



HM Prison &
Probation Service

Annual Report and Accounts

2023-24

HC 271



HM Prison and Probation Service

Annual Report and Accounts

2023-24

Presented to the House of Commons pursuant to
Section 7 of the Government Resources and Accounts Act 2000.

Ordered by the House of Commons to be printed on 14 November 2024.



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ISBN 978-1-5286-5063-2

E03160719 11/24

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office.



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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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“I am extremely proud of our staff who have worked tirelessly to operationalise new levers created by both the new and previous governments, in response to the prison capacity crisis.”

Foreword by the Chief Executive Officer

I am pleased to introduce His Majesty’s Prison and Probation Service’s (HMPPS) 2023-24 Annual Report and Accounts.

HMPPS exists to protect the public and reduce reoffending; we do this by carrying out the orders of the courts and will continue to carry out this vital public service as we adjust to any changing priorities set by the new government. Though our approach may shift in response to new policy directions, our fundamental purpose remains unchanged.

I am extremely proud of our staff who have worked tirelessly to operationalise new levers created by both the new and previous governments, in response to the prison capacity crisis. Much of our attention last year was diverted to ensuring the delivery of our core functions when the crisis

reached its peak, but that should not prevent me from acknowledging and celebrating some of our many other exceptional achievements from across HMPPS in 2023-24.

While short and medium-term capacity solutions were implemented to safely expand useable capacity across the prison estate, we progressed work on creating 20,000 new modern prison places and have delivered around 6,000 additional places since the start of the prison expansion programme. This programme is vital to ensuring we have a safe, secure, and rehabilitative prison estate for years to come. We also continued to expand our Community Accommodation Service, which reduces reoffending by providing temporary accommodation for specific cohorts of prison leavers, including those who are at risk of homelessness.

Probation colleagues have managed increased workloads and pressures due to the prison capacity challenges. The government's announcement of a reduction in the time served in prison for certain people currently serving Standard Determinate Sentences (SDS) from 50% of their sentence to 40% had a significant impact on probation staff. I am extremely proud of how colleagues from across different delivery arms of HMPPS have worked together to implement that change and manage unprecedented challenges to delivery.

We launched the updated Crime in Prison Referral Agreement this year, to improve the investigation and prosecution of crimes in prisons. It is crucial that we create a safe environment that supports offenders in their rehabilitation journey. We rolled out next generation drug trace detection machines across our prison estate this year to reduce the number of drugs entering prisons and increased the number of prisons with Incentivised Substance Free Living Units from 50 to 80. I am also particularly proud that we completed the rollout of Naloxone in approved premises, a life-saving drug which allowed us to prevent 72 deaths by opioid overdose by March 2024.

In 2023-24 we launched the Hope programme in five prisons, to support women to manage emotional and psychological challenges faced on arrival into custody and delivered new safety initiatives such as the rollout of CCTV at entrances to women's community accommodation.

In the Youth Custody Service, we launched a new policy framework to provide a more consistent approach to safeguarding across the estate, and I am especially grateful for the hard work of all those involved in building and opening the first secure school, which opened its doors in August 2024.

Throughout the year, we have maintained our focus on recruiting and retaining dedicated, passionate staff who share our belief in the importance of the work that HMPPS does. We have made excellent progress on increasing staff numbers in 2023-24, and our ongoing priority will be to ensure that individuals who join the service have the training and support they need to do the job well and to carry out their job with the passion and commitment demonstrated by their more experienced colleagues.

The challenges faced by HMPPS require long term solutions and improvement. Over the next year, we must look beyond the capacity crisis and work hard to reverse its impact on our performance and outcomes. I am confident that, as an agency, we can rise to that task,

Many of our people carry out jobs that are both physically and mentally demanding and have done so recently in more difficult circumstances than I would have wanted. Our staff, particularly those on our operational front line, are the lifeblood of HMPPS and I extend my heartfelt thanks to each of them for their hard work and commitment over the last year.



Amy Rees
Chief Executive



Performance summary

Overview

This section sets out the agency’s purpose, vision, principles and outcomes and provides an understanding of our purpose and aims, with an overview of performance throughout the financial year.

Statement of purpose

HM Prisons and Probation Service (HMPPS) is an executive agency of the Ministry of Justice (MoJ). The role of HMPPS, within England and Wales, 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.

Our priority outcomes

As part of the justice system, HMPPS plays a crucial role in society. HMPPS protects the public, maintains safe and secure prisons and reduces the risk that people will reoffend. We work together to help people to live law-abiding and positive lives.

In 2023-24 we focused on continuing to improve the quality of frontline delivery, investing in and improving the offer to our workforce and delivering through the OneHMPPS¹ area model.

As part of the MoJ, we deliver two long-term outcomes:

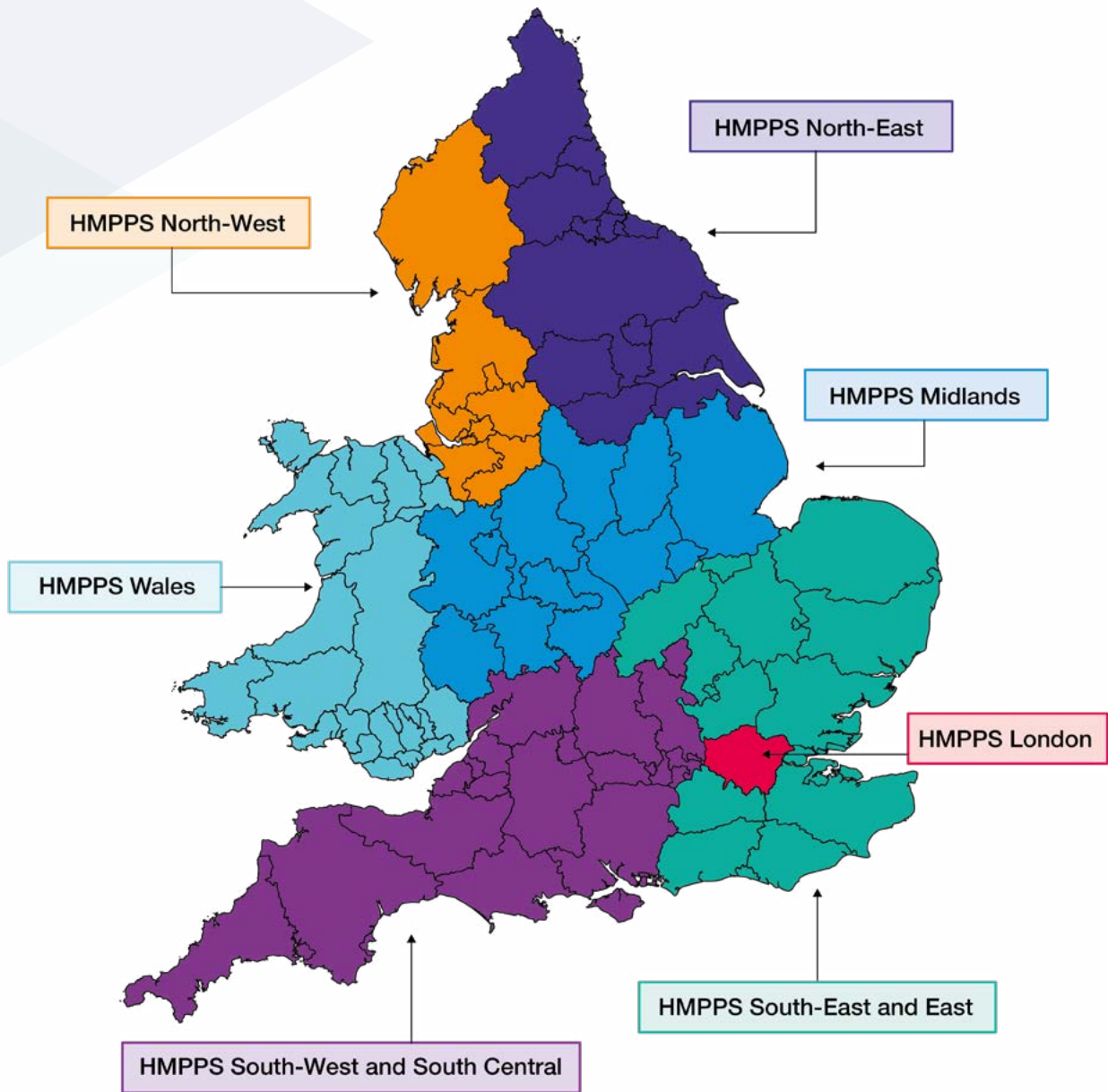
1. **Protect the public** from serious offenders and improve the safety and security of our prisons – effecting the order of the courts and increasing prison capacity to run safe and healthy regimes that enable every prisoner to turn their lives around
2. **Reduce reoffending** by working with cross-government 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

Our strategy sets out Strategic Principles which provide a shared understanding of the approach we will take to improve our services and achieve the outcomes and priorities above. These principles are:



1 OneHMPPS is a strategic portfolio that closed in September 2024. It reduced HMPPS Head Quarters size and cost and aims to improve operational outcomes, by bringing the management of prisons and probation closer together under the leadership of seven Area Executive Directors (AEDs), within a new Area Model.

