b>9,755,305</b>

The Notes on pages 153 to 197 form part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

### 1.1 Basis of preparation

The accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2022/23 issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of His Majesty's Prison and Probation Service (HMPPS, or 'the agency') for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by HMPPS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The functional and presentational currency of HMPPS is the British pound sterling (£).

### 1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of non-current assets, assets held for sale, inventories and financial assets, where material.

### 1.3 Changes in accounting policy and disclosures

#### a) Changes in accounting policies and new and amended standards adopted

There have been no changes in accounting policies and no new or amended standards adopted in 2022/23.

While the FReM deferred adoption of IFRS 16 until 22/23, it permitted HMPPS to adopt early from 1 April 2021.

#### b) New standards, amendments and interpretations issued, but not effective, for the financial year beginning 1 April 2022, and not adopted early

IFRS 17 Insurance Contracts requires a discounted cash flow approach to accounting for insurance contracts. The EU adopted the standard in November 2021, but the Financial Reporting Advisory Board has agreed to delay the mandatory adoption of the standard until 2025/26. It should be included in the 2025/26 FReM at the earliest. Early adoption of IFRS 17 may be permitted on a case-by-case basis as agreed with HM Treasury. To assess the impact of the standard, HMPPS will review contracts which meet the definition of insurance contracts. The overall impact of IFRS 17 on the Financial Statements is hard to determine at this stage, but there is a possibility that a number of contingent or unrecognised liabilities might need to be brought onto the balance sheet.

HMPPS does not consider that any other new, or revised standard, or interpretation will have a material impact.

#### c) Changes in presentation and reclassifications

Changes required to reflect the revised structure of HMPPS have been made to the Statement of Operating Costs by Operating Segment (Note 2) and the 2021/22 Statement has been restated for comparability.

Changes required to present the Manage and Maintain prison contracts in accordance with IFRIC 12 Service Concession Arrangements, in line with the other privately managed prisons, have been incorporated into the Financial Statements. The resulting changes are to disclosure only and do not impact the primary statements. In each affected note, there is a narrative description of the change, along with a restatement of comparative figures.

There have been no other changes to presentation or reclassifications in 2022/23.

### 1.4 Going concern

HMPPS is an Executive Agency of the Ministry of Justice (MoJ). The future financing of HMPPS's activities is expected to be met by the MoJ from supply funding, which is voted annually under the relevant Appropriation Act.

## 1.5 Operating income

Operating income is generated directly from the operating activities of HMPPS and is recognised as revenue in the Statement of Comprehensive Net Expenditure (SoCNE) in accordance with IFRS 15. Revenue is recognised when a performance obligation included within an agreement with a customer is satisfied, at the transaction price allocated to that performance obligation.

A large proportion of operating income relates to grant funding from the European Social Fund, and the recharge of expenditure to other government departments, particularly healthcare funding and immigration removal centres.

Healthcare funding is recognised on an accruals basis. Establishments log healthcare activity (medical escorts and bedwatches), which is used as the basis for raising invoices with standard 30-day payment terms.

The recharge of expenditure for immigration removal centres is also recognised on an accruals basis. The cost of running them, including head office support costs, is recharged under a service level agreement, whereby the costs are recharged based on management accounts information and an agreed rate for each prison bed used in the year.

Another significant element of operating income comes from retail sales in prison shops, where the income is recognised on the exchange of goods.

Operating income is stated net of VAT. Further information can be found in Note 3.

Supply funding drawn down from the department is treated as financing and credited directly to the General Fund in accordance with the FReM.

## 1.6 Purchases of goods and services

Purchases of goods and services are recognised on an accruals basis. Accrued expenditure is recognised when HMPPS has an unconditional obligation to pay customers, and is based on agreed amounts, contractually or by another form of mutual agreement.

## 1.7 Staff costs

Staff costs are recognised as expenses on an accruals basis when HMPPS has an unconditional contractual obligation to pay them.

## 1.8 Notional costs

Notional costs comprise statutory auditors' remuneration, which represents the National Audit Office's cost for the audit of HMPPS's accounts, and notional costs for HMPPS's usage of corporate services provided by MoJ. Such notional costs are credited directly to the General Fund. The majority of the notional recharge costs relate to IT services, HR services, estates costs, and shared services processing charges that are centrally managed by the department on behalf of HMPPS.

## 1.9 Property, plant and equipment, and Intangible assets

### Initial recognition and capitalisation threshold

Property, plant and equipment, and intangible assets, including subsequent expenditure on existing assets, are initially recognised at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. The threshold for capitalising individual assets is £10,000 (including irrecoverable VAT).

Significant purchases of assets which are separately beneath the capitalisation threshold, in connection with a single project, are treated as a grouped asset, with a capitalisation threshold of £1 million (including irrecoverable VAT).

Where an item costs less than the prescribed limit but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is capitalised.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

### Subsequent expenditure

Subsequent expenditure to enhance an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is

capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the SoCNE during the financial year in which it is incurred.

Intangible assets are recognised if it is probable that future service potential will flow to HMPPS and the cost can be measured reliably. Intangible assets comprise software developed by third parties, including MoJ, and software licences.

### Assets under construction

Assets under construction are valued at historic cost within property, plant and equipment and intangible assets. The assets are not subject to depreciation or amortisation until completion, when the carrying value is transferred to the respective asset category. Expenditure is capitalised where it is directly attributable to bringing an asset into working condition, such as external consultant costs, relevant employee costs and an appropriate portion of relevant overheads.

### Subsequent valuation

Subsequent to initial recognition, property, plant and equipment are carried at current value.

Land and buildings (including dwellings) are recorded at current value, as interpreted by the FReM, on the basis of professional valuations, which are conducted for each property at least once every five years. Full professional valuations are undertaken by the Valuation Office Agency, an independent body, using Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards, known as the Red Book. In between full valuations, carrying values are adjusted through desktop valuations to ensure they are not materially different from those that would be determined at the end of the reporting period. For buildings, the index applied is the Building Cost Information Service construction data tender price index (TPI) that reflects price changes in the construction sector and is a good indicator of price pressure in building contracts in the UK. Furthermore, location factors are applied reflecting movements in the local property markets and a reduction in remaining life is reflected. In 2022/23, 27% of the valuations were physical.

Freehold prison buildings and secure training centres are classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued and carried at depreciated replacement cost to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence.

Land associated with buildings valued to depreciated replacement cost (DRC) have been assessed to current value, interpreted as Existing Use Value (EUV), having regard to the cost of purchasing a notional replacement site in the same locality, equally suitable for the existing use and of the same size, with normally the same physical and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use. Where the use is too specialised to categorise in market terms, regard has been had to the range of uses prevailing in the locality of the actual site.

Assets which were recently held for their service potential but are now surplus are valued at current value in existing use where there are restrictions on HMPPS or the asset, which would prevent access to the market at the reporting date. Otherwise, surplus assets are valued at fair value in accordance with IFRS 13 Fair Value Measurement.

In determining whether a non-operational asset is surplus, HMPPS assesses whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not considered as surplus and is maintained at current value in existing use. Otherwise, the asset is assessed as being surplus and valued at fair value under IFRS 13 Fair Value Measurement.

Farms and surplus freehold land, prison officers' quarters and some other non-specialised buildings are carried at open market valuations.

Non-property assets are recorded at cost on purchase and restated at each reporting date using the Producer Price Index published by the Office for National Statistics.

Subsequent to initial recognition, intangible assets are recognised at fair value. As no active market exists for the intangible assets held by HMPPS, fair value is assessed as the revalued amount less accumulated amortisation and impairment losses. Intangible assets are revalued at each reporting date using the Services Producer Price Index published by the Office for National Statistics.

## Fair value hierarchy and inputs

The valuation technique applied to all fair value figures of surplus, non-operating properties, is the market approach in accordance with IFRS 13 Fair Value Measurement; it uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets.

The inputs to this technique constitute level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used take the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

For other property assets in continuing use, fair value is interpreted as market value or 'value in use'. In the Red Book this is defined as "market value on the assumption that property is sold as part of the continuing enterprise in occupation". The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Depreciated historical cost is used as a proxy for fair value for those assets with short useful lives or low values, as allowed by the FReM.

## Estimation uncertainty

The valuation of HMPPS estate is inherently subjective due to, among other factors, build cost, functional obsolescence, changes in the Tender Price Index (TPI), prevailing market yields and comparable market transactions. As a result, the valuations HMPPS places on its estate are subject to a degree of uncertainty.

## Depreciated Replacement Cost (DRC)

The starting point for any DRC is to establish the cost of the gross replacement cost (GRC),

which is considered to fit the Modern Equivalent Asset (MEA).

The costs used for the DRC valuations are costs relating to actual construction projects and as such are reliable and documented.

Adjustments are made to the costs in line with the RICs Red Book to exclude certain costs, i.e. contingencies, abnormal expenditure due to ground conditions, demolitions, etc. These costs are readily identifiable in the cost data provided.

Fees shown in the costs provided relate to the main contractor's and design fees with some fees included in individual work packages. As part of the valuation approach, additional professional fees, such as Quantity Surveyors are added to the valuation. There is considered to be potential for a small reduction of up to 1-2% in the fee additions applied.

The other key starting point is the assignation of lives to the assets, where we have used BCIS research and published data obtained through feedback from the construction industry, to provide averaged assessments of typical component lives.

The VOA approach to depreciation takes a componentised approach to assign ages and remaining lives and reflect any changes incurred through expenditure of CAPEX, the level of maintenance, etc. applying physical obsolescence. The physical age of an asset is established through factual evidence, site inspection and adjustments are made to ages to reflect renewal of components, with corresponding adjustments to component remaining lives.

The final stage of the valuation is the application of functional obsolescence (FO). There is a degree of subjectivity around the application of FO and a movement of 5% either way is considered reasonable.

Assumptions Tested	Change	New Valuation £m	Variance £m	Variance %
Actual Total DRC Buildings value 2023		7,737		
Alternate scenarios:				
Capex Changes <sup>6</sup>	50%	7,722	35	0.4
Changes in TPI <sup>7</sup>	-2 points	7,698	(39)	(0.5)
Changes in TPI <sup>7</sup>	2 Points	7,772	35	0.5
Physical Depreciation <sup>8</sup>	-10%	7,771	34	0.4
Changes in Functional Obsolescence <sup>9</sup>	5%	7,659	58	1.0
Changes in Functional Obsolescence <sup>9</sup>	-5%	7,814	(58)	(1.0)
Change in Professional Fees <sup>10</sup>	-1%	7,873	(59)	(0.8)

- 6 Using a reasonable alternative assumption, it has been assumed that an increase of 50% of CAPEX has been included in the valuations, note that the calculated amounts for change related to CAPEX is calculated at a high level, comparing desktop and actual figures, which provides a result that is not in our opinion sufficiently robust as it does not consider other factors that might affect the valuation. The value of the estate could be up to 0.45% or £35m higher under this scenario.
- 7 The movement in the BCIS All In Tender Price Index, which tracks contractors construction pricing levels, is applied to the DRC valuations each year to reflect increased build costs. This estimate considers a change to TPI, where the actual TPI forecast figure is confirmed and there is a difference of +/-2 points from the TPI level used in the valuation.
- 8 This assumption considers the application of physical depreciation, which is directly related to the remaining lives (RL). Here it has been moderated to 90% of the projection on the assumption that works undertaken across the estate have had a moderating effect on remaining lives.
- 9 This assumption considers the impact of FO. This is difficult to quantify as it is not readily possible to calculate an average addition, but for this test 15% is assumed as an average (based upon experience and empirical evidence) and this is varied by 5% either way. The current value of the estate could be up to +/-0.75% or +/-£58m.
- 10 This assumption considers the impact of professional fee additions. This considers a 1% reduction in fee additions which would reduce the current value of the estate by -0.8% or -£59m.