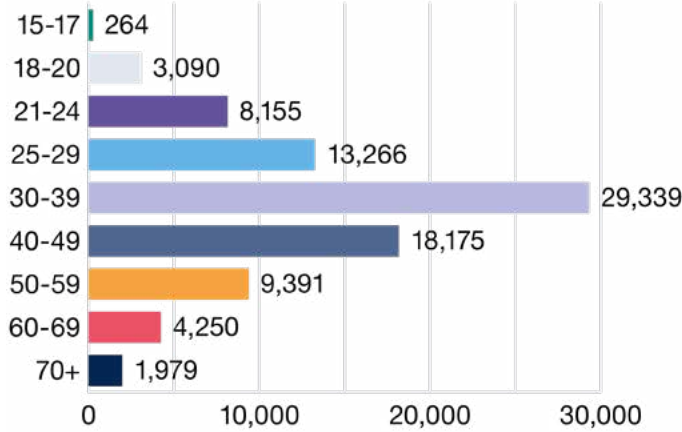
Prison and probation area map



How our services were structured in 2023-24

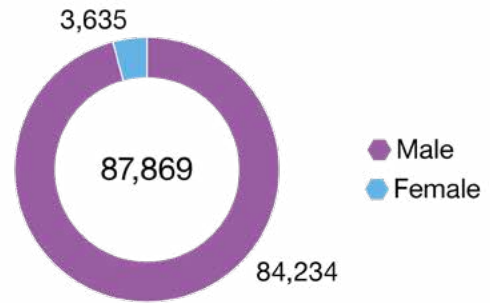
Prisons (as at 31 March 2024)

Prison population by age*



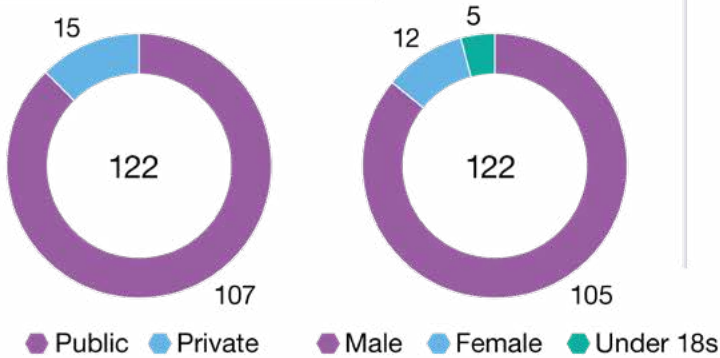
*including the four public under 18 YOIs and Parc YPU

Prison population



*including the under 18 YOI population

Number of Prisons and YOIs

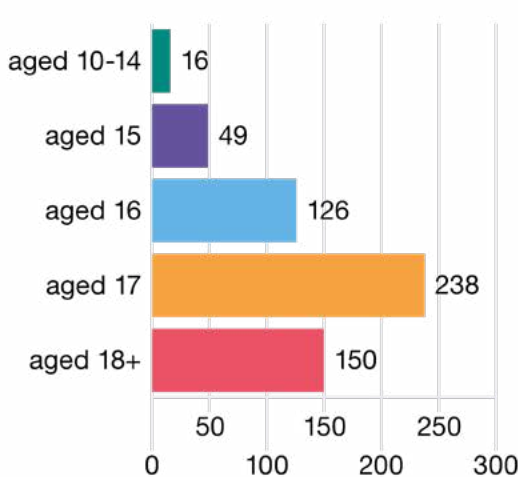


2,796 Prisoners serving Imprisonment for Public Protection (IPP) sentences

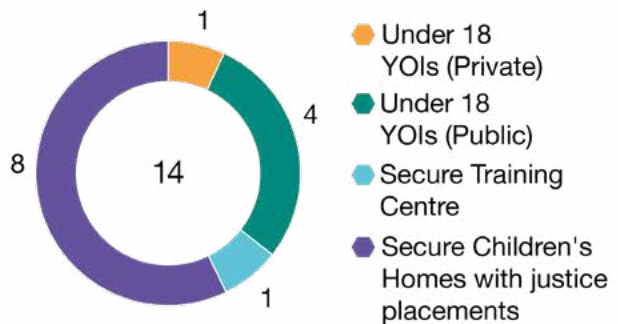
10,422 Foreign National population

Children and Young Peoples Secure Estate (as an average in 2023-24)

Population by age



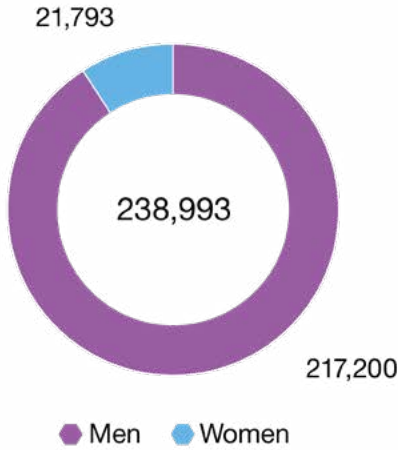
Number of CYPSE sites



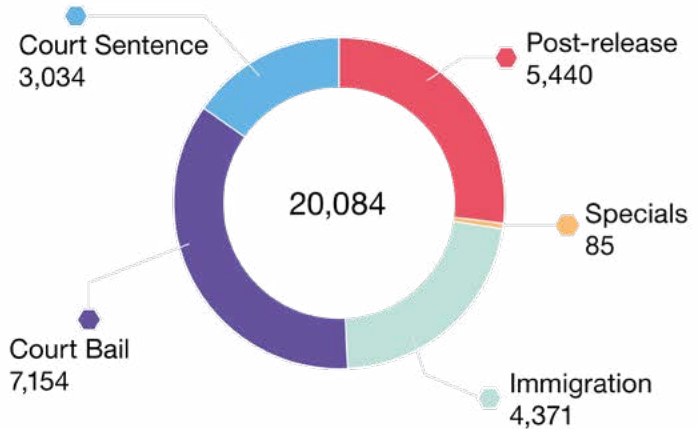
580 Total average CYPSE population

Probation (as at 31 March 2024)

Men and women under supervision



Electronic Monitoring*



238,993 People on probation

102 Number of Approved Premises in operation (including 15 independent)

730 Number of CAS 2 places in operation

6,295 Prison leavers placed in CAS3 accommodation

Supervision types†

76,401 Pre-release

60,274 Post release

106,959 All Court Orders

*<https://www.gov.uk/government/statistics/electronic-monitoring-statistics-annual-publication-march-2024/technical-note#annex-a-glossary-of-terms>

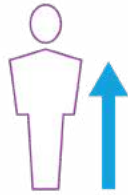
†Each person is counted once only for each type of probation supervision being received on the date shown. In addition, each person counted once only in each total or sub-total even if they are subject to several types of probation supervision on the date shown.

This means that the totals and sub-totals are less than adding the sum of their parts.

2023-24 Overview



Delivered around **6,000 additional prison places** since the start of the prison expansion programme, including opening HMP Fosse Way in May 2023 providing 1,715 new places.



Prioritised recruitment and increased staff in post by **3,062 FTE** (4.9%) staff in post compared to **31 March 2023**. Introduced a retention strategy and toolkit to address drivers of attrition.

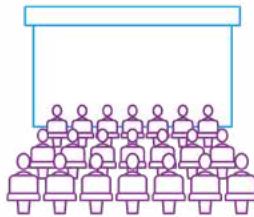


Launched the National Regime Model for prisons in January 2024.



Introduced a victim notification scheme, for victims of stalking and harassment.

We opened the first video conferencing centre in a women's prison in HMP Bronzefield in May 2023, making it the **sixteenth VCC** in the custodial estate.



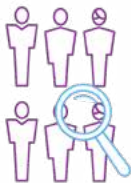
Rolled out Naloxone (a life-saving drug to help prevent deaths by opioid overdose) at all approved premises and **prevented 72 deaths** by opioid overdose by March 2024.



In October 2023 launched the HMPPS Lived Experience Charter setting out the strategy to increase the use of lived experience insight.



Commissioned a review of professional standards and doubled the number of specialist investigators in the Tackling Unacceptable Behaviours Unit.



The total number of individuals fitted with an electronic monitoring device as at 31 March 2024 was **20,084** an increase of 16% from **17,350** as at 31 March 2023.



5 additional prisons were deployed with 'Launchpad' in cell technology, bringing the total to **16**, supporting 10,000 prisoners.



Implemented the OneHMPPS area model, with seven Area Executive Directors in post.



All YCS sites have a comprehensive safety strategy in place, informed by evidence to reduce violence, weapon use and improve safeguarding.



Increased the number of prisons with an Incentivised Substance-Free Living unit to **80** in 2023-24 from **50** in 2022-23.

Oasis Restore - the first secure school is an innovative form of custody delivering a 'school with security' and opened in **August 2024**.



A deaths-under-supervision learning team is now in place to analyse information, disseminate learning and develop the first national report on deaths under supervision.



Providing targeted support to 22 public sector adult male prisons with the highest assault rates in order to address local drivers of violence.



By year end the Probation Notification and Actioning Project (PNAP) was live in **51%** of prisons in England and Wales, with over 1,200 PNAP notifications received.



We completed recruitment of the new Heads of Education, Skills and Work roles across the prison estate.

Staff in probation, prisons and the Children and Young People Secure Estate

Recruitment and retention

The HMPPS 'Extraordinary Jobs' brand campaign was launched in mainstream media in September 2023, including TV, social and digital audio and display media, to reach a larger audience of prospective candidates. It aimed to drive awareness and interest in frontline roles, to increase applications and build pride and confidence among existing staff. When surveyed, two-thirds of the probation target audience said the advert made them think the role was appealing and made them consider finding out more, and there was a 21% increase in the volume of prison officer and Operational Support Grade (OSG) applications compared to the pre-campaign levels.

A new retention oversight process was established to provide insight into the reasons staff leave the service. This includes deep dives at high attrition prison and probation sites. Feedback from the exit interviews helps to shape and determine interventions to better understand and respond to staff attrition.



Probation staffing

We recognise that, while we have seen improvements to recruitment and retention, significant workforce challenges remain across the Probation Service. We know that there is more to do to ensure probation practitioners have manageable workloads, so they can deliver effective supervision of people on probation in the community.

In 2023-24 we onboarded 543 trainee probation officers and continue to run centralised recruitment campaigns in priority regions to help bolster probation capacity. Alongside strengthened recruitment efforts, we are committed to retaining both new and experienced staff. The workforce position at 31 March 2024 was 20,758 FTE Staff in Post in Probation Service grades (including Approved Premises). This is an increase of 728 FTE (3.6%) since 31 March 2023.

The Probation Service saw an increase across most grades, including Senior Probation Officers (4.2%), Probation Officers (16.2%), other band 4-6 (14.8%) and other bands 1-3 (14.5%). The exception is band 3 Probation Services Officers (including PQIP-trainee Probation Officers) where there has been a decrease of 1,052 FTE (15.2%). A contributing factor to the net decrease in probation services officers is the qualification of trainee probation officers, with many qualifiers taking up posts at the band 4 qualified probation officer grade.

An updated Recruitment and Retention Strategy for the Probation Service was published internally in May 2023. A full evaluation of the strategy is now underway and will be published internally in 2024.

We are taking a more concentrated approach to prioritise recruitment in ‘hard to recruit’ locations and have centralised recruitment for some operational grades to expedite the recruitment of new staff and reduce time to hire. While the overall vacancy rate for Probation Officers working in the Probation Service as a whole stood at 25% as at 31 March 2024, we are starting to see the benefits of sustained PQiP recruitment between April 2021 and March 2023. This vacancy rate represented an improvement from 35% as at 30 June 2023.

2023-24 represented the second year of a three-year pay deal for the Probation Service. Salary values of all pay bands will increase for each year of the pay deal meaning that all staff receive an increase to their base salary in each year of the offer.

A range of improvements have been made during 2023-24, including:

- in January 2024 we launched the Probation Alumni Scheme aimed at encouraging Probation and Senior Probation Officers who left the service within the last five years to fast-track their way back to Probation

- in 2023-24 we have launched nine new core learning products to probation staff – a blend of facilitated and self-directed learning
- introduced a revised BA Hons Degree in Community Justice
- introduced a revised vocational qualification in Probation Practice in September 2023
- introduced a revised PQIP/PSO learning curriculum in March 2024

We are developing a Probation Professional Register, to provide recognition of the competence and commitment of all probation qualified staff for their high standards of professionalism, as well as strengthen assurance that those in critical public protection roles have and maintain the required knowledge and skills. Initial phases of implementation, for around 7,500 Probation Officers and Senior Probation Officers and those in roles which require the qualification, are now complete and embedding. We will widen this to include staff with a relevant qualification in Band 3 roles who are subject to reflective practice supervision and working with individuals eligible for probation support, including those already holding qualifications from late 2024. Registration will assist us in championing probation as a profession and strengthen how we demonstrate that we are delivering an excellent service.

Staff in post	2019-20	2020-21	2021-22	2022-23	2023-24
Band 3 Probation Services Officer	2,740	3,118	6,070	6,909	5,857
Band 4 Probation Officer	3,469	3,541	4,347	4,421	5,139
Band 5 Senior Probation Officer	808	869	1,244	1,432	1,493
Staff resignation rate band 4 Probation Officers	4.2%	2.7%	5.1%	4.6%	4.8%
Staff leaving rate band 4 Probation Officers	6.2%	5.1%	8.1%	7.5%	8.0%
Staff resignation rate band 3 Probation Services Officers	5.8%	4.4%	9.3%	9.7%	8.6%
Staff leaving rate band 3 Probation Services Officers	8.6%	7.0%	12.1%	12.4%	12.2%

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

Prison staffing

We have seen an improving national staffing picture within prisons, although there are a small number where the staffing position is still difficult.

With improving staffing levels, our focus and attention turns to retaining staff and building confidence and capability, while focusing recruitment efforts on a smaller group of prisons and reducing use of tactical resourcing methods.

A range of initiatives have been introduced during 2023-24, including:

- **Aspiring Prison Officer** – which allows for those who fall-short of the prison officer threshold to assess their suitability to become an OSG through a single assessment – reducing time and cost to hire for OSG recruitment
- **Online Assessment Centre** – we expect the redesigned system to process 50% more candidates per assessment centre at no additional cost
- **Alumni scheme** – encourages former officers to return to the service, bringing with them their previous levels of experience
- **National First Time Officer** – recruiting new applicants directly to prisons with a challenging local labour market, with additional financial incentives to move to the area from their current location
- **Prison Officer Futures** – recruiting candidates to establishments with a strong track record of recruitment, making it clear that successful candidates will initially be deployed to to prisons experiencing recruitment challenges

- **New Colleague Mentors** – to provide a supportive early onboarding journey and continuing to support all new starters in prisons
- **Customer Relationship Management tool** – improvements to the candidate communication experience, building the psychological contract between prisons and their candidates
- **Advance into Justice** – supporting former armed forces personnel and veterans to be appointed to roles in HMPPS
- **Medical and fitness centres** – increasing capacity at medical and fitness centres

The 2023-24 Prison Service pay award delivered a pay rise of 7% for band 3-5 Prison Officers on modernised terms and conditions (Fair and Sustainable). This brings the starting salary for an entry level officer (on the national rate, 39 hours with unsocial hours) from £30,702 to £32,851.

The wellbeing of our hardworking staff is vitally important, and we continue to provide post incident support, extensive mental health support (including a 24-hour helpline), confidential counselling, and online wellbeing services.

The Enable Programme, mobilised during 2023-24, focuses on long term workforce transformation that aims to invest in the capability, confidence and support available to our prison workforce. New training packages are being developed and tested including first line manager training which will introduce psychologically informed elements to leadership at this level and a new core capability package for prison officers has been designed and components will also be delivered to early adopters in 2024-25.



Youth Custody Service Staffing

Public Young Offender Institutions (YOI) have a high proportion of band 3-5 staff who are in their first two years' of service (41%). Improving confidence, capability and supporting staff across this group remains a core focus. We are increasing the provision of guided reflective practice for staff, as well as other staff support provisions.

Recruitment of Youth Justice Workers has increased, achieving full staffing levels in YOIs Werrington, Wetherby and Feltham. Staff retention has improved significantly at Werrington and Wetherby, with attrition remaining high at Feltham. The review of the Youth Justice qualification and staffing model will further support confidence and capability of staff.

Uniformed staffing in prisons and CYPSE*	2019-20	2020-21	2021-22	2022-23	2023-24
Band 3-5 Prison Officer staff in post	21,900	21,879	21,935	22,218	23,614
Operational Support Grades (band 2) in post	4,729	4,951	5,055	5,290	5,542
Prison Officer new starters**	2,499	2,738	4,153	4,663	5,264
Prison Officer recruitment ***	2,317	2,410	3,845	4,314	4,825
Staff resignation rate Prison Officer band 3-5	8.0%	5.4%	10.9%	9.7%	8.4%
Staff leaving rate Prison Officer band 3-5	12.2%	9.1%	14.5%	14.6%	12.8%

Source and notes: Ministry of Justice and HM Prison and Probation Service, 'HM Prison and Probation Service workforce statistics', 2024, available at: <https://www.gov.uk/government/collections/national-offender-management-service-workforce-statistics>

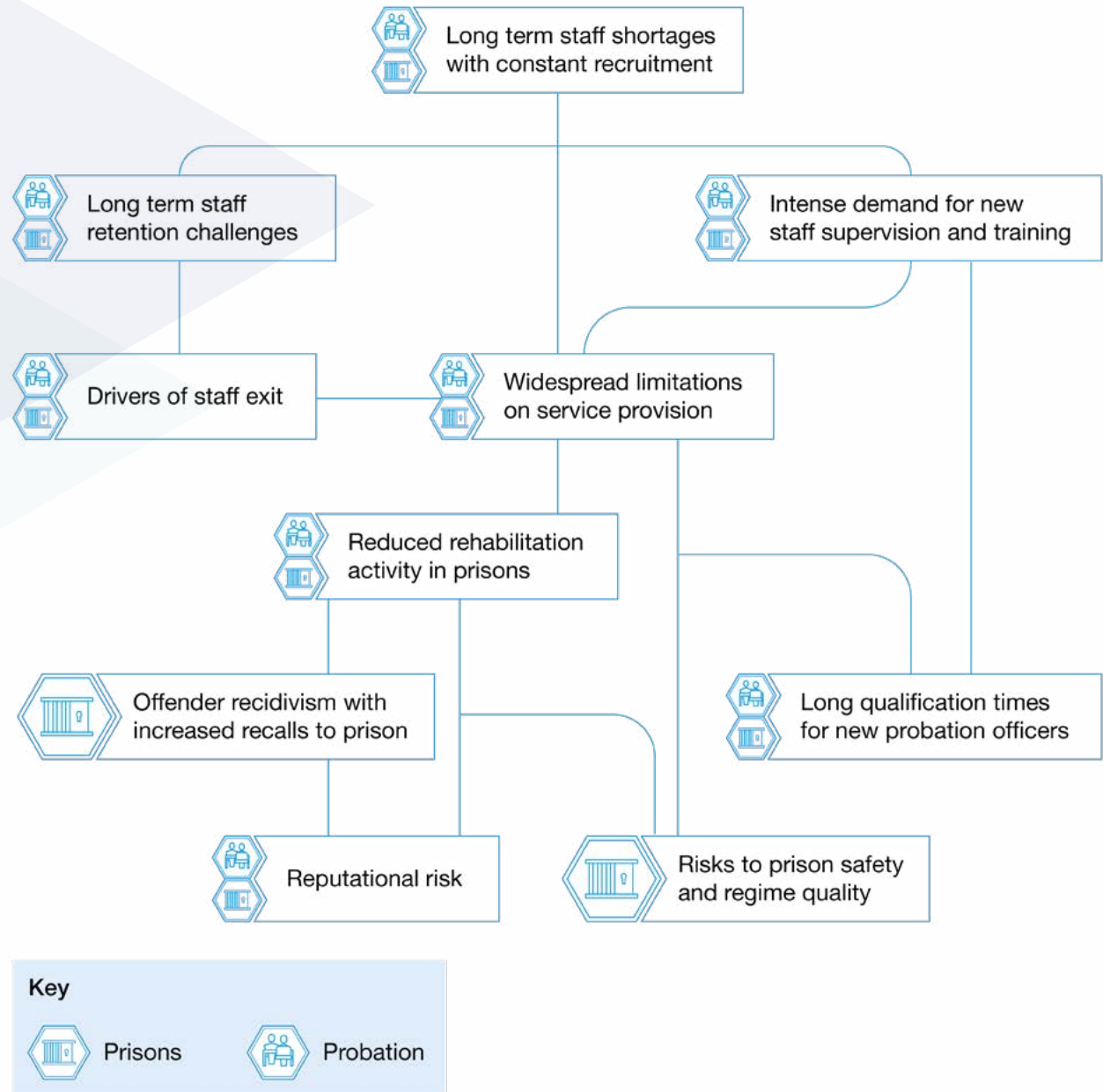
* Figures include the five public YOIs only

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

*** The number of band 3 to 5 prison officer direct recruits (does not include conversions from existing staff).

Key Interdependencies Web

A web showing interdependencies in the staffing risk category



Professional standards

HMPPS is committed to ensuring that we all work to the highest professional standards and, where behaviours and attitudes fall below those expectations, we address it. In early 2024, HMPPS established a new professional standards and behaviour group, bringing together activity to set behaviour and inclusion priorities for the agency, respond robustly to unacceptable and discriminatory behaviour, deliver evidence-based support and interventions, and monitor outcomes.