## Land

Land associated with buildings valued to DRC has been assessed to Current Value, interpreted as Existing Use Value (EUV), having regard to the cost of purchasing a notional replacement site in the same locality. This land has been valued using the direct comparable approach. Available comparables might show a wide range depending on planning, use, size, density and location, and therefore require adjustment for these factors. These factors increase the level of valuer judgement involved.

The VOA have agreed with the MoJ for each site as to whether the actual site remains appropriate for

the valuation. In some circumstances, alternative sites would be appropriate and in these instances the land has been valued assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the selected site.

Having regards to 2019 RICS Guidance Note 'Comparable evidence in Real Estate Valuation', due to a lack of direct land comparable for valuers to draw upon this year, greater regard was given to market reports/ forecasts.

In terms of land evidence, the table below shows a sensitivity analysis on a land valuation (HMP Elmley), extrapolated across the population.

Assumption Tested	Assumption	Elmley £000	Extrapolated total £000
£/hectare	5%	113	54,000
£/hectare	-5%	(113)	(54,000)

A reasonable alternative assumption is to adjust the Price per hectare (£/ha). The current value of the asset could be up to +5% higher (£113k) or by -5% lower (-£113k), which extrapolates to +/-£54m across the total population. Given the level of valuer judgement involved in land valuations, which are subjective, and the current market conditions with a lack of transactions, we are unable to quantify the potential level of uncertainty.

## Existing Use Value (EUV) – Buildings

For the HMPPS estate the use of the EUV basis of valuation is used to support those properties where there is market-based evidence to support

the use of EUV. This basis of valuation is typically used to value the land element of Prisons, Non-Specialist Assets, Married Quarters, Farms, Land as well as non-specialist Approved premises and Probation assets. As a market-based assessment of value, EUV relies on the availability of comparable market evidence that is capable of analysis and appropriate application by the valuer, using the required assumptions embodied within EUV, to reliably inform the asset valuation being undertaken.

The table below shows sensitivity analysis on one of the EUV valuations provided (Worthing Probation Office), extrapolated across the EUV population.

		Valuation		
Assumption Tested	Assumption	Worthing £000	Extrapolated total £000	Variance from base £000
Market Yield (Base)	10.00%	505	71,400	
Market Yield	10.25%	518	73,200	1,800
Market Yield	9.75%	493	69,600	(1,800)

The UK investment market has experienced a significant rebasing over the past year, and in particular this has resulted in drops to the yields for regional offices.

Assumptions are reviewed annually to ensure they remain appropriate.

## Revaluation

Gains arising on revaluation are credited to the Revaluation Reserve and shown in Other Comprehensive Expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the SoCNE to the extent of the previous amount expensed, and any excess is credited to the Revaluation Reserve.

When an asset's carrying value decreases as a result of a permanent diminution in the value of the asset due to a clear consumption of economic benefit or service potential, the decrease is charged directly to operating expenditure in the SoCNE, with any remaining revaluation reserves balance released to the General Fund.

A revaluation decrease (other than as a result of a permanent diminution) is reversed against any existing amount held in the Revaluation Reserve in respect of that same asset, with any residual decrease taken to net operating costs in the SoCNE.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the SoCNE and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Fund.

## Depreciation and amortisation

Depreciation and amortisation are charged on a straight-line basis at rates calculated to write off the value of assets less any estimated residual value evenly over their estimated useful lives. Useful lives are reviewed annually. Where a change to the life of an asset or asset category is determined, depreciation is charged on a straight-line basis over the assessed remaining life. Depreciation commences in the month of acquisition for all non-current assets.

If an asset comprises two or more significant components, with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life. Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Freehold buildings including dwellings	Shorter of remaining life or up to 60 years (up to 55 years for dwellings) depending on building
Leasehold buildings including dwellings	Shorter of remaining life, remaining lease period or up to 50 years (up to 55 years for dwellings)
Information technology Plant and equipment Furniture, fixtures and fittings	3 to 15 years depending on individual asset type
Vehicles	5 to 15 years depending on individual asset type
Intangible assets – software	3 to 10 years
Intangible assets – licences	Length of the licence

## 1.10 Leases

Government bodies typically lease properties used for administrative purposes for reasons of efficiency and flexibility. HMPPS also benefits from the lease of land under leases with peppercorn consideration, which could not have been obtained through outright purchase. For other types of asset, HMPPS determines whether to lease or purchase based on value for money considerations, such as whether the underlying asset is required for its entire life or for a more limited period.

### Scope and exclusions – HMPPS as lessee

In accordance with IFRS 16 Leases, contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

As adapted by the FReM, IFRS 16 has been applied to leases with nil or nominal (that is, significantly below market value) consideration and arrangements for accommodation between government departments.

When making the above assessments, HMPPS excludes two types of leases. Firstly, those relating to low value items, which it considers as those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items. Secondly, contracts whose term (comprising the non-cancellable period together with any extension options HMPPS is reasonably certain to exercise and any termination options HMPPS is reasonably certain not to exercise) is less than twelve months.

### Initial recognition – HMPPS as lessee

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

The lease liability is measured at the value of the remaining lease payments, discounted either by the interest rate implicit in the lease or, where this is not readily determinable, HMPPS's incremental rate of borrowing. This rate is advised annually by HM Treasury (0.91% for leases recognised in 2021, 0.95% for those in 2022, 3.51% for leases recognised in 2023). Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options HMPPS is reasonably certain to exercise and any termination options HMPPS is reasonably certain not to exercise.

In the event that a lease contract has expired, but HMPPS remains in occupation pending negotiations for a renewed term, the lease term has been measured as the estimated time until the new contract will be agreed.

The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due in line with IFRIC 21 Levies.

The right of use asset is measured at the value of the lease liability, adjusted for: any lease payments made before the commencement date; any lease incentives received; any incremental costs of obtaining the lease; and any costs of removing the asset and restoring the site at the end of the lease. However, where the lease requires nil or nominal

consideration (usually referred to as a 'peppercorn' lease), the asset will instead be measured at its existing use value, using market prices or rentals for equivalent land and properties, with the difference between the carrying amount of the right of use asset and lease liability treated as notional income (or on transition, a credit to the General Fund).

Enhancements to leased assets such as alterations to a leased building are not classified within right of use assets but remain classified as property, plant and equipment in accordance with the FReM.

### Subsequent measurement – HMPPS as lessee

After initial recognition, the right of use asset will be measured using the fair value model. HMPPS considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value in the case of non-property leases, and for property leases of less than five years or with regular rent reviews. For other leases, the asset will be carried at a revalued amount.

The value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described below. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, for example where we no longer expect to exercise an option; modifications are changes to the lease contract. Reassessments and modifications are accounted for by discounting the revised cash flows: using a revised discount rate where HMPPS becomes or ceases to be reasonably certain to exercise or not exercise an extension or termination option, or the lease is modified to amend the non-cancellable period, change the term of the lease, change the consideration or the scope; or at the existing discount rate where there is a movement in an index or rate that will alter the cash flows, or the amount payable under a residual value guarantee changes.

Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right of use asset over the life of the lease, together with any impairment

of the right of use asset and any change in variable lease payments that was not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low value items, or with a term under twelve months, are also expensed.

## Estimates and judgements

Where a lease is embedded in a contract for services, the amount to be recognised as the right of use asset and lease liability should be the stand-alone price of the lease component only. Where this is not readily observable, a determination will be made by reference to other observable data, such as the fair value of similar assets or price of contracts for similar non-lease components.

As described above, HMPPS has determined the lease term by assessing the level of certainty as to whether termination or extension options will be exercised. In making these judgements, reliance has been placed on the professional judgement of estates staff, supported by information on corporate asset management plans, other business strategies, investment already made in the underlying asset, ongoing business needs and market conditions.

HMPPS has determined that the cost model is a reasonable proxy for fair value in most cases, because the rents payable are aligned to open market rates. In the case of longer leases where there are not regular rent reviews, there is a greater chance of divergence between cost and fair value, hence a professional revaluation is appropriate.

HMPPS leases various non-property assets such as vehicles and IT equipment. It has determined that, at the present time, all non-property leases which are not individually low value, are immaterial. Consequently, no non-property leases have been recognised in these accounts.

## 1.11 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction, and a sale is considered highly probable. Property assets held for sale are stated at the lower of carrying amount immediately prior to classification as held for sale and their fair value less the costs of selling the asset. Any subsequent impairment or reversal of impairment is recognised in the SoCNE. Non-

current assets classified as held for sale are not depreciated.

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised in the SoCNE. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the General Fund

## 1.12 Impairment

At each reporting date, HMPPS assesses all assets for indications of impairment. If any such indications exist, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

Impairment losses are recognised in the SoCNE, except where the asset had been revalued previously and a revaluation reserve is held for the asset. In this case the value of the reserve is released first, and then excess impairment is charged to the SoCNE.

Impairment losses resulting from a permanent diminution in the value of the asset, due to a clear consumption of economic benefit or service potential, are recognised directly in the SoCNE, and any revaluation reserve held for the asset is transferred to the General Fund.

The reversal of an impairment loss is recognised in the SoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised, with any remaining amount recognised in the Revaluation Reserve.

## 1.13 Deferred income

Deferred income is recognised at the point in time where income has been received but a performance obligation has not been met.

## 1.14 Payables

These are financial liabilities other than those classified as held at fair value through profit or loss (Net Operating Expenditure). Payables are recognised at the point in time where the expense of the same transaction is recognised.

They are valued initially at fair value, with the transaction value regarded as the fair value at the date of initial recognition. Where the time value of

money is considered to be material, the estimated cash values are discounted using the effective interest rate. They are derecognised when all obligations are settled.

## 1.15 Service Concession Arrangements including Private Finance Initiative arrangements

Service Concession Arrangements, including Private Finance Initiative (PFI) arrangements, are arrangements whereby private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. HMPPS defines such arrangements as Service Concession Arrangements (SCAs) if they meet the conditions set out in IFRIC 12 'Service Concession Arrangements', as adapted for the public sector context by the FReM. Future payment streams are assessed to identify separately the infrastructure, interest and service components.

Where the SCA involves the creation or provision of an asset by the operator, HMPPS recognises the infrastructure asset at fair value (or the present value of future minimum infrastructure payments, if lower) as a non-current asset in the SoFP, with a corresponding liability for future payments under the agreement.

The service element is charged to the SoCNE in the period the services are rendered by the operator. The interest element is charged to the SoCNE over the contract to produce a constant periodic rate of interest on the remaining balance of the liability. Older prison PFI arrangements and other Service Concession Arrangements use Treasury discount rates. HMP Thameside PFI and, where possible, any future PFI contracts will use the interest rate implicit in the contract.

Manage and Maintain contracts are used for some Privately Managed Prisons where the building is owned by HMPPS, but access is provided to the operator in order to deliver the contracted services. These contracts are included in disclosure notes 5, 14 and 15. As the assets relating to these contracts were owned by HMPPS prior to the start of the contract there is no related liability or interest charge.

## 1.16 Inventories

Inventories comprise raw materials, work-in-progress, finished goods and consumable stores. Inventories are valued at the lower of current replacement cost and net realisable value. Current replacement cost is not considered materially different from historical cost.

## 1.17 Employee benefits

Short term benefits such as salaries and wages or post-employment benefits resulting from employment and long term benefits such as long service awards, including termination benefits (for example early departure costs) and pension benefits are recognised at the cost of providing the benefit in the period in which it is earned by the employee, rather than when it is paid or becomes payable.

The department recognises the expected cost of the annual leave entitlement of its employees that is accrued at the end of the financial year in accordance with IAS19 Employee Benefits.

## Defined benefit pension schemes

### Principal Civil Service Pension Scheme

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees in HMPPS HQ and prisons. While this is an unfunded defined benefit scheme, in accordance with the FReM adaptation of IAS 19, HMPPS accounts for it as a defined contribution scheme. HMPPS recognises contributions payable as an expense in the year in which they are incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

### Local Government Pension Scheme

HMPPS probation staff and past employees of the probation trusts, including those who transferred to Community Rehabilitation Companies and/or Community Rehabilitation Services (CRS), are covered by the provisions of the Local Government Pension Scheme (LGPS), via a pension fund administered by the Greater Manchester Pension Fund (GMPF). This is a funded defined benefit scheme.

The Secretary of State for Justice has provided a guarantee to GMPF in respect of the CRSs' participation in the GMPF for pension liabilities that transferred to the CRSs.

The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The last formal actuarial valuation was at 31 March 2022 and was carried out during 2022. The results of the valuation as at 31 March 2022, including the roll forward for the year 2022/23, are shown in the actuarial report as at 31 March 2023 and are reflected in the 2022/23 accounts.

HMPPS obtains a professional calculation of the net pension position at the reporting date from Hymans Robertson LLP, the independent actuary for GMPF. The assumptions underpinning the actuarial calculations are subject to review as part of HMPPS's annual reporting and audit process.

The net pension position is the present value of the defined benefit obligation less the fair value of plan assets at the reporting date. The present value of the obligation is determined by discounting estimated future cash outflows using rates as advised by the scheme actuary. In between formal actuarial valuations, the obligation is approximated by adjusting the most recent full valuation using latest available membership data.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding interest) are recognised within Other Comprehensive Expenditure in full in the period in which they arise. Service costs are recognised in the SoCNE and are spread systematically over the working lives of the employees. The net interest charge in the SoCNE reflects the unwinding of the discount applied to the net liabilities of the scheme.

IAS 19 requires that the discount rate is determined by reference to market yields at the end of the reporting period, on high quality AA corporate bonds of a currency and duration consistent with the currency and duration of the benefit obligations. The discount rate at 31 March 2023 is much higher compared to the previous year, reflecting a higher yield on high-quality corporate bonds and significantly reducing the pension obligation. This is the primary reason for the overall net surplus at 31 March 2023.

Under the requirements of 'IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', the value of any net pension surplus which was determined under IAS 19 is limited in the financial statements to reflect that the full economic benefit of the surplus is not realisable by the agency.

### **National Employment Savings Trust (NEST) Defined Contribution Pension Scheme**

Under the government's policy of 'Workplace Pensions', all workers who meet the minimum requirements for auto enrolment must be enrolled into a pension scheme by their employer.

NEST Defined Contribution Scheme is offered to individuals working in HMPPS who are not civil servants and are therefore not eligible to join the Civil Service Pension Scheme (public sector prisons/HQ prison staff) or the Local Government Pension Scheme (probation service staff). This covers those working on a sessional/fee paid basis who are on a contract of services and not a contract of employment.

### **Civil Service Injury Benefits Scheme**

The Civil Service Injury Benefit Scheme is accounted for under IAS 37. Please see Note 1.18.

## **1.18 Provisions and contingent liabilities**

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when HMPPS has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made of the amount.

If the likelihood of payment is less than probable, but greater than remote, or the obligation cannot be measured reliably, a contingent liability is disclosed in the accounts.

Provisions and contingent liabilities are valued at the best estimate of the expenditure required to settle the obligation. They are discounted to present value using rates set by HM Treasury (3.27%, 3.20% and 3.51% for short-term, medium-term and long-term cash flows respectively), where the effect is material.

## Litigation

For litigation provisions, the likelihood of the outcome and the estimated amount due are calculated by legal professionals, using their professional judgment and expert knowledge of the case providing a range of values with the most likely estimate of the amount payable being provided for. Where legal cases relate to contract disputes, commercial professionals are also involved in the calculation of the likelihood and value. Further information on the inherent uncertainties in the litigation provision is included at Note 13.

## Civil Service Injury Benefits Scheme

HMPPS is required to pay benefits to staff who are members of the PCSPS, who are injured in connection with their employment, under the Civil Service Injury Benefits Scheme. Benefits are paid only in respect of loss of earning capacity, and a provision is made for expected future costs. The Government Actuary's Department (GAD) provides HMPPS with annuity rates each year covering whole of life (for total liability value), 1 year and 2 to 5 years (for cash flow values). These assumptions take the time value of money into account.

Injury benefit provisions are discounted using the HM Treasury post-employment benefits real discount rate of 1.70% (2021/22: (1.30)%).

In calculating the provision, assumptions are made around life expectancy and the discount rate, as prescribed by HM Treasury, used in the calculation. Further detail is included at Note 1.20 and Note 13.

## Dilapidation

This provision is an estimate of the future expenditure required to return office space and other leased facilities to their original condition at the end of the lease term.

The provision is calculated using the Assumed Repairing Level for each location, which is stipulated in the lease terms. A cost of repair per square metre is determined by our contracted surveyors, Cushman and Wakefield, and applied to the area for each lease at the specified level. The repair rates for each level are reviewed bi-annually and updated as required.

The provision is calculated on the assumption that HMPPS will occupy the space until the end of each lease agreement with no intention to exercise any break options.

Further detail on assumptions is included at Note 13.

## 1.19 Value Added Tax

Most of HMPPS's activities are outside the scope of VAT. In general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

## 1.20 Critical accounting estimates and judgements

Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical accounting estimates and assumptions

HMPPS makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Revaluation and impairment of non-current assets

Land, buildings and dwellings are shown at current value based on professional valuations performed at 31 March each year by the Valuation Office Agency, an independent body, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. Buildings that are specialised, such as the prisons, are valued at depreciated replacement cost (DRC) to a modern equivalent basis. This modern equivalent is assumed to be in the same location with the same internal area as the existing property. The 'beacon' sets the cost to build a new modern equivalent asset and has been updated in 2022/23 based on the cost data from Berwyn, Five Wells and Fosse Way. The revised beacon cost has been applied to all of the prison estate. However, a factor has been applied to the older prisons to reduce the DRC and remove increases relating to the high specification of a new build. Substantially all other buildings are

measured at current value determined from market-based evidence. Each property is valued annually, with 27% of valuations physically inspected in 2022/23. The remaining 75% of properties are valued via desktop calculations using the BCIS TPI, location factors and a one year reduction in remaining life.

Land associated with buildings valued to DRC has been assessed to current value, interpreted as Existing Use Value (EUV), having regard to the cost of purchasing a notional replacement site in the same locality, equally suitable for the existing use and of the same size, with normally the same physical and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use. Where the use is too specialised to categorise in market terms, regard has been had to the range of uses prevailing in the locality of the actual site.

All assets other than land and buildings and assets under construction are revalued at each reporting date using the Producer Price Index prepared by the ONS.

### **LGPS assets and liabilities**

The present value of the net pension position depends on several actuarially derived assumptions about inflation, salary and pension trends, discount factors and mortality rates. The estimated assets and liabilities are subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. Sensitivity analysis in relation to the key assumptions used in the calculation of the gross pension liability is provided in Note 18.

The pension position for 2022/23 has been calculated using suitable assumptions that have been selected and validated for use by the scheme actuary.

All assumptions remain under constant review. As the economic climate changes and more information becomes available, assumptions are reconsidered. More detail is reflected in Note 18.

### **Provisions for liabilities and charges**

The recognition and measurement of provisions rely on the application of professional judgement, historical experience and other factors expected to influence future events. Provision balances which contain regular, homogeneous transactions are often derived from complex financial models. Estimates and assumptions applied in these models are continually reviewed. Where the likelihood of a liability crystallising is deemed probable and can be measured with reasonable certainty, a provision is recognised. Further information is set out in Note 1.18 and Note 13.

### **Critical judgements in applying HMPPS accounting policies**

#### **Service Concession Arrangements**

The classification of arrangements as Service Concession Arrangements requires HMPPS to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure. Where HMPPS is judged to control the infrastructure, the contract assets are reflected in the SoFP.

## **2. Statement of operating costs by operating segment**

The statement of operating costs by operating segment presents net operating cost information based on the structure reported to the HMPPS Board. The segments reflect the main directorate structure within HMPPS, allowing the board to have a clear view on the costs of front-line operations. Net cost information for directorates where budgets are held by MoJ is not reported to the HMPPS Board. This includes MoJ Corporate Services and Estates functions and the National Distribution Centre.

The HMPPS directorate structure is as follows:

### **Public Sector Prisons**

The Public Sector Prisons directorate is responsible for line management and leadership of public sector prisons in England. It drives the transformation of public sector prisons to deliver effective and efficient performance, and to continue to treat offenders with decency.

### **Custodial Contracts**

Custodial Contracts includes a range of system-wide contracts and third sector providers delivering offender services, including privately managed prisons and prisoner escort and custody services

contracts. Through these contracts HMPPS seeks to ensure effective system-wide performance, promoting and supporting the integration of services at local level.

## Youth Custody Services

The Youth Custody Service (YCS) is a distinct arm of HMPPS with responsibility for all aspects of work with young people (aged 10 to 17 years) both in Young Offender Institutions (YOIs) and in Secure Training Centres (STCs) across England and Wales. The YCS also has responsibility for Feltham B Side (ages 18 to 24 years), and oversight of children placed in eight Secure Children's Homes with which HMPPS contracts via local authorities. The YCS are also heavily involved in the implementation work for the launch of secure schools and wider Youth Justice Reform.

## Probation England

The Probation England directorate is responsible for line management and leadership of probation services in England. The Probation Service is a statutory criminal justice service that supervises all offenders released into the community, working closely with local delivery partnerships including prisons, Community Rehabilitation Services and other providers. The directorate also provides the courts with pre-sentence reports, which advise on appropriate sentencing measures for all persons convicted of an offence.

## HMPPS Wales

The HMPPS Wales directorate is responsible for the public sector prisons in Wales, has line management of the Probation Service in Wales and contract manages the privately managed prison, HMP Parc Bridgend. A significant focus of the directorate is to represent HMPPS to the Welsh Government and local partners.

## Prison Supply

The Prison Supply directorate includes a portfolio of new build, refurbishment projects and the Reconfiguration Programme. In addition to building 2 new Category C prisons, the new build portfolio aims to provide 20,000 additional safe prison places as quickly as possible to meet expected demand. The Reconfiguration Programme is continuing to reconfigure the estate into three functions (reception, training, and resettlement) so that prisoners are held in establishments appropriate to their needs.

## Electronic Monitoring

Electronic Monitoring is an effective offender management tool which can give defendants on bail and offenders a chance to maintain their ties with the community, whilst protecting the public. The Electronic Monitoring team is responsible for managing the existing curfew, location monitoring and recently introduced alcohol monitoring services by contracted providers. It is also continuing to develop the new national service which allows HMPPS to monitor offenders and defendants on bail (including immigration bail) even more effectively and innovatively to support Justice System reform, including initiatives to support tougher community sentences.

## Strategy, Planning & Performance

The Strategy Planning & Performance directorate (SPP) provides central support and oversight to the agency. The directorate is responsible for setting out HMPPS organisational strategy with our partners and wider government, and ensuring our systems have the right governance and change management to deliver on our ambition. SPP directly supports operational delivery by enabling people to access and apply evidence and insight, to continuously improve performance, to monitor risk, improve information security and assure the delivery of services. The Directorate leads on diversity and inclusion and works collaboratively to create more inclusive and open learning cultures.

## Community Interventions

The Community Interventions directorate managed a number of third sector providers delivering offender services through the Community Rehabilitation Companies, until the termination of all these contracts in June 2021 when the services transferred to the newly formed Probation Service.

## Probation Reform Programme

Prior to its closure on 30 December 2022, the Probation Reform Programme was a key part of the Government's wider ambition to strengthen the Criminal Justice System so that it is more effective at tackling crime and serious offending and protecting the public from harm. It played a significant role in the unification of the Probation Service, embedding the new service design and delivering on a successful transition from June 2021. As sentence management interventions are transitioned into the Probation Service, it is essential HMPPS has coherent estates and digital strategies in place which enable our workforce

to deliver a sustainable long-term platform for probation services which meets our overall public protection and rehabilitation duties and underpins the wider changes being implemented.