National Inclusion Priorities

Through 2023-24 we developed our first National Inclusion Priorities which started to come into effect from April 2024. This small set of evidence-based priorities will provide a collective focus on improving outcomes.

Our first priority is to address the underrepresentation of people from ethnic minorities among staff. In October 2023, we introduced recruitment and representation benchmarks. These benchmarks are based on the Labour Force Survey ethnic minority economically active population figures, and local sites will be expected to achieve representation.

Our second National Inclusion Priority is reducing the disparity in use of force. Data shows that people from an ethnic minority background are significantly more likely to have force used upon them in prisons, compared with those who are white. From 2024-25, use of force will feature in the prison performance tool as part of a racial disproportionality measure which will be further developed this year.

Our third National Inclusion Priority will be introduced from 2025-26 and will focus on disability.

For further information on tackling unacceptable behaviour, the race action programme and how we are reviewing our policies and practice, please see page 126.

Wellbeing

Making HMPPS a great place to work is one of our priorities and caring for each other is a crucial part of how we do this. We continued to focus on staff wellbeing in 2023-24 and are planning a new wellbeing model that will see a wellbeing lead in every region to oversee wellbeing activities and interventions.

More information on our work to support staff wellbeing can be found on page 128.



Capacity

Prison capacity

	2019-20	2020-21	2021-22	2022-23	2023-24
Prison population	83,189	78,081	79,744	84,372	87,869

Source and notes: Ministry of Justice, 'Prison Population Figures 2024,' 2024, available at: www.gov.uk/government/publications/prison-population-figures-2024. 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 5 YCS YOI sites but do not include the 8 children's homes and Secure Training Centre.

The adult male prison estate has been under acute pressure since September 2022, including a surge in the remand population and a significantly higher number subject to recall. From that point, managing the prison population became an ongoing top priority for the department. Additionally, this was the point we stood up a formal task-force to manage the situation. The upward trend in the prison population has been driven by increased charging by the police and Crown Prosecution Service, increases in police numbers, and rising sentence lengths.

All available contingencies have been put in place to maximise use of the existing estate. Short-term measures across the prison estate have safely expanded useable capacity by the equivalent of around 1,700 places from September 2022 to March 2024. This is in addition to the places being delivered via the 20,000 places programmes.

In order to manage the challenging landscape, HMPPS has delivered the additional policy measures announced by Alex Chalk (the previous Lord Chancellor) in October 2023.

- On 16 October 2023, it was announced that we would be introducing the End of Custody Supervised Licence (ECSL) as a temporary measure to provide temporary relief for the most acute capacity pressures.
- On 4 December 2023, The Victim and Prisoners Bill was amended to reduce the licence period for IPP sentences and restore greater proportionality to the IPP sentence.
- On 2 April 2024, the Fixed-Term Recall Statutory Instrument was implemented.
- On 16 January 2024 a Statutory Instrument to extend the Early Removal Scheme came into

force to allow for removal of foreign national offenders up to 18 months before the end of the custodial element of their sentence.

- Home Detention Curfew (HDC) eligibility was extended on 17 June 2024 in the Victims and Prisoners Act 2023 to include (a) prisoners serving Standard Determinate Sentences of over 4 years, (b) the lifetime ban on access to HDC for people who have ever been recalled to prison for breach of the curfew conditions of HDC is replaced with a ban that applies where the recall occurred less than 2 years before the date when the current sentence was imposed; and (c) the ban is lifted on access to HDC by people who have ever been returned to custody in the past for committing an offence during the 'at risk' period of a sentence.

Following the change in government, the Lord Chancellor announced additional measures to address the capacity pressures on 12 July 2024, including:

- Changing the automatic release point for those serving standard determinate sentences from 50% to 40% (known as SDS40) with important exclusions for serious violent offences with a sentence of four years or more, sex offences, certain domestic abuse-connected offences and a commitment to revisit the change in 18 months. The first tranche of releases took place on 10 September with the second tranche on 22 October.
- Improving transparency in the system by committing to the publication of key data, and the publication of the first prison capacity annual statement.
- Onboarding at least 1,000 additional trainee probation officers by the end of March 2025.

Operation Safeguard is a contingency measure which was implemented in February 2023 and operated until November 2023 to support the adult male estate. This has been used to hold adult male prisoners in police custody suites temporarily as needed. Between February and November 2023,

prisoners were held overnight in Safeguard cells in 1,708 instances. Operation Safeguard was active between February and April 2024 and was reactivated in May 2024. Between February and September 2024, prisoners were held overnight in Safeguard cells for a total of 1,575 instances.

Probation capacity

	2019-20	2020-21	2021-22	2022-23	2023-24
People on probation	241,350	224,174	240,922	239,518	238,993

Source and notes: Figures are taken as at 31 March each year. <https://www.gov.uk/government/statistics/offender-management-statistics-quarterly-april-to-june-2024/offender-management-statistics-quarterly-april-to-june-2024#probation>

Following the unification of the Probation Service in 2021, significant staffing issues and poor practice was identified (to note, prior to unification, the performance of the private Community Rehabilitation Companies (CRCs) was judged by HMI Probation to be below standard). This coincided with the service starting to move out of alternative delivery regimes put in place to adapt to COVID-19 which also had significant impacts on core functions, creating backlogs and hampering the improvements unification was expected to deliver.

Though a challenging baseline was inherited, and then compounded by Covid-19, delivery is now starting to stabilise with signs of improvement as the unified service is still maturing. Recruitment has seen significant improvement in staffing levels for the service as a whole, however recruitment and retention remain challenging in certain areas against a competitive job market.

Realising the full potential of probation unification remains a key objective. Improving the quality of practice, particularly around protecting the public, is one of the Chief Probation Officer’s top priorities, including through steps to improve Learning and Development and long-term transformative change to the way we assess risk, needs and strengths. However, much of that improvement relies on increasing staff capacity.

The department is undertaking record levels of recruitment and are positive that as staffing capacity increases, alongside ongoing efforts to improve capability, further improvements in the quality of our delivery and therefore in our inspection results will be seen.

Some of the prison reform measures announced by the Lord Chancellor Shabana Mahmood in July 2024 and by her predecessor Alex Chalk are expected to create additional demand on probation services. In particular, the ECSL scheme (October 2023) has placed additional demands on probation as has its successor, the SDS40 scheme (from September 2024), which we must plan effectively for.

While we build our resources for the future, the service continues to manage demand in Probation Delivery Units (PDUs) with resource challenges through close monitoring of the Workload Measurement Tool and deployment of the prioritisation framework which provides clarity on the prioritisation of tasks and what can be reduced/paused when capacity issues impact on operational delivery. For those experiencing the biggest resource challenges, a prioritisation scheme is deployed and directly overseen by the Chief Probation Officer.

We have developed wider prioritisation measures for sentence management practitioners, known as Probation Reset, which began implementation from April 2024 and took effect from July 2024. This will refocus probation practice so that practitioners prioritise early engagement at the point where offenders are most likely to breach their licence conditions or court order, and where evidence shows that intervention has the most impact. As a result, active supervision of most offenders will stop in the final third of their time on probation (but can be reactivated if circumstances require it). Cases with significant public protection concerns are exempt. Probation reset is one element of our response to the recent challenges, and we are focused on progressing a sustainable solution to the challenges faced.

Children and Young People Secure Estate capacity

The average number of children and young people (including 18-year-olds) in custody has fallen by around 49% in the last decade. The Youth Custody Service (YCS) has been operating below capacity at an average of 74.1% capacity utilised in 2023-24.

The number of girls in custody remains low at 2% of the Children and Young People Secure Estate (CYPSE) population. There remain specific challenges to this vulnerable, complex cohort. The decision to close Rainsbrook Secure Training Centre (STC) in 2021 reduced the placement options for girls. A needs-led girls placement strategy will be developed, to consider whether the placement of girls into all sectors remains the best strategy in the medium to long term.

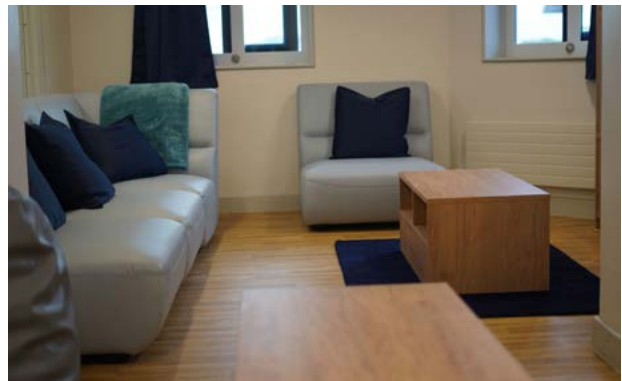
To support prison capacity issues, since November 2022, children turning 18 stay in the youth estate until just prior to their 19th birthday. Each case is individually assessed considering the young person's needs and safety of others. Newly sentenced 18-year-olds continue to be sent to adult establishments. For 2023-24 on average 26% of the population were 18+, an increase from an average of 13% in 2021-22. The impact of this interim policy on the CYPSE is under review.



In March 2024, the decision was taken to re-roll HMPYOI Cookham Wood to an adult prison. Although there had been improvements since the Urgent Notification announcement in April 2023 there remained significant shortfalls in staff in post (which impacted on regime delivery). Insufficient progress contributed to the decision to re-roll.

Oasis Restore – the first secure school is an innovative form of custody delivering a 'school with security'. The school started to receive children from August 2024. Operated by Oasis Restore Trust with Central and Northwest London NHS Foundation Trust, the school provides an integrated framework for education, health, and rehabilitation for up to 49 remand and sentenced children and young people. The project has been innovative and unique, requiring changes to legislation and a new approach.

The YCS is working to recommission beds from a range of secure children's homes pending existing contracts coming to an end from September 2025, aiming to align a cross-government approach to Secure Children's Homes, ensuring that the justice provision is able to consistently deliver optimal care.