## Reducing Reoffending & Accommodation

The Reducing Reoffending & Accommodation directorate leads on work across HMPPS to improve the efficiency, effectiveness and delivery of reducing reoffending activity to ensure that we deliver Government priorities to beat crime including accommodation, substance misuse, education and employment. It manages a number of third sector providers delivering offender services: Independent Approved Premises, the Bail Accommodation and Support Services (BASS) contract and Langley House contract. The directorate also has responsibility for the HMPPS-provided Approved Premises.

## Support Services

This area includes the Director of Security (DOS), Central Operational Services (COS) and Transforming Delivery (TD) directorates. DOS works closely with both MoJ and the operational field to provide the most effective and innovative support for security in prisons and probation. COS includes Psychology, Safety, Education, Prison Industries, Families, Health and Interventions. TD has the Drugs Strategy and Prison Reform. Support Services also includes Centrally Managed budgets.

Table 2a presents resource expenditure, which is reported to the board by segment. Table 2b reconciles this total to the SoCNE, which also includes Annually Managed Expenditure (AME) and SoCNE expenditure which counts towards capital for budgeting purposes.

### 2a Total net resource expenditure as reported to Board in 2022/23

	2022/23		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
Public Sector Prisons	2,109,017	(145,825)	1,963,192
Custodial Contracts	811,879	(5,234)	806,645
Youth Custody Services	196,769	(30,802)	165,967
Probation England	874,181	(9,300)	864,881
HMPPS Wales	278,874	(10,224)	268,650
Prison Supply	40,834	(7)	40,827
Electronic Monitoring	93,177	(8,505)	84,672
Strategy, Planning & Performance	34,928	-	34,928
Community Interventions	(7,926)	(305)	(8,231)
Probation Reform Programme	68,251	-	68,251
Reducing Reoffending & Accommodation	179,846	(46,616)	133,230
Support Services	210,796	(5,230)	205,566
<b>Total</b>	<b>4,890,626</b>	<b>(262,048)</b>	<b>4,628,578</b>

## 2b Reconciliation between operating segments and SoCNE in 2022/23

	2022/23		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
<b>Total net expenditure by operating segment as reported to the Board</b>	<b>4,890,626</b>	<b>(262,048)</b>	<b>4,628,578</b>
PFI prisons and service concession arrangements accounting treatment	2,150	-	2,150
HMPPS costs where the budget is held within MoJ	756,693	1,698	758,391
MoJ overhead recharges	452,264	-	452,264
Accounting treatment of provisions (AME)	71,730	-	71,730
Other	(622)	8,609	7,987
<b>Total net expenditure per SoCNE</b>	<b>6,172,841</b>	<b>(251,741)</b>	<b>5,921,100</b>

## 2a Total net resource expenditure as reported to Board in 2021/22

	2021/22		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
Public Sector Prisons	1,906,856	(141,329)	1,765,527
Custodial Contracts	738,058	(3,172)	734,886
Youth Custody Services	190,431	(32,750)	157,681
Probation England	721,917	(7,235)	714,682
HMPPS Wales	262,570	(9,259)	253,311
Prison Supply	30,130	(11)	30,119
Electronic Monitoring	88,609	(16,765)	71,844
Strategy, Planning & Performance	31,050	-	31,050
Community Interventions	104,290	-	104,290
Probation Reform Programme	74,733	-	74,733
Reducing Reoffending & Accommodation	155,676	(42,319)	113,357
Prison Reform	18,902	-	18,902
Support Services	164,187	(4,145)	160,042
<b>Total</b>	<b>4,487,409</b>	<b>(256,985)</b>	<b>4,230,424</b>

## 2b Reconciliation between operating segments and SoCNE in 2021/22

	2021/22		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
<b>Total net expenditure by operating segment as reported to the Board</b>	<b>4,487,409</b>	<b>(256,985)</b>	<b>4,230,424</b>
PFI prisons and service concession arrangements accounting treatment	(3,157)	-	(3,157)
HMPPS costs where the budget is held within MoJ	719,394	(23,390)	696,004
MoJ overhead recharges	378,128	-	378,128
Capital income and expenditure	29	(1)	28
Accounting treatment of provisions (AME)	268,012	-	268,012
Other	13,713	(1,799)	11,914
<b>Total net expenditure per SoCNE</b>	<b>5,863,528</b>	<b>(282,175)</b>	<b>5,581,353</b>

## 3. Income

	2022/23	2021/22
	£'000	£'000
<b>(a) Income from contracts with customers</b>		
External sales of prison industries	5,495	4,425
Retail prison shop income	72,187	67,265
In-cell TV income	1,560	547
Healthcare funding	59,779	53,927
Running of Immigration Removal Centres	12,764	21,385
Youth remand income	29,962	32,054
Education funding	7,831	7,394
Electronic monitoring services	8,505	16,765
Estates recharges	692	22,173
Other income	18,054	11,248
<b>Total income from contracts with customers</b>	<b>216,829</b>	<b>237,183</b>
<b>(b) Other operating income</b>		
European Social Fund and other European funding	32,821	41,539
Rental income	2,091	3,453
<b>Total other operating income</b>	<b>34,912</b>	<b>44,992</b>
<b>Total operating income</b>	<b>251,741</b>	<b>282,175</b>

Income from contracts with customers includes sales to prisoners through the prison shop, healthcare funding and youth remand income.

Income in respect of services rendered is recovered in line with the related service level agreement on a full cost basis.

## 4. Expenditure

### 4a Staff numbers and related costs

Staff numbers and further details of related costs, including exit packages, are reported in the Remuneration and Staff report on pages 119 to 140.

	2022/23	2021/22
	£'000	£'000
Permanent staff – wages and salaries	2,095,242	1,870,650
Permanent staff – social security costs	234,836	190,311
Permanent staff – pension costs	635,239	597,768
Agency staff costs	58,491	49,967
Departures and severance payments	22,166	15,179
Inward secondments	14,755	16,943
<b>Sub-total</b>	<b>3,060,729</b>	<b>2,740,818</b>
Recoveries in respect of outward secondments	(6,397)	(7,084)
<b>Total net costs</b>	<b>3,054,332</b>	<b>2,733,734</b>

### 4b Purchase of goods and services

	2022/23	2021/22
	£'000	£'000
PFI prison service charges and managed prison charges	533,433	489,810
Service Concession Arrangements charges for prisoner escorting and custody services	136,587	128,531
Electronic monitoring	59,483	55,619
Contracted probation services (incl legacy Community Rehabilitation Companies)	69,876	179,462
Accommodation, maintenance and utilities	603,472	568,789
Offender-related costs	421,708	402,447
Offender learning	143,009	125,162
Secure children's homes	25,974	28,059
Secure training centres	19,735	24,744
IT services and telecommunications	32,934	39,530
Training and other staff-related costs	30,491	30,602
Travel, subsistence and hospitality	42,353	27,530
Professional services	45,490	47,565
Communications, office supplies and services	16,467	16,407
Compensation costs	(22,372)	32,594
Other costs	42,595	47,542
<b>Total purchase of goods and services</b>	<b>2,201,235</b>	<b>2,244,393</b>

Offender-related costs includes offender food, clothing, cleaning equipment, prisoner earnings and prison shop cost of sales.

#### 4c Depreciation, amortisation and impairment charges

		2022/23	2021/22
	Notes	£'000	£'000
Depreciation – Property, plant and equipment	5	368,114	315,664
Depreciation – Right of use assets	7	27,074	20,917
Amortisation – Intangible assets	6	9,717	9,912
Impairment charge/(reversal) – Property, plant and equipment	5	(1,485)	95,736
Impairment charge/(reversal) – Right of use asset	7	287	(50)
Impairment charge/(reversal) – Intangible assets	6	242	-
Impairment charge/(reversal) – Assets held for sale	8	-	-
Impairment charge/(reversal) – Trade and other receivables	10	(98)	(1,282)
<b>Total depreciation, amortisation and impairment charges</b>		<b>403,851</b>	<b>440,897</b>

#### 4d Notional expenditure

	2022/23	2021/22
	£'000	£'000
MoJ overhead recharges	452,264	378,128
Net (profit)/loss on disposal of assets	1,379	940
Capital grant in kind	5,250	-
External auditor's remuneration	380	330
<b>Total other non-cash expenditure</b>	<b>459,273</b>	<b>379,398</b>

##### MoJ overhead recharges

The MoJ overhead recharges represent the costs of services shared with MoJ including estates, digital technology, finance, HR, communications, analytical services, shared services and commercial and contract management.

##### External auditor's remuneration

The costs of the audit performed by the NAO on behalf of the Comptroller and Auditor General are recognised as a non-cash charge. During the year, HMPPS did not purchase any non-audit services. The cost for the audit of the HMPPS Annual Report and Accounts for 2022/23 was £380,000 (2021/22: £330,000).

## 4e Finance expense

		2022/23	2021/22
	Notes	£'000	£'000
Interest on LGPS pensions	18	45,270	49,380
Unwinding of discount on provisions	13	(3,388)	2,175
<b>Total non-cash finance expense</b>		<b>41,882</b>	<b>51,555</b>
Finance charge on PFI	14c	10,906	12,656
Finance charge IFRS16	7	1,362	895
<b>Total cash finance expense</b>		<b>12,268</b>	<b>13,551</b>
<b>Total finance expense</b>		<b>54,150</b>	<b>65,106</b>

## 5. Property, plant and equipment

	Land	Buildings	Dwellings	Information Technology	Plant and Equipment	Furniture, Fixtures and Fittings	Payments on Account and Assets under Construction	Total
2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
<b>At 1 April 2022</b>	<b>1,072,833</b>	<b>7,021,445</b>	<b>35,661</b>	<b>279,311</b>	<b>423,457</b>	<b>16,317</b>	<b>925,386</b>	<b>9,774,410</b>
Additions	-	18,583	-	28,637	13,178	(141)	914,206	974,463
Disposals	(5,201)	(281)	-	-	(13,207)	(34)	-	(18,723)
Transfers	-	957	-	25,958	(14)	-	26,804	53,705
Reclassifications	(195)	282,365	(940)	10,397	18,463	2,116	(299,605)	12,601
Impairments	(287)	9,297	-	166	(171)	-	(7,521)	1,484
Revaluations	13,053	239,030	(7,580)	7,883	47,019	1,806	-	301,211
<b>At 31 March 2023</b>	<b>1,080,203</b>	<b>7,571,396</b>	<b>27,141</b>	<b>352,352</b>	<b>488,725</b>	<b>20,064</b>	<b>1,559,270</b>	<b>11,099,151</b>
<b>Depreciation</b>								
<b>At 1 April 2022</b>	<b>-</b>	<b>(307)</b>	<b>(13)</b>	<b>(224,700)</b>	<b>(254,986)</b>	<b>(12,688)</b>	<b>-</b>	<b>(492,694)</b>
Charged in year	-	(310,365)	(477)	(22,575)	(33,820)	(876)	-	(368,113)
Disposals	-	-	-	-	11,910	34	-	11,944
Transfers	-	-	-	-	7	-	-	7
Reclassifications	-	(242)	5	-	(1)	1	-	(237)
Revaluations	-	310,063	484	(5,597)	(32,885)	(1,343)	-	270,722
<b>At 31 March 2023</b>	<b>-</b>	<b>(851)</b>	<b>(1)</b>	<b>(252,872)</b>	<b>(309,775)</b>	<b>(14,872)</b>	<b>-</b>	<b>(578,371)</b>
<b>Carrying value</b>								
<b>At 31 March 2023</b>	<b>1,080,203</b>	<b>7,570,545</b>	<b>27,140</b>	<b>99,480</b>	<b>178,950</b>	<b>5,192</b>	<b>1,559,270</b>	<b>10,520,780</b>
<b>At 31 March 2022</b>	<b>1,072,833</b>	<b>7,021,138</b>	<b>35,648</b>	<b>54,611</b>	<b>168,471</b>	<b>3,629</b>	<b>925,386</b>	<b>9,281,716</b>

	Land	Buildings	Dwellings	Information Technology	Plant and Equipment	Furniture, Fixtures and Fittings	Payments on Account and Assets under Construction	Total
2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Asset financing:</b>								
Owned	937,153	5,861,654	27,140	99,480	132,679	5,192	1,559,270	8,622,568
On-balance sheet (SoFP) PFI and other service concession arrangement contracts	143,050	1,708,891	-	-	46,271	-	-	1,898,212
<b>At 31 March 2023</b>	<b>1,080,203</b>	<b>7,570,545</b>	<b>27,140</b>	<b>99,480</b>	<b>178,950</b>	<b>5,192</b>	<b>1,559,270</b>	<b>10,520,780</b>

## Non-operational assets

Included in the carrying values above are 69 non-operational sites with a combined value of £23.1 million (2021/22: 70 non-operational sites with a combined value of £40.2 million). These sites are vacant, but do not yet meet the criteria for classification as assets held for sale.

## Reclassification as assets held for sale

Properties with a total carrying value of £4.5 million were reclassified to assets held for sale in 2022/23 (2021/22: £7.5 million).

## Assets operated under Manage and Maintain contracts

Six prisons are run by private sector operators under manage and maintain contracts. Assets covered by these contracts were reported as 'Owned' in prior years but have been reclassified to 'On-balance sheet (SoFP) PFI and other service concession arrangement contracts' in accordance with IFRIC 12 Service Concession Arrangements for 22/23 and the 21/22 balances restated.

## Property, plant and equipment (continued)

	Land	Buildings	Dwellings	Information Technology	Plant and Equipment	Furniture, Fixtures and Fittings	Payments on Account and Assets under Construction	Total
2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
<b>Balance at 1 April 2021</b>	<b>983,993</b>	<b>6,386,156</b>	<b>25,023</b>	<b>249,662</b>	<b>373,774</b>	<b>12,296</b>	<b>853,168</b>	<b>8,884,072</b>
Additions	-	86,906	-	16,729	65,301	330	649,764	819,030
Disposals	-	-	-	(83)	(14,495)	(117)	-	(14,695)
Transfers	-	24	-	-	(25)	-	5,177	5,176
Reclassifications	(8,019)	526,474	6,838	20,384	15,052	3,379	(582,191)	(18,083)
Impairments	434	(56,969)	-	(3,974)	(34,707)	-	(532)	(95,748)
Revaluations	96,425	78,854	3,800	(3,407)	18,557	429	-	194,658
<b>At 31 March 2022</b>	<b>1,072,833</b>	<b>7,021,445</b>	<b>35,661</b>	<b>279,311</b>	<b>423,457</b>	<b>16,317</b>	<b>925,386</b>	<b>9,774,410</b>
<b>Depreciation</b>								
<b>At 1 April 2021</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(218,374)</b>	<b>(226,541)</b>	<b>(11,944)</b>	<b>-</b>	<b>(456,860)</b>
Charged in year	-	(276,554)	(786)	(9,447)	(28,343)	(534)	-	(315,664)
Disposals	-	-	-	72	13,821	117	-	14,010
Reclassifications	-	71	3	-	-	-	-	74
Impairments	-	-	-	-	9	2	-	11
Revaluations	-	276,176	771	3,049	(13,932)	(329)	-	265,735
<b>At 31 March 2022</b>	<b>-</b>	<b>(307)</b>	<b>(13)</b>	<b>(224,700)</b>	<b>(254,986)</b>	<b>(12,688)</b>	<b>-</b>	<b>(492,694)</b>
<b>Carrying value</b>								
<b>At 31 March 2022</b>	<b>1,072,833</b>	<b>7,021,138</b>	<b>35,648</b>	<b>54,611</b>	<b>168,471</b>	<b>3,629</b>	<b>925,386</b>	<b>9,281,716</b>
<b>At 31 March 2021</b>	<b>983,993</b>	<b>6,386,156</b>	<b>25,022</b>	<b>31,288</b>	<b>147,233</b>	<b>352</b>	<b>853,168</b>	<b>8,427,212</b>

	Land	Buildings	Dwellings	Information Technology	Plant and Equipment	Furniture, Fixtures and Fittings	Payments on Account and Assets under Construction	Total
2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Asset financing:</b>								
Owned (restated)	931,173	5,466,458	35,648	54,611	119,612	3,629	925,386	7,536,517
On-balance sheet (SoFP) PFI and other service concession arrangement contracts (restated)	141,660	1,554,680	-	-	48,859	-	-	1,745,199
<b>At 31 March 2022</b>	<b>1,072,833</b>	<b>7,021,138</b>	<b>35,648</b>	<b>54,611</b>	<b>168,471</b>	<b>3,629</b>	<b>925,386</b>	<b>9,281,716</b>

## 6. Intangible assets

	Software	Licences	Payments on Account and Assets under Construction	Total
2022/23	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
<b>At 1 April 2022</b>	<b>351,961</b>	<b>20,691</b>	<b>11</b>	<b>372,663</b>
Additions	2,477	1	10,284	12,762
Disposals	-	-	-	-
Reclassifications	-	-	(12)	(12)
Revaluations	9,464	582	-	10,046
Transfers	-	-	800	800
Impairments	100	-	(342)	(242)
<b>At 31 March 2023</b>	<b>364,002</b>	<b>21,274</b>	<b>10,741</b>	<b>396,017</b>
<b>Amortisation</b>				
<b>At 1 April 2022</b>	<b>(316,009)</b>	<b>(19,109)</b>	<b>-</b>	<b>(335,118)</b>
Charged in year	(9,491)	(226)	-	(9,717)
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	(8,807)	(544)	-	(9,351)
Transfers	-	-	-	-
<b>At 31 March 2023</b>	<b>(334,307)</b>	<b>(19,879)</b>	<b>-</b>	<b>(354,186)</b>
<b>Carrying value</b>				
<b>At 31 March 2023</b>	<b>29,695</b>	<b>1,395</b>	<b>10,741</b>	<b>41,831</b>
<b>At 31 March 2022</b>	<b>35,952</b>	<b>1,582</b>	<b>11</b>	<b>37,545</b>
Asset financing	-	-	-	-
Owned	29,695	1,395	10,741	41,831
<b>At 31 March 2023</b>	<b>29,695</b>	<b>1,395</b>	<b>10,741</b>	<b>41,831</b>

At 31 March 2023 and 31 March 2022 there were no individually material intangible assets.

## Intangible assets (continued)

	Software	Licences	Payments on Account and Assets under Construction	Total
2021/22	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
<b>At 1 April 2021</b>	<b>351,954</b>	<b>19,243</b>	<b>-</b>	<b>371,197</b>
Additions	144	1,583	469	2,196
Disposals	-	-	-	-
Reclassifications	4,640	-	(4,701)	(61)
Revaluations	(4,777)	(135)	-	(4,912)
Transfers	-	-	4,243	4,243
<b>At 31 March 2022</b>	<b>351,961</b>	<b>20,691</b>	<b>11</b>	<b>372,663</b>
<b>Amortisation</b>				
<b>At 1 April 2021</b>	<b>(310,565)</b>	<b>(19,063)</b>	<b>-</b>	<b>(329,628)</b>
Charged in year	(9,731)	(181)	-	(9,912)
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	4,287	135	-	4,422
Transfers	-	-	-	-
<b>At 31 March 2022</b>	<b>(316,009)</b>	<b>(19,109)</b>	<b>-</b>	<b>(335,118)</b>
<b>Carrying value</b>				
<b>At 31 March 2022</b>	<b>35,952</b>	<b>1,582</b>	<b>11</b>	<b>37,545</b>
<b>At 31 March 2021</b>	<b>41,389</b>	<b>180</b>	<b>-</b>	<b>41,569</b>
Asset financing	-	-	-	-
Owned	35,952	1,582	11	37,545
<b>At 31 March 2022</b>	<b>35,952</b>	<b>1,582</b>	<b>11</b>	<b>37,545</b>

## 7. Leases

Right of use lease asset	2022/23		2021/22	
	Land & Buildings	Total	Land & Buildings	Total
Cost or valuation	£'000	£'000	£'000	£'000
<b>Opening balance at 1 April</b>	<b>152,518</b>	<b>152,518</b>	<b>109,949</b>	<b>109,949</b>
Additions	74,671	74,671	44,246	44,246
Disposals	-	-	-	-
Reclassifications	(17,150)	(17,150)	(559)	(559)
Revaluations	(53)	(53)	(1,168)	(1,168)
Impairments	(287)	(287)	50	50
Transfers	-	-	-	-
<b>At 31 March</b>	<b>209,699</b>	<b>209,699</b>	<b>152,518</b>	<b>152,518</b>
<b>Depreciation</b>				
<b>At 1 April</b>	<b>(20,316)</b>	<b>(20,316)</b>	<b>-</b>	<b>-</b>
Charged in year	(27,073)	(27,073)	(20,917)	(20,917)
Disposals	195	195	-	-
Reclassifications	335	335	20	20
Revaluations	4,486	4,486	581	581
Transfers	-	-	-	-
<b>At 31 March</b>	<b>(42,373)</b>	<b>(42,373)</b>	<b>(20,316)</b>	<b>(20,316)</b>
<b>Net RoU assets</b>	<b>167,326</b>	<b>167,326</b>	<b>132,202</b>	<b>132,202</b>

## Lease Liabilities

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below. The cash flows and balances are presented net of irrecoverable VAT.

	31 March 2023			31 March 2022		
	Gross £'000	Interest £'000	Net £'000	Gross £'000	Interest £'000	Net £'000
<b>Amounts falling due:</b>						
Not later than one year	21,534	(1,590)	19,944	19,637	(895)	18,742
Later than one year but not later than five years	68,640	(7,029)	61,611	56,450	(2,286)	54,164
Later than five years	95,351	(16,400)	78,951	38,945	(1,445)	37,500
	<b>185,525</b>	<b>(25,019)</b>	<b>160,506</b>	<b>115,032</b>	<b>(4,626)</b>	<b>110,406</b>
Less: interest element	(25,019)			(4,626)		
<b>Present value of obligations</b>	<b>160,506</b>			<b>110,406</b>		
Current			19,944			18,742
Non-Current			140,562			91,664
<b>Present value of obligations</b>			<b>160,506</b>			<b>110,406</b>

## Amounts recognised in the Statement of Comprehensive Net Expenditure

	31 March 2023	31 March 2022
	£'000	£'000
Depreciation charge	27,073	20,917
Interest expense	1,362	895
Short term leases	43	775
Low value asset leases (excl short term leases)	13	150
Licenses not capitalised	1,254	-
<b>Total</b>	<b>29,745</b>	<b>22,737</b>

## Amounts recognised in the Statement of Cash Flows

	31 March 2023	31 March 2022
	£'000	£'000
Interest expense	1,362	895
Repayment of principal on leases	18,990	20,004
<b>Total</b>	<b>20,352</b>	<b>20,899</b>

## 8. Assets held for sale

	31 March 2023	31 March 2022
	£'000	£'000
<b>Cost or valuation</b>		
<b>At 1 April</b>	<b>6,174</b>	<b>9,107</b>
Reclassifications	4,464	(1,322)
Disposals	(1,014)	(1,588)
Impairments	-	-
Revaluations	(509)	(23)
<b>At 31 March</b>	<b>9,115</b>	<b>6,174</b>

HMPPS has committed to a plan to sell various surplus properties, which are to be sold for commercial use and domestic dwellings. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification as an asset held for sale.