Usable beds available	2019-20	2020-21	2021-22	2022-23	2023-24
Secure Children's Homes	97.9	104.6	104.2	91.3	98.2
Secure Training Centres	184.8	166.9	137.9	64	79.9
Young Offender Institutions	782.3	734.1	649.8	623.1	604
Total	1064.9	1,005.6	891.8	778.4	782.1

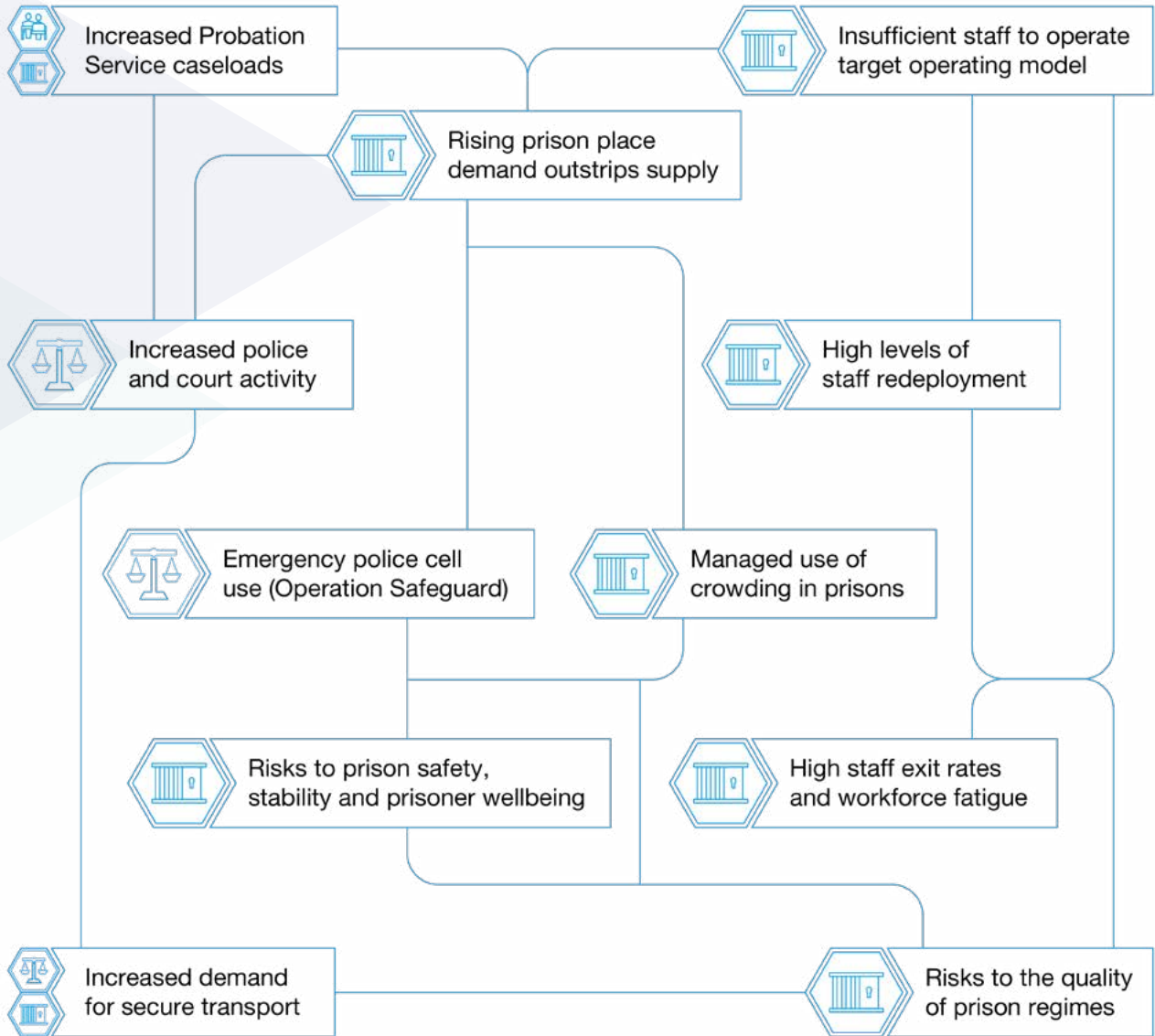
Source and notes: HMPPS and YCS, 'Youth Custody Data', 2024, available at:
www.gov.uk/government/publications/youth-custody-data
 Average data for each year based on 12 snapshot dates

CYPSE population	2019-20	2020-21	2021-22	2022-23	2023-24
Under 18s	781	560	454	441	430
Including 18-year-olds	855	643	522	504	580

Source and notes: HMPPS and YCS, 'Youth Custody Data', 2024, available at:
www.gov.uk/government/publications/youth-custody-data
 Average data for each year based on 12 snapshot dates

Key Interdependencies Web

A web showing interdependencies in the capacity risk category



Key



Prisons



Probation

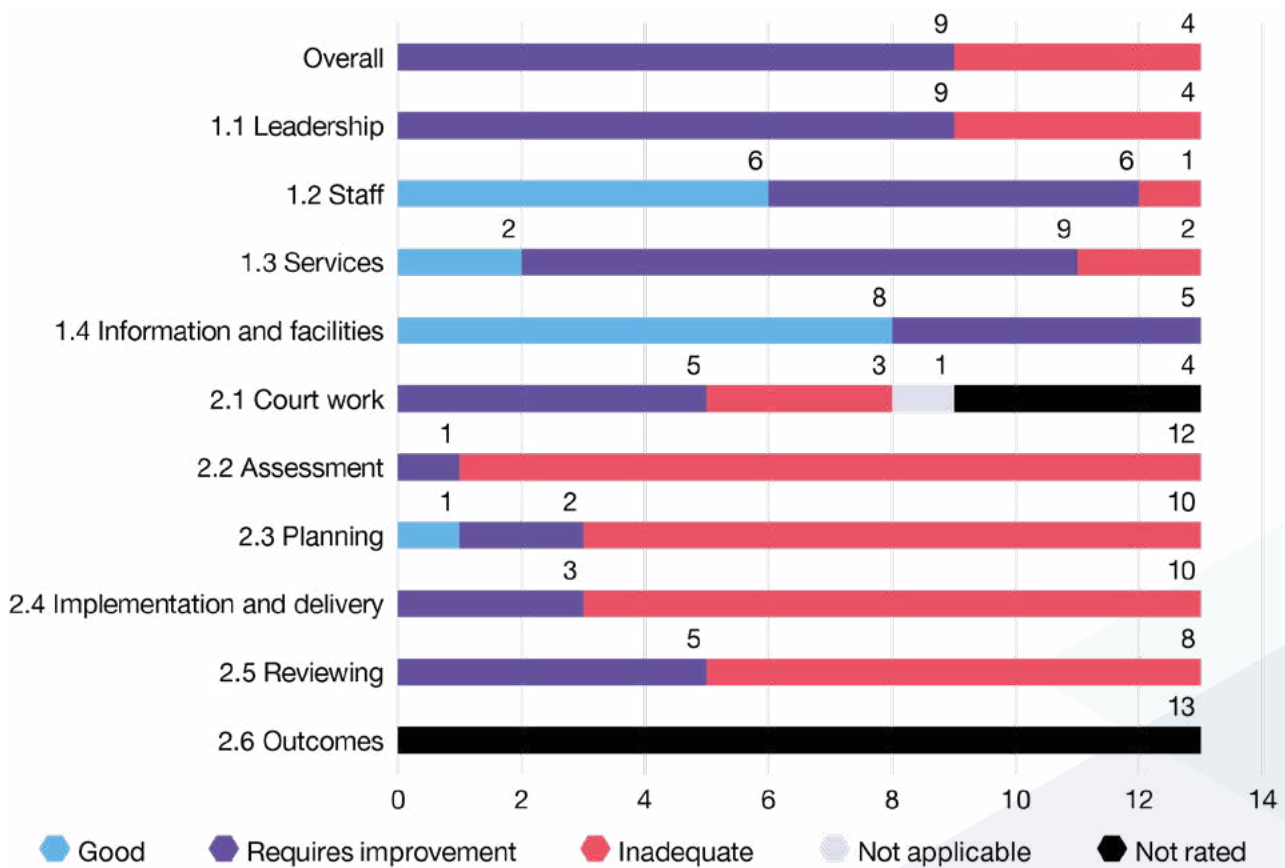


Courts/ Police

External scrutiny

Probation service standards were refreshed by HMI Probation in 2023 and have been presented as pre- and post-refresh.

HMI Probation: Overall and Domain Ratings for Inspections Published 2023-24 Pre Standards Refresh



HMI Probation: Overall and Domain Ratings for Inspections Published 2023-24 After Standards Refresh



During 2023-24, HMI Probation published 18 Probation Delivery Unit (PDU) inspection reports. HMI Probation published new standards in August 2023 and moved to a new site selection cycle. Going forward, HMIP will seek to inspect every PDU in a given region, covering every region over a three-year cycle. The full internal Urgent Strategic Response, to provide additional support to the Regional Probation Director/Area Executive Officer, was not initiated during this period.

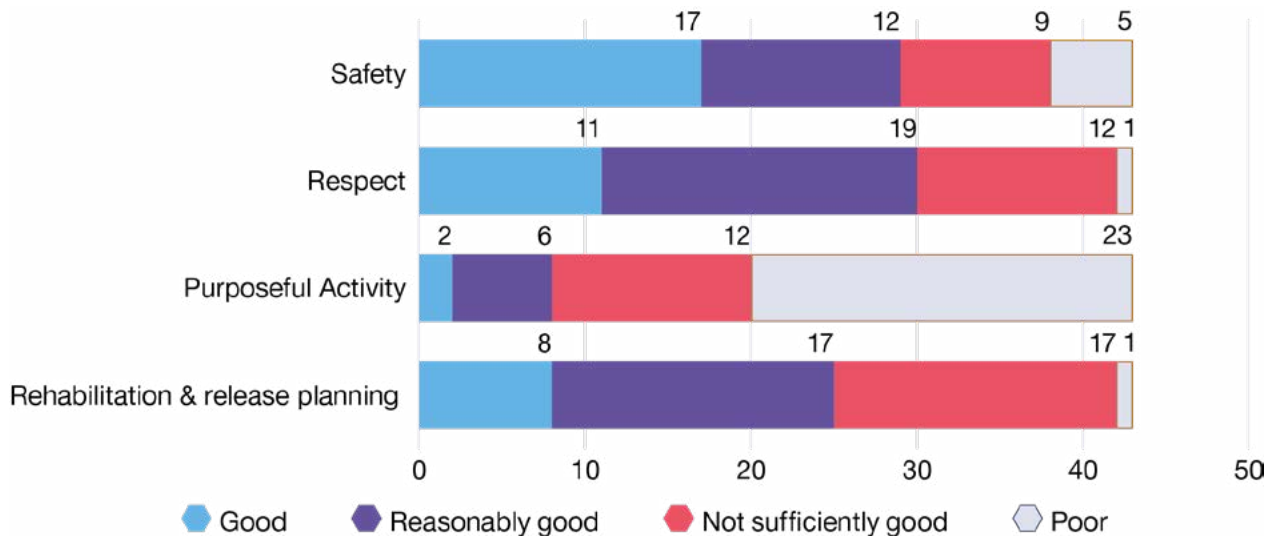
13 inspection publications from May to August 2023, using the same methodology as 2022-23, continued to show some signs of improved quality. This is particularly apparent through organisational delivery, where information and facilities and to a lesser extent staff, were often found to be 'good'. However, this continued to be coupled with some lower-scoring inspections in other PDUs and ongoing poor scores in relation to case supervision.

The five inspection publications in February and March 2024, used a different methodology to 2022-23, and included three 'inadequate' overall ratings. Findings in relation to keeping people safe continue to be a significant factor driving poor scores and addressing this remains a priority for the Chief Probation Officer. Steps to address all recommendations made, including through improved risk management, have been published through regional action plans.

In exceptional cases, the Lord Chancellor will ask the Chief Inspector of Probation to carry out and publish an independent case review. In 2023-24 HMPPS published a comprehensive action plan in response to the Chief Inspector's report regarding the case of Joshua Jacques and are responding to the identified weaknesses.²

² <https://www.justiceinspectors.gov.uk/hmiprobation/inspections/>

HM Inspectorate of Prisons: Healthy Prison Test Scores for Inspection Reports Published in 2023-24



HMI Prisons conducted 43 full inspections and 13 Independent Reviews of Progress (IRP) in 2023-24.³ The delivery of a structured regime and sufficient purposeful activity remained a consistent concern raised in inspection reports, with HMI Prisons noting a perceived level of inertia following the restrictions of the pandemic being lifted. This concern has also been reflected in the Ofsted ratings for prisons, with both bodies commenting on both quality and quantity of education and training being delivered as well as the appropriateness of the offer in many prisons. A number of areas of good practice have been identified throughout the reporting year including: strong and consistent leadership at HMPs Chelmsford, Askham Grange and Wymott, positive findings following IRPs at HMPs Pentonville and Risley focusing respectively on improving early days experiences and substantial improvements to living conditions, and strong partnership working with health providers at HMP Humber resulting in good health provision and outcomes.

The Chief Inspector invoked the Urgent Notification (UN) protocol four times following inspections at HMP Bristol, HMP Woodhill, HMYOI Cookham Wood and HMP Bedford. HMP Bristol and HMP Bedford had been subject to a UN on previous occasions, which raised some concerns regarding the lack of sustained improvement since the previous UN.

³ Independent Reviews of Progress (IRP) follow up on a selection of recommendations or areas of concern made by HMIP following a full inspection (where an Urgent Notification is issued or the findings are particularly concerning) and make judgment about the extent of progress made. An IRP will usually take place between 8 and 12 months following a full inspection.

Thematic reports

The inspectorates published an increased number of thematic reports throughout the year. This included high profile reviews of:

- A thematic inspection of work undertaken, and progress made, by the Probation Service to reduce the incidence of domestic abuse and protect victims
- The role of the senior probation officer and management oversight in the Probation Service

Available through [HMI Probation](#).

- The long wait: A thematic review of delays in the transfer of mentally unwell prisoners
- Restricted status children and prisoners held in women's establishments

Available through [HMI Prisons](#).

Progress against recommendations from thematic inspections is robustly followed up with senior responsible owners and updated action plans are published.

In the Children and Young People Secure Estate

In 2023-24 there were seven inspection visits completed across the Young Offender Institution (YOI) and Secure Training Centre (STC) sectors. An Urgent Notification was invoked at HMPYOI Cookham Wood in April 2023. Safety, including separation and behaviour management, purposeful activity and education quality, continues to be priority areas of concern across sites.

Considerable progress has been made following a UN at Oakhill STC in 2021-22. At a monitoring visit in March 2024, Ofsted noted that they did not identify any serious or widespread concerns in relation to the care or protection of children at this assurance inspection and that leaders remain passionate and committed to providing a safe and stable environment for children.

For inspection outcomes for Secure Children's Homes, four homes have shown improvements of performance with seven homes now at a 'good' rating and one home improving from 'inadequate' to 'requires improvement'.

The Independent Monitoring Board

During the 2023-24 reporting period, the Independent Monitoring Board (IMB) published 115 annual board reports and four thematic reports. All annual board reports were responded to by HMPPS on behalf of the Minister to address the concerns raised by individual boards. The thematic areas reviewed by the IMB included:

- Impact of IPP sentences on prisoner's wellbeing⁴
- Mental health concerns in women's prisons⁵
- Safety and regime in the youth estate⁶
- Segregation of men with mental health needs⁷

4 Independent Monitoring Board, 'IPP prisoners report increased hopelessness following resentencing rejection', 2024, available at: www.imb.org.uk/news/ipp-prisoners-report-increased-hopelessness-following-resentencing-rejection

5 Independent Monitoring Board, 'Women sent to prison solely on mental health grounds', 2023, available at: www.imb.org.uk/news/women-sent-to-prison-solely-on-mental-health-grounds

6 Independent Monitoring Board, 'Urgent action needed to improve poor conditions endemic in young offender institutions,' 2023, available at: www.imb.org.uk/news/urgent-action-needed-to-improve-poor-conditions-endemic-in-young-offender-institutions

7 Independent Monitoring Board, 'Mental health crisis forces prisoners into inhumane isolation,' 2024, available at: www.imb.org.uk/news/mental-health-crisis-forces-prisoners-into-inhumane-isolation

8 Prisons and Probation Ombudsman, 'Adrian Usher: "THERE ARE SEVERAL RISK FACTORS ASSOCIATED WITH IPP SENTENCES"', 2023, available at: <https://ppo.gov.uk/news/adrian-usher-there-are-several-risk-factors-associated-with-ipp-sentences/>

The Prisons and Probation Ombudsman

Every death in custody is a tragedy. The Prisons and Probation Ombudsman (PPO) investigations are a vital tool to ensure lessons are learned following deaths.

In September 2023 the PPO published a learning bulletin on self-inflicted deaths of IPP prisoners and we are addressing the learning points identified through the IPP action plan.⁸ A new 'Governor to Note' newsletter that includes key lessons learned from fatal incident investigations and complaints is shared with establishments. During 2023-24 the PPO began investigations into 360 deaths, an 11% reduction on the previous year. This included 188 deaths from natural causes, 104 that were self-inflicted, 2 homicides and 45 other non-natural deaths. 292 of the deaths occurred in prisons, 10 in approved premises and 53 in the period immediately following release.

The reports that we received this year included 718 recommendations, down from 881 in 2022-23, and this reflects a change of approach by the PPO who has focused on the systemic and endemic issues arising from the investigations. This has resulted in an increased number of national recommendations, on which the PPO has worked collaboratively with relevant policy teams in HMPPS. HMPPS continues to accept the vast majority of recommendations and to share the learning from them across the estate.

For further information on deaths in custody please see page 46.

Financial Performance

Where we spent our money in 2023-24

HMPPS committed gross resource expenditure of £5.6 billion (gross resource expenditure as reported to the board in 2023-24, Note 2a on page 158), which was £0.7 billion more than 2022-23.

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 for example, on safety, decency, and security. We continued our investment on the wide-ranging Probation Reform Programme through the estates and digital strategies.

Capital expenditure was driven by our continued progress on the 20k programme, most notably the construction of HMP Millsike. Other projects to alleviate prison population pressures included Accelerated Houseblocks Delivery, Rapid Deployment Cells, Houseblocks and Refurbishments and Category D expansions. There were also the final costs towards HMP Fosse Way, which opened during the year, and work on the Oasis Restore Secure School in Kent for young offenders.

Within Resource DEL, spend included the uplift in pay following the Prison Service Pay Review Board recommendations, the second year of the multi-year pay award for probation staff, a one-off cost of living payment for eligible staff and an increase in staffing numbers across both prisons and probation due to ongoing recruitment campaigns. Operation Safeguard contingency measures were implemented for periods throughout the year and spend on food in prisons, utilities, and offender learning costs continued to rise due to inflation and prison population pressures. There was increased spend on both the Community Accommodation Services (tier 3) in order to achieve full coverage across England and Wales and Electronic Monitoring which saw a higher caseload and inflationary pressures.

How we are financed

We are primarily financed by funding from the MoJ as our parent department. We also generated £283 million of operating income in 2023-24 from 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 prisoners. This presents a quality, purposeful activity that allows prisoners to develop transferable skills.