## 9. Inventories

	31 March 2023	31 March 2022
	£'000	£'000
<b>Industries and farms</b>		
Raw materials	26,889	22,797
Work-in-progress	2,225	2,040
Finished goods	2,354	1,813
	<b>31,468</b>	<b>26,650</b>
Consumables	33,706	28,439
<b>Total inventories</b>	<b>65,174</b>	<b>55,089</b>

## 10. Trade receivables

	31 March 2023	31 March 2022
	£'000	£'000
Trade receivables	26,403	25,160
Other receivables	43,877	51,557
VAT receivables	48,235	37,046
Intra-departmental receivables	10,502	18,840
Prepayments	13,056	11,610
Accrued income	23,856	32,015
<b>Total trade and other receivables</b>	<b>165,929</b>	<b>176,228</b>

## 11. Cash and cash equivalents

	31 March 2023	31 March 2022
	£'000	£'000
Balance at 1 April	29,283	31,157
Net change in cash and cash equivalents	31,110	(1,874)
<b>Balance at 31 March</b>	<b>60,393</b>	<b>29,283</b>
<b>The following balances at 31 March were held at:</b>		
Government Banking Service	59,094	28,070
Commercial banks and cash in hand	1,299	1,213
<b>Cash at bank and in hand</b>	<b>60,393</b>	<b>29,283</b>

### Third party monies

At 31 March 2023, HMPPS held cash of £14.4 million (£15.0 million at 31 March 2022) on behalf of offenders. As this cash belongs to third parties, the balance is not included in the SoFP in these accounts.

## 12. Trade and other payables

### 12a. Amounts falling due within one year

	31 March 2023	31 March 2022
	£'000	£'000
Trade payables	74,040	50,584
Taxation and social security	54,911	48,952
Other payables	53,735	46,481
Intra-departmental payables	109,818	106,656
Accruals	541,789	538,795
Deferred income	30,748	31,983
	<b>865,041</b>	<b>823,451</b>

### 12b. Amounts falling due after more than one year

	31 March 2023	31 March 2022
	£'000	£'000
Local authority loan balances	324	499
	<b>324</b>	<b>499</b>

## 13. Provisions for liabilities and charges

				31 March 2023	31 March 2022
	Leasehold property dilapidations	Injury benefit scheme	Litigation and other provisions	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>48,437</b>	<b>164,774</b>	<b>62,580</b>	<b>275,791</b>	<b>270,376</b>
Provided in year	5,119	1,732	38,081	44,932	50,370
Provisions not required written back	(957)	(51,881)	(15,333)	(68,171)	(19,503)
Provisions utilised in year	(1,506)	(6,097)	(21,167)	(28,770)	(27,627)
Unwinding of discount	-	-	(3,388)	(3,388)	2,175
<b>Balance at 31 March</b>	<b>51,093</b>	<b>108,528</b>	<b>60,773</b>	<b>220,394</b>	<b>275,791</b>

### Analysis of expected timing of discounted cash flows

				31 March 2023	31 March 2022
	Leasehold property dilapidations	Injury benefit scheme	Litigation and other provisions	Total	Total
	£'000	£'000	£'000	£'000	£'000
Not later than one year	10,241	5,962	21,544	<b>37,747</b>	<b>24,395</b>
Later than one year but not later than five years	8,650	21,938	33,952	<b>64,540</b>	<b>95,239</b>
Later than five years	32,202	80,628	5,277	<b>118,107</b>	<b>156,157</b>
<b>Balance at 31 March</b>	<b>51,093</b>	<b>108,528</b>	<b>60,773</b>	<b>220,394</b>	<b>275,791</b>

### Leasehold property dilapidations

Dilapidation costs are an estimate of the expenditure required to return vacated leased properties to their original condition. The movement in year is as a result of:

- updated information relating to property vacations
- new properties leased during the year
- leases terminated during the year
- changes in SQM rate assumptions

The key assumption used in calculating the dilapidation provision is the rate per square metre for each of the three assumed lease types which are set by building surveyors. These are reviewed and updated bi-annually, using their expert knowledge to reflect changes in the rate.

For sensitivity purposes, we have calculated the percentage change in value of the dilapidation provision based on various changes in the SQM rate.

% change in SQM rate	Change in dilapidation value (£000)	Change in dilapidation %
+ 5%	904	1.77%
- 5%	(73)	(0.14%)

## Civil Service Injury Benefits Scheme provisions

From 1 April 1998, HMPPS is required to pay benefits under the Civil Service Injury Benefits Scheme. The scheme pays benefits to any PCS member who suffers disease or injury, which is wholly or partially attributable to the nature of the duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum of 85% of pensionable earnings.

One of the key assumptions used in calculating the provision is the discount rate used to place a present value on projected future cashflows. The discount rates are prescribed by HM Treasury and are therefore outside the formal control of HMPPS.

The Injury Benefit provision is sensitive to the change in discount rate which takes the time value of money into account in the annuity rates used in the calculation. The discount rate is one factor used in the calculation of an annuity rate, along with others such as life expectancy. There was a large increase in discount rate prescribed by HM Treasury in 2022/23, from -1.30% to 1.70%, which in turn reduced the annuity rate used in the calculation. This has decreased the provision by £60.3m. Although it has had a material effect on the value of the provision, it is a movement in the valuation of the liabilities, rather than a change in what is being provided for.

Mortality assumptions are derived by the Government Actuary Department in line with the population within the Injury Benefit membership. For sensitivity purposes, we estimate that a one-year decrease in life expectancy, results in the annuity rate being slightly lower, with the reduction of up to 0.5. For 2022/23, a one-year decrease in member life expectancy would decrease the liability by £2.8m or 3%.

## Litigation and other provisions

Litigation provisions of £59.2 million<sup>11</sup> (2021/22: £55.4 million) comprise legal claims against HMPPS and reflect all known claims where legal advice indicates that it is more likely than not that the claim will be successful, and the amount of the claim can be reliably estimated.

Legal claims which are likely to succeed with a lesser degree of certainty or cannot be estimated reliably are disclosed as contingent liabilities in Note 17.

Provisions for six cases which have resulted in annuities arising from litigation are discounted using the HMT rates as payments are due over a number of years – more than 20 years in some cases. The change in the discount rate prescribed by HM Treasury, does not have a material effect on the litigation provision balance given the low number of annuity cases.

Other general litigation provisions are not discounted, on the basis that the potential discounting on claims that could continue for longer than twelve months is uncertain and is not material.

The nature of these claims results in inherent uncertainty in the estimation assumptions used to provide for such cases. The significant estimations and judgements required for the calculation of this provision are the likely finding in each litigation case, the timeframe in which it is likely to be resolved, and the value of any compensation which will be due to the claimant. In order to manage the risk inherent in these judgements, cases are reviewed frequently and on an individual basis to ensure that legal experts can attribute specific scenarios to those evidenced in each case. They use their expertise to provide timeframes on settling each claim, but this is a best estimate and progress on each claim may differ as new evidence becomes available and values change to reflect this.

As a result, we do not consider there to be any meaningful sensitivity analysis that would provide further insight on the above claims as there are no common underlying assumptions across the claims.

<sup>11</sup> Opening and closing balances include the life-cycle value for annuities, which is separate from the extracted litigation provisions total.

## 14. Commitments under PFI contracts and other service concession arrangements

### 14a. On-balance sheet (SoFP) PFI contracts and other service concession arrangements

Project name	Contract start date	Duration (years)	Description
<b>PFI Contracts</b>			
HMP Altcourse	December 1997	25	Design, build, finance and operate an 800-place category B prison at HMP Altcourse
HMP Ashfield	November 1999	25	Design, build, finance and operate a 400-place young offenders and juveniles category B prison at Pucklechurch, near Bristol; converted in 2013 to hold adult offenders
HMP Forest Bank	January 2000	25	Design, build, finance and operate an 800-place category B prison HMP Forest Bank, on site of the former Agcroft power station
HMP Rye Hill	January 2001	25	Design, build, finance and operate a 600-place category B prison HMP Rye Hill at Onley, near Rugby
HMP Dovegate	July 2001	25	Design, build, finance and operate a 1,060-place category B prison and therapeutic community facility at HMP Dovegate, Marchington
HMP Bronzefield	June 2004	25	Design, build, finance and operate a 500-place category B prison at Ashford in Middlesex
HMP Peterborough	March 2005	25	Design, build, finance and operate an 840-place category B prison at Peterborough in Cambridgeshire
HMP Thameside	March 2012	25	Design, build, finance and operate a 900-place category B prison at Woolwich in London
Oakhill Secure Training Centre	May 2004	25	Design, construct and manage a secure training centre, located in Oakhill, Milton Keynes
Prison Escort Custody Service	August 2020	10	The supply and running of prison vans and escorts
<b>Other service concession arrangements</b>			
HMP Doncaster	October 2011	15	Manage and maintain a 1,145-place category B prison at Doncaster in South Yorkshire
HMP Oakwood	April 2012	15	Manage and maintain a 2,100-place category C prison at Featherstone in the West Midlands
HMP Northumberland	December 2013	15	Manage and maintain a 1,348-place category C prison at Morpeth in Northumberland
HMP Five Wells	November 2020	10	Manage and maintain a 1,680-place category C prison at Wellingborough in Northampton
HMP&YOI Parc	December 2022	10	Manage and maintain a 1,652-place category B prison and 60 place young offenders' institution at Bridgend in South Wales

Project name	Contract start date	Duration (years)	Description
HMP Lowdham Grange	February 2023	10	Manage and maintain a 920-place category B prison at Lowdham in Nottingham

Six prisons are run by private sector operators under Manage and Maintain contracts. Assets covered by these contracts were reported as 'Owned' in prior years but have been reclassified to 'On-balance sheet (SoFP) PFI and other service concession arrangement contracts' in accordance with IFRIC 12 Service Concession Arrangements

## 14b. Commitments under PFI and other service concession contracts

Details of the imputed finance lease charges under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2023	31 March 2022
	£'000	£'000
Rentals due not later than one year	36,539	40,405
Rentals due later than one year but not later than five years	128,942	135,024
Rentals due later than five years	121,786	152,244
	<b>287,267</b>	<b>327,673</b>
Less: interest element	(58,925)	(69,791)
<b>Present value of obligations</b>	<b>228,342</b>	<b>257,882</b>

The present value of liabilities under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2023	31 March 2022
	£'000	£'000
Rentals due not later than one year	26,910	29,540
Rentals due later than one year and not later than five years	100,988	103,071
Rentals due later than five years	100,444	125,271
<b>Present value of obligations</b>	<b>228,342</b>	<b>257,882</b>

Details of the minimum service charge under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2023	31 March 2022 (restated)
	£'000	£'000
Not later than one year	650,502	627,963
Later than one year but not later than five years	2,165,432	1,862,453
Later than five years	1,503,505	1,158,344
<b>Total service element</b>	<b>4,319,439</b>	<b>3,648,760</b>

Future commitments are estimates based on assumptions, using the best information available.

Amounts due under Manage and Maintain contracts in relation to certain privately managed prisons were disclosed in note 15 in prior years. These commitments have been reclassified to be disclosed as SCAs to better reflect the underlying nature of the contracts, in accordance with IFRIC 12 Service Concession Arrangements. Prior year figures have been restated for consistency. These contracts have no capital element and therefore no associated liability or finance charge, and so do not impact the first two tables in Note 14b.

## 14c. Charge to the Consolidated Statement of Comprehensive Net Expenditure

The total amount charged in the SoCNE in respect of on-balance sheet (SoFP) PFI and other service concession arrangements transactions was £697.5 million for the year to 31 March 2023 (2021/22: £643.9 million, restated to include amounts paid under Manage and Maintain contracts). Of this total, the service element was £686.6m million (2021/22: £631.5 million, restated) and the interest charges were £10.9 million (2021/22: £12.4 million).

## 15. Other financial commitments

	31 March 2023	31 March 2022 (restated)
	£'000	£'000
Not later than one year	62,393	173,407
Later than one year but not later than five years	25,836	51,234
Later than five years	-	-
<b>Total other financial commitments</b>	<b>88,229</b>	<b>224,641</b>

The 31 March 2022 figures have been restated to exclude the commitments under Manage and Maintain contracts which are now disclosed within Note 14b.

## 16. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not included in these financial statements is as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Property, plant and equipment	525,345	122,069
<b>Total capital commitments</b>	<b>525,345</b>	<b>122,069</b>

## 17. Contingent liabilities

HMPPS faces claims amounting to £45 million (2021/22: £113.9 million) for injury to staff, prisoners and the public and for third party contract disputes where the likelihood of a liability arising is deemed possible but not likely or not reliably measurable. Other claims where it is more likely than not that a liability will arise have been provided for in the accounts, see Note 13. Remote contingent liabilities reported to Parliament are disclosed in the Accountability Report on page 141.