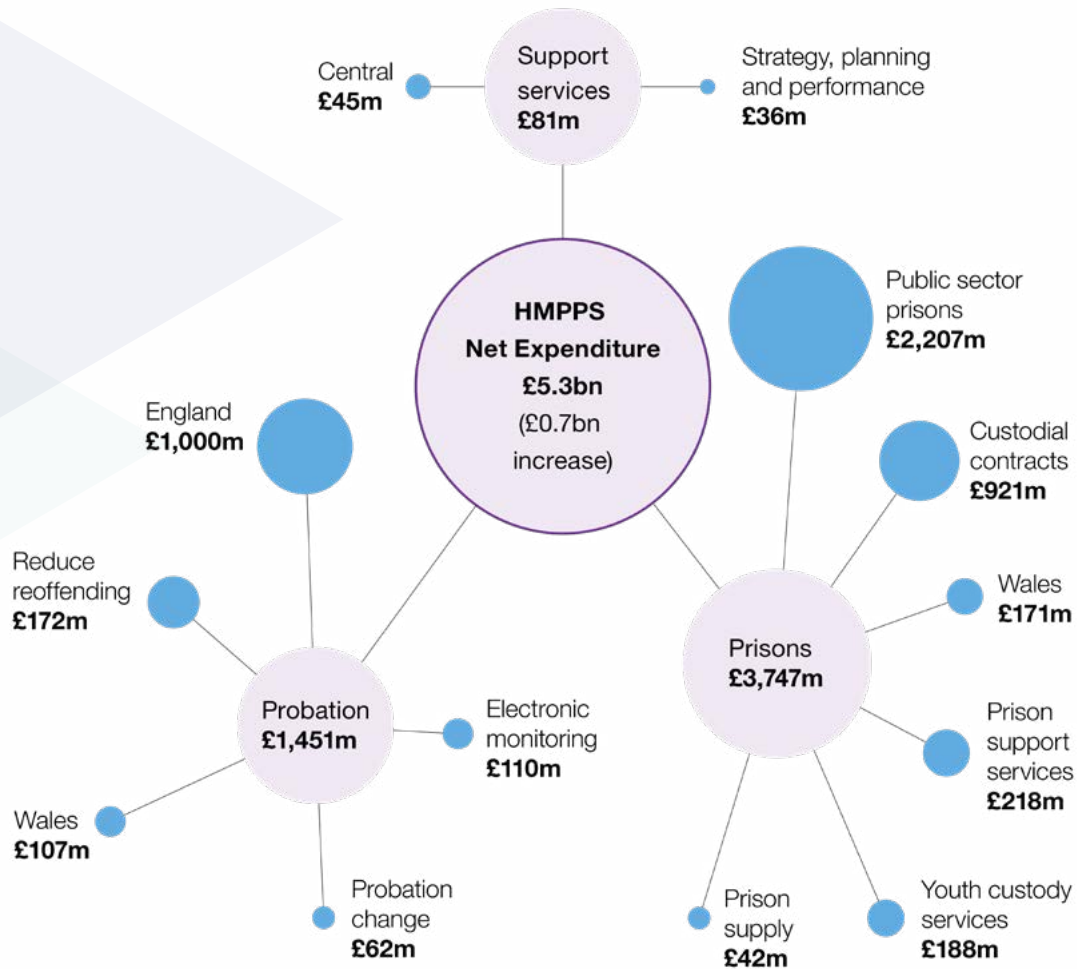
HMPPS receives a financial allocation from the European Union via the European Social Fund Managing Authority (Department for Work and Pensions) for delivery of resettlement services to offenders. The funding is used to support those who may be disengaged from mainstream activity, in both custody and 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 operating structure of the MoJ is for key areas which span multiple entities within the department to be managed centrally. These include Estates, People and HR functions, Finance, Legal and Digital. Expenditure in these areas attributable to HMPPS is not included in the agency's figures for budgetary purposes, but is included in the financial reporting figures. We have prepared the following chart based on management reporting – this is resource expenditure under the budgeting structure. A reconciliation of the management reporting figures to the Statement of Comprehensive Net Expenditure is provided at Note 2b.

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

2023-24 was the fifth 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.

Risk analysis

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 Directors General annual assurance statements. Each risk and issue has been linked to the HMPPS strategic principles. Significant key risks and issues are managed within scope of each principal risk, allowing for greater risk ownership, focus, and deployment of controls.

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



Level of risk remains unchanged

Capacity

Strategic Principles: 3, 4

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



Risk direction:
Risk has worsened

Detail:

Capacity risks in the adult male estate crystallised during 2023-24 with occupancy levels routinely exceeding 99%. A range of exceptional measures have been implemented. During periods of peak demand, Operation Safeguard has been activated to enable prisoners to be held in police custody before their transfer into the prison system. The End of Custody Supervised Licence measure is active across the adult male estate, and we are reliant on this measure to avoid capacity shortfalls. Operation Early Dawn has been activated when necessary to maintain the effective management of prisoner transfers between courts and custody, ensuring there is a safe and secure location for all prisoners on the day they are committed to custody.

We continue to run centralised recruitment campaigns in priority regions within probation to help bolster probation capacity, which has resulted in new joiners at key grades. We onboarded 543 trainee probation officers (PQIPs) during 2023-24 which will further help to reduce workload pressures on the frontline when they qualify as Probation Officers. It can take up to three years from initial application to deploying a fully qualified Probation Officer and there is a limit to the range of work that PQiPs can undertake that does place operational pressure on the system.

The immediate capacity position in YCS remains between the projected low and central demand position overall. The average number of children and young people (including 18-year-olds) in custody has fallen by around 60% in the last decade. However, the continued retention of 18+ in the YCS drives additional legal and safety risk exposure. For Secure Training Centres and Secure Care Homes, we are closer to high demand forecast projections which may present capacity challenges in these sectors and provision is vulnerable to shocks that may reduce this further.

Key mitigations:

- The Capacity Options Taskforce continues to lead and co-ordinate the strategic response to the prison capacity risk, overseeing and advising Ministers on the range of measures to manage capacity in the adult male estate.
- The Women's Estate Capacity Taskforce continues to monitor the capacity outlook, identify and report on measures to address the women's prison population from both a supply and demand perspective.
- YCS capacity and related controls are monitored through the YCS Capacity board, YCS Transformation Board and collaboration with MoJ property services. We are reviewing placement activity in totality to alleviate the local population pressures in certain areas. Ongoing reviews of planned works will be agreed as part of improvement action plans and stability.
- A non-graduate PQiP pathway was launched in March 2024 to improve our ability to recruit probation officers in hard to fill sites and increase diversity. We continue to run centralised recruitment campaigns in priority regions to help bolster probation capacity, which has resulted in new joiners at key grades.
- The prison capacity sub-portfolio continues to deliver new capacity and planning permission for three out of four of new prison sites, and has now been approved with work continuing to identify further options for medium-term capacity expansion.

See page 38 for additional detail on capacity related delivery from year end.

Probation delivery of services

Strategic Principles: 1, 3, 4

Principal risk: Inadequate delivery of Probation services due to ineffective management of risks to its organisational objectives



Risk direction:
Risk has worsened

Detail:

Probation continues to recruit at a high pace and is working to improve the retention of staff. We have developed a dashboard to monitor attrition which includes a more robust exit interview process to capture reasons for leaving. Despite high numbers of PQiPs beginning to qualify, significant experience and capability is required in addition to this qualification for staff to have the desired impact.

Regional Probation Directors are continuing to focus on improving the quality of our delivery. HMPPS established a public protection taskforce to support regions to drive up quality of risk assessment and management. Nevertheless, the increasing pressures and unpredictable demands placed on the Probation Service by the complex and varying policy changes are having significant adverse impacts on resource and morale.

Further increases in demand for the Probation Service without mitigating action to manage the risk further negatively impact the quality of delivery, potentially increasing the risk to the public.

Key mitigations:

- HMPPS has continued to run centralised recruitment campaigns in priority regions to bolster the number of applications and improve time to hire for key operational roles, which has resulted in a high volume of new joiners at key grades.
- Through 2023-24, we onboarded 543 PQiPs with focused efforts on increasing hires in priority regions.
- HMPPS launched the Strengthening Senior Probation Officer (SPO) initiative in April 2024. There are a number of drivers which led to this work taking place across HMPPS essentially to improve the capacity and efficiency of SPOs. The Central Operations Support role aims to bring this all into one place to ensure work is not happening in isolation and we are taking a co-ordinated approach to track these activities.
- Central Operations Support are leading on the development of a new management oversight policy which aligns all existing policy to provide SPOs with the capacity to focus on delivering quality management oversight.

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



Risk direction:
Level of risk remains unchanged

Detail:

HMPPS continues to carry significant infrastructure and compliance-related risks which may lead to loss of capacity. We have worked at pace to identify Reinforced Autoclaved Aerated Concrete (RAAC) across the estate. As of May 2024, eight sites across the estate were confirmed as containing RAAC.

We have taken the necessary steps to take buildings out of use or put in place temporary mitigations where required while remedial works to remove the RAAC takes place.

Several environment risks could lead to disruption to regime or capacity loss, including radon, project slippage, fire safety and boiler failure over the winter months, all of which will require funding diverted from other priority projects to remedy. The in-year funding reduction as a result of the efficiency and savings review and current inflationary pressures will limit our ability to respond to shock events as they occur.

We have committed to undertaking the rollout of modern fire safety equipment across 23,000 remaining prison places by the end of 2027. This is achievable but is finely balanced in terms of the future headroom position and we are likely to require additional places out of use in future years to achieve this aim. We will also require sustained funding beyond this spending review period.

Following the latest readings of radon received in July 2024, the operational decision was taken by HMPPS to move all prisoners out of HMP Dartmoor and to close the prison temporarily while further mitigation and investigation takes place.

The estate continues to face a growing pipeline of priority 1 works critical to maintaining capacity. Lower 'priority 2' and 'priority 3' works are not considered for the pipeline but form a growing backlog which, as the estate ages, will become priority 1 if not addressed. Investment will be critical to ensure that the dilapidation rate remains stable across the estate to ensure operations and capacity are not lost.

Key mitigations:

- The prison estate condition surveys are complete, with the final report published in June 2024. We are also progressing numerous fire safety surveys, fire risk assessments (non-standard buildings), fire main pumps and fire strategies – all identifying remedial works required and we are considering what resources are required to deliver.
- Data from the detailed condition surveys will clarify the relationship between investment and dilapidation and produce a forward maintenance register from which investment can be targeted in future years to ensure we are investing in key areas of the estate.

Security

Strategic Principles: 1, 2, 3, 4

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



Risk direction:
Risk has worsened

Detail:

While it is not yet known to what extent Serious Organised Crime (SOC) nominals are driving the criminal threats facing prisons, 1 in 10 prisoners are SOC experienced. SOC nominals within HMPPS inhibit efforts to reduce reoffending and tackle substance misuse and regularly use violence and coercion to exploit vulnerable prisoners. They are the primary driver of drone incursions across the estate leading to current active security breaches: conveyance and incursion of illicit items. HMPPS is assessing the risk of synthetic opioids in custody. Prevalence is currently low, but the risk is high.

Extensive assurance activity after the escape from HMP Wandsworth highlighted significant weaknesses in procedural security and staff capability. While escape is largely opportunistic and highly unlikely, there is a risk that more determined prisoners may exploit this vulnerability. Additional focus on procedural security will mitigate and reduce this risk with ongoing learning from regular assurance activity to improve security.