## 18. Pensions

Staff costs in Note 4(a) include the cost of pension contributions made by HMPPS.

19 individuals retired early on ill health grounds (2021/22: 16). The total additional accrued pension liabilities in the year amounted to £0.2 million (2021/22: £0.1 million).

### Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘Alpha’ – are unfunded, multi-employer defined benefit schemes. HMPPS is unable to identify its share of the underlying assets and liabilities. Civil service pension schemes are accounted for as defined contribution plans as a result. The scheme actuary valued the PCSPS at 31 March 2016. Details can be found at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

For the year to 31 March 2023, employer’s contributions of £371.7 million were payable to the PCSPS (2021/22: £337.2 million) at rates in the range of 26.6% to 30.3% (2021/22: 26.6% to 30.3%) of pensionable pay (34.1% for prison officer grades with reserved rights based on salary bands (2021/22: 34.1%)).

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

### Partnership pension accounts

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers’ contributions of £1.3 million (2021/22: £1.2 million) were paid to one or more of the panels of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2021/22: 8% to 14.75%) of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0.04 million, 0.5% of pensionable pay, (2021/22: £0.04 million, 0.5%) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service

or ill health retirement of these employees. There were contributions due of £0.1 million and no contributions prepaid to the partnership pension providers at 31 March 2023.

### National Employment Savings Trust (NEST) Defined Contribution Pension Scheme

Under the government’s policy of ‘Workplace Pensions’, all workers who meet the minimum requirements for auto enrolment must be enrolled into a pension scheme by their employer.

NEST Defined Contribution Scheme is offered to individuals working in HMPPS who are not civil servants and are therefore not eligible to join the Civil Service Pension Scheme (Public Sector Prisons/HQ prison staff) or the Local Government Pension Scheme (Probation Service staff). This covers those working on a sessional/fee paid basis who are on a contract of services and not a contract of employment.

The NEST scheme is run by the NEST Corporation, a non-departmental public body. It is accountable to Parliament through the Department for Work and Pensions and is independent of government in its day-to-day decisions.

Pension contributions are based on a pensionable pay range, of between £6,240 and £50,270 (2021/22: £6,240 and £50,270). A minimum pension contribution is not mandatory for pensionable pay below £6,240 (2021/22: £6,240). Minimum contributions for 2022/23 were 8% in total: 3% by employers and 4% by employees, with 1% through tax relief from government (2021/22: 3% by employers and 4% by employees, with 1% through tax relief from government). For the year to 31 March 2023, employer contributions of £0.03 million were paid (2021/22: £0.04 million).

### Local Government Pension Scheme

HMPPS offers retirement benefits within the Local Government Pension Scheme (LGPS) to probation staff working within the Probation Service (PS).

With effect from 1 June 2014, HMPPS is responsible for the overall pension liability for past and present LGPS employees employed in the Probation Service (formally the NPS), including the former Probation Trusts and the former Community Rehabilitation Companies (CRCs) (and their sub-contracted bodies) and with effect from 26 June

2021, the current LGPS employees within the outsourced Community Rehabilitation Service (CRS) providers. The total net pension position is recorded within the HMPPS accounts below. The contracts with the CRS providers (and previously with the CRCs) were designed so that the CRSs paid a fixed fee with the pension liability risk remaining with HMPPS.

The total LGPS pension liability transferred to HMPPS on 1 June 2014, under absorption accounting and the Transforming Rehabilitation Programme, which saw the creation of CRCs and NPS. Up to 31 May 2014, 35 Probation Trusts accounted for their pension liability separately via locally administered pension funds. Under the Transforming Rehabilitation Programme, the Probation Trusts were dissolved and the NPS (within HMPPS) and the outsourced CRCs were created on 1 June 2014. At this point, the CRCs became LGPS Admitted Bodies under the responsibility of HMPPS who became the LGPS scheme employer.

Past employees of the Probation Trusts, and LGPS probation staff who transferred to CRCs and HMPPS NPS are covered by the provisions of LGPS via one pension fund, Greater Manchester Pension Fund (GMPF), administered by their local authority council, Tameside Metropolitan Borough Council. The assets and liabilities from the former Probation Trust's own pension funds were transferred to GMPF.

With effect from 25 June 2021, the contracts with the CRCs ended and the majority of LGPS employees transferred into the Probation Service within HMPPS, with a few remaining LGPS employees transferred to 13 of the new outsourced CRS providers. The 13 CRS providers became LGPS admitted bodies, under the responsibility of HMPPS as the scheme employer. The total pension obligation will continue to be the responsibility of HMPPS and will be reported in the HMPPS annual report and accounts.

The LGPS is a statutory scheme primarily governed by the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. These are subject to amendment over time. The LGPS is a funded, multi-employer defined benefit scheme. HMPPS recognises an LGPS pension scheme liability in these accounts, in accordance with IAS 19.

A liability arises as employees earn their future entitlement to payments when they retire. The pension fund is subject to an independent triennial

actuarial valuation to determine each employer's contribution rate. The contribution rates reflect benefits as they are accrued and reflect the past experience of the schemes.

The LGPS provides benefits on a 'final salary' basis, up to 31 March 2014, at a normal retirement age of 65. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay for every year of total membership is payable on retirement. Benefits accrued at the rate of 1/60th of pensionable salary for service from 1 April 2008 to 31 March 2014 with no automatic lump sum.

From 1 April 2014, the scheme provides benefits on a career average revalued earnings (CARE) basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service. The scheme permits employees to take a lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 12.5% of pensionable earnings. Member contributions changed from 1 April 2014 and benefits accrued from this date are on a CARE basis, with protections in place for those members in the scheme before the changes took effect.

For the year to 31 March 2023, HMPPS paid employers' contributions of £174.7 million to GMPF, relating to current probation staff, at 29.6% (2021/22: £145.6 million at 29.6%). The increase in contributions paid is due to the former CRC employees transferring into HMPPS on 26 June 2021 and joining the LGPS.

Following the 2019 Triennial Valuation, the Probation Service employer contribution rates for 2021/22 to 2022/23 were 29.6%. Under the 2022 Triennial Valuation, the probation employer contribution rates for 2023-24 to 2025-26 will reduce to 26.5%.

The pension position as at 31 March 2023, as detailed below, is based on the actuarial report from Hymans Robertson LLP, the independent actuary for GMPF, in compliance with IAS 19. There were no plan curtailments or settlements during the year.

Full details of GMPF's Investment Strategy Statement, Funding Strategy Statement, including its annual report and financial statements, and responsibilities of the GMPF Management Panel can be found on the GMPF website: [www.gmpf.org.uk](http://www.gmpf.org.uk).

Tameside Metropolitan Borough Council is the administering authority of GMPF.

A number of assumptions are made as part of the actuarial valuation process and the major assumptions are set out in the table below. The assumptions underlying the calculation of the net pension position as at 31 March 2023 are used for accounting purposes as required under IAS 19.

## Risks associated with the fund in relation to accounting

The net pension position for 2022/23 is shown in the disclosure below. This reflects the appropriate assumptions and all assumptions remain under constant review. As the economic climate changes and more information becomes available assumptions will be updated to reflect this.

HMPPS is only liable for the pension obligations due to GMPF relating to Probation Service employees (and ultimately the CRS employees under the Secretary of State for Justice Pension Guarantee, referred to in Accounting Policies Note 1.17). HMPPS is not liable for pension obligations of other employers that participate in the LGPS with GMPF.

Should HMPPS move to another pension fund or pension scheme, an exit payment to cover the pension liability due would be determined by GMPF and their actuary. However, there are no plans to move to another pension fund or pension scheme.

## Discount rate

The discount rate is the most significant financial assumption for assessing pension obligations. An increase in the discount rate results in a decrease in the value of the pension liability for accounting purposes and vice versa. The discount rate used in these financial statements, as required by IAS 19, is based on the market yields of high-quality corporate bonds valued as at the reporting date of 31 March. Hymans' corporate bond yield curve is based on the constituents of the iBoxx AA corporate bond index. The discount rate assumptions set by the actuary are considered appropriate. The large increase in the discount rate compared to last year has resulted in a significant reduction in the pension obligations, the impact of which is discussed further below in "Accounting for a net pension surplus and asset ceiling restriction".

## Inflation

The inflation assumption is the second most significant financial assumption for assessing pension obligations and typically drives the assumption for salary growth and pension increases (to the extent they are inflation linked). A higher inflation assumption will lead to an increase in pension liabilities. The government announced the measure of Retail Price Index will change from 2030 to be in line with Consumer Prices Index including housing costs. This has been allowed for when deriving the inflation assumption. This has resulted in a decrease this year in the projection for future pension increases and salary growth, reflected in a gain in financial assumptions. However, the actual increase in pension rate from April 2023 of 10.1% has resulted in an experience loss.

## Mortality

The baseline mortality assumptions are based on analysis carried out by longevity experts Club Vita. Future life expectancy predictions use their continuous mortality investigation model. For 2022/23 the CMI 2021 model has been used, which uses more up to date longevity data, including the temporary impact of COVID-19.

## Risk mitigation strategies

The GMPF Management Panel carries out a similar role to the trustees of a pension scheme. They are key decision makers for:

- investment strategy
- monitoring investment activity and performance
- overseeing administrative activities
- guidance to officers in exercising delegated powers
- reviewing governance arrangements

Each local council within Greater Manchester is represented on the management panel, along with MoJ. There have been no concerns raised by MoJ to date on GMPF's investment or funding strategy or asset performance.

## McCloud Judgment

The December 2018 McCloud Judgment found that transitional arrangements put in place during the reform of firefighters and judges pension schemes was discriminatory on grounds of age. The government has confirmed this ruling also applies to the LGPS. Based on the findings of the Government Actuary's Department, published in June 2019 and taking account of the proposed remedial action published by HM Treasury in July 2020 in their consultation document, Hymans Robertson LLP calculated an estimated past service cost applicable to HMPPS. This resulted in an additional cost of £25.3 million, reflected in the pension liability for the 2019/20 accounts.

The government response to the consultation for unfunded pension schemes was published in February 2021. On 13 May 2021, a written Ministerial Statement on McCloud and LGPS was made. Further information can be found at <https://questions-statements.parliament.uk/written-statements/detail/2021-05-13/hcws26>. For the 2022 valuation, McCloud liabilities were included as set out in DLUHC 2022 valuation letter. A further government response was made on 6 April 2023 in relation to McCloud and the amendments to the statutory underpin and can be found at Amendments to the Local Government Pension Scheme statutory underpin: government response – [GOV.UK](https://gov.uk). The actuary has advised that no further adjustment to the cost in the pension obligation is required for 2022/23. Further information on the

McCloud Judgment can be found at <https://www.civilservicepensionscheme.org.uk/members/your-pension/remedy>

## Accounting for a net pension surplus and asset ceiling restriction

The net pension position at 31 March 2023 was a net surplus of £456.3 million as set out in the actuary report provided by Hymans, under IAS 19.

IAS19 requires that the discount rate is determined by reference to market yields at the end of the reporting period, on high quality AA corporate bonds of a currency and duration consistent with the currency and duration of the benefit obligations. The discount rate at 31 March 2023 is much higher compared to the previous year, reflecting a higher yield on high-quality corporate bonds and significantly reducing the pension obligation. This is the primary reason for the overall net surplus at 31 March 2023.

Under the requirements of 'IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', the agency is required to consider whether it is appropriate to limit the amount of net pension surplus in the financial statements which was determined under IAS 19 if the full economic benefit cannot be obtained. IAS 19 provides a definition of an asset ceiling for these purposes as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, with the lower of the surplus and the asset ceiling being recognised. IFRIC 14 provides further guidance on calculating figures for an asset ceiling with reference to minimum funding requirements.

A refund would only be available to the agency on exiting the scheme, however participation in the current pension scheme is dictated by statute meaning an exit would rely on the occurrence of an uncertain future event not wholly within the agency's control, i.e. an act of parliament. Therefore, the agency does not have an unconditional right to a refund of the surplus.

The appropriate method is therefore to consider the economic benefit available as a contribution reduction. The agency has concluded that primary contributions to the scheme (18.1%) and those related to ill health retirements (4.3%) establish

a minimum funding requirement for future contributions under IFRIC 14. The economic benefit available as a reduction in future contributions is calculated as the sum of:

- (a) any amount that reduces future minimum funding requirement contributions for future service because the entity made a prepayment; and
- (b) the estimated future service cost less the estimated minimum funding requirement contributions that would be required for future service in those periods if there were no prepayment as described in (a).

In determining this, the agency made a number of judgments, most significantly:

- We consider it appropriate to treat the current service charge and the primary contributions as continuing in perpetuity as there is no intention to cease operations of the probation service, nor to change the pension scheme available to employees of the service
- The additional contributions to meet ill health retirement (IHR) costs are discretionary with the rate set as part of the triennial valuation. While we would anticipate continuing to fund early retirement on the grounds of ill health

via this mechanism, the financial commitment only exists for the three year period covered by the valuation. In calculating minimum funding requirements under IFRIC 14 we therefore judge the appropriate period over which to include the IHR contributions to be three years

The agency is required to make contributions of 4.1% in relation to past service. IFRIC 14 requires that to the extent that the contributions payable will not be available after they are paid into the plan, the entity shall recognise a liability when the obligation arises. We have judged that the appropriate period over which to consider the secondary contributions is 20 years as the actuarial assessment indicates that this is how long it will take for the scheme to be fully funded and for these secondary contributions to therefore end.

Annuity rates for these three time periods were provided by the scheme's actuary using the same assumptions as the IAS 19 calculation as described below.

Having applied IFRIC 14 in line with the above facts and judgments, based on the present value of expected reductions in future contributions to the plan the IAS 19 surplus of £456.3m was reduced to £199m.

## The major assumptions used by the LGPS actuary were:

	31 March 2023	31 March 2022
	%	%
Rate of increase in salaries	3.75	3.95
Rate of increase for pensions in payment and deferred pensions	2.95	3.20
Discount rate	4.75	2.70

## Mortality

Life expectancy is based on the fund's VitaCurves with improvements in line with the continuous mortality investigation (CMI) 2021 model, with a 10% weighting of 2021 and 2020 data, standard smoothing, initial adjustment of 0.25% and a long-term rate of 1.5% per year. (2021/22: life expectancy was based on the VitaCurves

with improvements in line with the continuous mortality investigation (CMI) 2021 model, with a 0% weighting of 2021 and 2020 data, standard smoothing, initial adjustment of 0.25% and a long-term rate of 1.5% pa). Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female
Current pensioners	21.3 years	24.0 years
Future pensioners*	21.9 years	25.6 years

\* Figures assume members aged 45 as at the last formal valuation date

## Movements in the LGPS defined benefit obligation during the year:

	31 March 2023			31 March 2022		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Plan assets	-	5,143,874	5,143,874	-	4,600,816	4,600,816
Funded liabilities	(6,737,883)	-	(6,737,883)	(6,969,867)	-	(6,969,867)
Unfunded liabilities	(36,834)	-	(36,834)	(40,960)	-	(40,960)
<b>Opening balance at 1 April</b>	<b>(6,774,717)</b>	<b>5,143,874</b>	<b>(1,630,843)</b>	<b>(7,010,827)</b>	<b>4,600,816</b>	<b>(2,410,011)</b>
Current service costs	(252,798)	-	(252,798)	(275,730)	-	(275,730)
Past service costs (including curtailments)	(4,695)	-	(4,695)	(3,240)	-	(3,240)
<b>Total current and past service costs</b>	<b>(257,493)</b>	<b>-</b>	<b>(257,493)</b>	<b>(278,970)</b>	<b>-</b>	<b>(278,970)</b>
<b>Net interest (cost) income</b>	<b>(184,516)</b>	<b>139,246</b>	<b>(45,270)</b>	<b>(141,598)</b>	<b>92,218</b>	<b>(49,380)</b>
<b>Remeasurements</b>						
Returns on plan assets, excluding amounts included in interest expense/(income)	-	(48,610)	(48,610)	-	424,143	424,143
Gain/(loss) from change in financial assumptions	2,603,910	-	2,603,910	498,074	-	498,074
Experience gains/(losses)	(406,774)	(70,674)	(477,448)	(12,367)	-	(12,367)
Gain/(loss) from change in demographic assumptions	149,141	-	149,141	40,708	-	40,708
Gain/(loss) due to effects of asset ceiling under IFRIC 14	-	(257,329)	(257,329)	-	-	-
<b>Total remeasurements</b>	<b>2,346,277</b>	<b>(376,613)</b>	<b>1,969,664</b>	<b>526,415</b>	<b>424,143</b>	<b>950,558</b>
<b>Contributions</b>						
Employers*	-	159,765	159,765	-	153,746	153,746
Plan participants	(34,391)	34,391	-	(33,886)	33,886	-
Unfunded benefits	-	3,159	3,159	-	3,214	3,214
<b>Payment from Plans</b>						
Benefit payments	159,982	(159,982)	-	160,935	(160,935)	-
Unfunded benefit payments	3,159	(3,159)	-	3,214	(3,214)	-
<b>Closing balance at 31 March</b>	<b>(4,741,699)</b>	<b>4,940,681</b>	<b>198,982</b>	<b>(6,774,717)</b>	<b>5,143,874</b>	<b>(1,630,843)</b>

	31 March 2023			31 March 2022		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Plan assets	-	5,198,010	5,198,010	-	5,143,874	5,143,874
Effect of asset ceiling	-	(257,329)	(257,329)	-	-	-
Funded liabilities	(4,710,429)	-	(4,710,429)	(6,737,883)	-	(6,737,883)
Unfunded liabilities	(31,270)	-	(31,270)	(36,834)	-	(36,834)
<b>Closing balance at 31 March</b>	<b>(4,741,699)</b>	<b>4,940,681</b>	<b>198,982</b>	<b>(6,774,717)</b>	<b>5,143,874</b>	<b>(1,630,843)</b>

\*£159.8 million is the actuarial calculation (based on actual and estimated amounts) of the employer contribution figure for both NPS and the 20 CRCs/13 CRSs (2021/2022: £153.7 million)

### The plan assets in the LGPS were:

	Quoted price (in active markets)	Unquoted price (not in active markets)	Value at 31 March 2023	Value as a percentage of total scheme assets at 31 March 2023	Value at 31 March 2022	Value as a percentage of total scheme assets at 31 March 2022
	£'000	£'000	£'000	%	£'000	%
Equity Securities	1,986,070	-	1,986,070	38	2,151,612	42
Debt Securities	486,096	-	486,096	9	446,376	9
Private Equity	-	388,815	388,815	7	363,409	7
Property	-	202,234	202,234	4	199,278	4
Investment Funds and Unit Trusts	865,649	1,137,285	2,002,934	39	1,822,335	35
Cash and cash equivalents	131,861	-	131,861	3	160,864	3
<b>Total plan assets</b>	<b>3,469,676</b>	<b>1,728,334</b>	<b>5,198,010</b>	<b>100</b>	<b>5,143,874</b>	<b>100</b>

## Assets with a quoted price in active markets

Assets with a quoted price in an active market are valued at their market value or observable bid price quotations.

## Private equity and investment funds and unit trusts without a quoted price in active markets

Due to the lack of a readily comparable market, the pensions scheme instructs investment managers to value unquoted equity, infrastructure and special opportunities portfolios in accordance with IFRS. The valuation basis may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, applying earnings multiples of comparable public companies to projected future cash flows, third party independent appraisals or pricing models. Many factors feed into the valuation including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends

within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. There is inherent estimation uncertainty in these valuations due to the nature of these calculations, the risk is reduced through the use of experts and ongoing review of the suitability of the estimates and assumptions made in the calculations.

## Property

Investment properties are valued on the basis of open market value and market rent in accordance with the RICS Appraisal and Valuation Manual by chartered surveyors engaged by the pension scheme. Valuations were performed as at 31 December 2022 and subsequently adjusted for transactions undertaken between 1 January and 31 March 2023. While there is inherent estimation uncertainty, this is reduced by using independent experts with the relevant experience and qualifications to perform the valuations.

## Sensitivity analysis

The actuary's assessment of the impact on LGPS pension liabilities of increases and reductions in key actuarial assumptions:

	31 March 2023		31 March 2022	
	Approximate monetary amount	Approximate increase to Employer Liability	Approximate monetary amount	Approximate increase to Employer Liability
	£000	%	£000	%
0.1% decrease in real discount rate	85,500	2	135,870	2
0.1% increase in the salary increase rate	10,681	-	14,572	-
0.1% increase in the pension increase rate	76,044	2	120,228	2

The principal demographic assumption is the mortality assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3% to 5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages). For 2022/23, a one-year increase in member life expectancy would increase the liability by 4% or £189.7 million.

## 19. Financial instruments

### Categories of financial instrument

Details of receivables, cash balances and payables can be found in Notes 10, 11 and 12.

Receivables comprise trade receivables, other receivables and accrued income that have fixed or determinable payments that are not quoted in an active market.

Receivables are assessed at each SoFP date and impaired where recoverability is in doubt.

HMPPS holds share investments of £0.4 million (2021/22: £0.4 million) in milk companies due to the milk producing prison farms run by HMPPS at HMP Usk. They are held as financial assets at fair value through profit and loss. Fair value is equal to market value at the reporting date, and the movement in the value of assets is recognised immediately in the SoCNE, as income or as an expense.

HMPPS has financial liabilities comprising PFI liabilities, finance lease liabilities, trade payables, other payables and accruals.

Financial liabilities are measured initially at fair value. Where the effect is material, estimated cash flows of financial liabilities are discounted.

### Credit risk

HMPPS is exposed to minimal credit risk as loans and receivables are comprised of trade and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor and is equal to the total amount of these outstanding. HMPPS manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship. HMPPS has no collateral to mitigate against credit risk.

### Interest rate risk

HMPPS is not exposed to significant interest rate risk. Most of the cash balances carry nil or fixed interest rates.

### Liquidity risk

HMPPS's financial liabilities are trade payables, other payables, accruals and finance leases. It is unlikely that HMPPS will encounter difficulty in meeting its obligations associated with these liabilities, as it is financed by the MoJ, whose resources and capital are voted annually by Parliament.

### Foreign currency risk

HMPPS undertakes few foreign currency transactions and is not exposed to significant exchange rate risk.

## 20. Related party transactions

HMPPS is an Executive Agency of the Ministry of Justice (MoJ), which is regarded as a related party. During the year HMPPS has had material transactions with the MoJ and other entities for which the MoJ is regarded as the parent entity.

HMPPS has also had material transactions with a number of other government departments and central government bodies. The most significant of these transactions have been with HMRC, Home Office, Department for Work and Pensions and Cabinet Office: Civil Superannuation.

In accordance with the requirements of the FReM these transactions have not been reported.

No board member, key manager or other related party has undertaken any material transactions with HMPPS during the year.

Compensation paid to management, including taxable benefits, is disclosed in the Remuneration and staff report.

## 21. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

Reinforced Autoclaved Aerated Concrete (RAAC) is a lightweight form of precast concrete, less durable than traditional concrete, sometimes used in buildings built between 1950 - 1990. Ongoing surveys of our estate have, to date, not indicated a widespread use of RAAC, with the majority of the properties built outside the period when RAAC was routinely used. In the buildings where the presence of RAAC has now been confirmed, remediation works have commenced where guidance suggests that is the correct course of action. In all other cases RAAC is being monitored. There is a range of possible outcomes in terms of levels of remediation required in the event that RAAC is identified. Based on the outcomes of surveys completed to date and the estimated effect that the presence of RAAC has on building valuations, we do not expect a material impact on the valuations of buildings within the financial statements.