The vast majority of HMPPS staff have integrity, are hardworking, honest and are firmly committed to the organisation's objectives. Personnel Security Vetting continues to deliver a robust risk assessment process to assess suitability of applicants for security clearance for working in our organisation. In 2023, Personnel Security Vetting handled 57,345 security vetting applications. We observe regular attempts by individuals with malicious intentions who seek to infiltrate the organisation to further illicit criminal activities. In 2023, 15% of applications were subsequently deemed unsuitable to enter the organisation after going through our vetting process.

Key mitigations:

- A new Serious and Organised Crime Unit analytical function has been launched, designed to respond to stability and thematic threats across the system, although a current recruitment freeze does risk delivery. New end-to-end case management processes are being incorporated into a Target Operating Model, to include a root and branch review of the SOC capability offer and a review of roles and responsibilities for reducing the impact of SOC threats in our environments. It is planned that this will go live in 2024-25, subject to recruitment permissions.
- An updated National Security Framework with revised security policies was launched in Autumn 2024.
- The baggage scanner procurement activity to complement the security investment programme and enhanced gate security offer was concluded and installations completed.
- As part of the drone strategy, HMPPS is reviewing counter drone capability, working closely across government to understand future technology and legislative requirements that meet HMPPS' needs.
- A synthetic opioids threat group has been established to manage HMPPS' response to the threat of emerging synthetic opioids, as well as representing HMPPS at the synthetic opioid taskforce. Our contracted forensic analysis provider has the capability to detect synthetic opioids including fentanyl and nitazenes.
- Personnel security vetting is currently underway with the vetting reform programme. A review of vetting levels and processes is an integral part of the programme across directly employed, non-directly employed contractor and agency roles, including the development of a decision-making framework, and deployment of digital and social media checks.

Security

Strategic Principles: 1, 2, 3, 4

Principal risk: Failure to maintain order and control



Risk direction:
Risk has worsened

Detail:

Capacity, staffing pressures, and an increased risk of disorder has raised the potential for serious incidents. Overall recruitment in prisons has improved significantly but there remains a small but high-risk sector of sites significantly under their Target Staffing Figure. The operational response and resilience unit is reviewing its response activity in light of a 30% increase in telephone reported incidents for 2023 (this trend continues to be seen in 2024), with the intention of providing bespoke approaches in accordance with risks posed.

The number of Tornado trained staff is currently below target, despite an increase in staff being trained. This is due to the impact of staff turnover. HMPPS' training plan for 2024-25 is committed to addressing the shortfalls while considering the potential for further turnover.

Key mitigations:

- HMPPS is committed to filling vacancies and addressing capability gaps in specialist teams, the national Tornado workforce and regional dog sections.⁹ This includes developing capability for the detection of new explosive substances, new psychoactive substances and drugs in use.
- As part of the drone strategy, HMPPS is reviewing counter drone capability, working closely across government to understand future technology and legislative requirements that meet HMPPS' needs.
- A full review of the gold command system operation was completed in 2023-24 providing a refreshed model of delivery to mitigate risk.

⁹ Operation Tornado is a national mutual aid plan by which prisons support one another in the event of a serious incident or occurrence requiring a reinforcement of staff.

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 well being of staff and prisoners



Risk direction:
Risk has worsened

Detail:

For 2023-24 the rate of prisoner-on-prisoner assaults remained lower than the pre-pandemic period but the rate of assaults on staff was higher than the 12 months to March 2020. This remains a concern as we strengthen controls to address it. Self-harm rates increased in the male estate by 25% but decreased slightly by 4% in the female estate.

There were 85 self-inflicted deaths in 2023-24 (a rate of 1.0 per 1,000 prisoners), the same rate as seen in 2022-23.

Increases in self-harm and violence are likely to be attributed to a range of factors including the increased remand population who are at an increased risk of suicide and self-harm particularly in their early days of custody or when they have been recalled to prison. Population pressures and crowding can also increase the risks of violence. We know that staff pressures, including the impact on regime delivery and staff inexperience, are likely to be contributing to the increases. Additionally, lack of key work delivery can impact on staff/prisoner relationships and interactions which help improve safety outcomes. Debt is also a driver of violence and self-harm. Self-harm rates in the women's estate are also more than eight times higher than in the male estate. This is largely driven by a small number of women who repeatedly self-harm.

Key mitigations:

- Work is being undertaken to address the increase in assaults including targeted work for 22 adult male public sector prisons with the highest levels of assaults to help flatten the assaults trajectory. This will be joined up with security, drugs and wider workforce work.
- HMPPS is working to gain a better understanding of debt which is a significant driver of assaults, and a study is underway.
- HMPPS continues to use data driven analysis to assess the impact of overcrowding and staff experience on safety.
- There is ongoing action to address self-harm in the women's estate, including supporting those women who prolifically self-harm which is being taken forward through the Women's Self-harm Taskforce.
- The substance misuse group are delivering a range of work to tackle supply, demand and treatment for substance misuse.
- Next generation trace detection equipment has been rolled out in all public sector prisons.
- The drug threat reduction working group is in place to ensure plans to reduce supply and demand of illicit substances are aligned.

Youth Custody Service

Strategic Principles 1, 2, 3

Principal risk: The Youth Custody Service fails to provide a safe environment to meet the increasingly complex needs of children and young people in custody



Risk direction:
Risk has worsened

Detail:

The operating environment remains challenging with our ability to improve outcomes for children and young people inhibited by complex and vulnerable cohorts. This is further compounded by the current estate not enabling a suitable environment for specific needs. The cumulative impact of these risks continues to impact regimes and opportunities for meaningful engagement with children and young people. The availability and experience of staff, stability of staffing levels and development of key skills is critical to our ability to deliver against commitments. We continue to target the drivers of staff attrition along with taking steps to professionalise, develop and train our workforce.

The immediate capacity position in YCS remains between the projected low and central demand position overall. The reduction in the number of children entering custody has resulted in a complex remaining cohort. A small number of individuals have a high impact on incidents, including on YCS' rates of assaults and self-harm. For 2023-24 on average 26% of the population were 18+ (an increase from an average of 13% in 2021-22), which creates additional legal and safety risks. Additional pressures result from a remand population of 40%. For the STC and SCHs, we are closer to high demand forecast projections which may present capacity challenges in these sectors and vulnerability to shocks.

Key mitigations:

- The YCS has completed a review and refresh of its risk management and governance processes in 2023-24. This ensures YCS has a more reflective picture of the whole risk profile and allows greater understanding of thematic issues and interdependencies enabling focus on risk reduction in the most impactful and high-risk areas to improve outcomes for children and young people. We continue to embed the supporting structures and mechanisms in 2024-25.
- The YCS is engaging with the wider HMPPS workforce retention strategy, and retention action plans are in place.
- The new secure school, which opened in August 2024, is the first setting of this nature delivering a ground-breaking new approach to youth custody.
- As part of the YCS children and young people strategy, a needs-led girls placement strategy will be developed, to consider whether the placement of girls remains the best strategy in the medium to long term.
- Work will deliver on our legislative safer recruitment responsibilities, through changes to policy, training, recruitment, vetting and DBS renewal practices.
- Safeguarding training has been sourced and has been designed specifically for the secure estate by Local Authority children's services.
- Capacity and related controls are monitored through the YCS capacity board and collaboration with MoJ property services. We are reviewing placement activity in totality to alleviate the local population pressures in certain areas. On going reviews of planned works will be agreed as part of improvement action plans and stability.

People

Strategic Principles 1, 2 , 3

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



Risk direction:
Risk has worsened

Detail:

Although staff retention is generally improving, the proportion of new staff in some prison sites and in probation creates ongoing challenges. It takes time to build confidence and capability in a new role, and we know that a stable and skilled workforce is supportive of good performance. In addition to recruiting new staff into roles, we are committed to improving retention levels for new and experienced staff. The Recruitment and Retention Strategy, updated in May 2023, committed to 25 initiatives across HMPPS designed to address this challenge. The strategy concluded in March 2024 and a full evaluation of the strategy is being undertaken and will be published internally in 2024-25.

Key mitigations:

- New capability packages covering critical areas of prison operational delivery are being developed by the 'Enable' programme. These will be tested at a small number of prisons in the first half of 2024, before further roll out. We continue to identify capability and workforce development requirements in the Probation Service.
- In respect of learning and development transformation, a wider restructure has been delivered and remaining activities centre on developing clear governance and risk reporting routes.
- We are strengthening the communication of our Professional Standards and Behaviours to limit recent impacts on attrition. Recruitment into various roles to support this work has commenced.

Funding

Strategic Principles 3, 4

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



Risk direction:
Level of risk remains unchanged

Detail:

2023-24 is the second year of the spending review. Financial pressure is increasing compared to year one due to mounting costs associated with successive pay awards, new work associated with reducing reoffending funding ramping up and the HMPPS staffing position reaching levels closer to target.

However, funding uplifts agreed in the spending review and subsequently as part of the MoJ departmental budget rounds, alongside in-year financial controls and reprioritisation has enabled us to stay within spending limits despite these rising pressures.

Budget planning for 2024-25 indicates the position will be similar. HMPPS are committed to savings, particularly around non-frontline staffing via the OneHMPPS transformation

Key mitigations:

- Controls are in place to review and challenge forecast spend alongside risks and opportunities outside the forecast at regular intervals throughout the year allowing the HMPPS leadership team to make decisions to ensure spend is reflective of priorities and is within limit. In 2023-24, action was taken to constrain discretionary spend as underspends emerged in-year.
- Financial plans for 2024-25 have been agreed with the HMPPS leadership team. These will continue to be reviewed as part of the ongoing in-year financial management processes to ensure that we stay within spending limits.
- Controls are in place to review the efficiencies required as part of the OneHMPPS transformation activity, and ensure savings are achieved

People

Strategic Principles 1, 2

Principal risk: Failure to attract, recruit and mobilise people



Risk direction:
Risk has improved

Detail:

The trends for prison operational staffing numbers continue to show improvement, with Operational Support Grade, youth justice worker and prison officer vacancies falling substantially and projected to continue to do so. Prison officer 'over recruitment' has been effective at giving the system greater resilience through national detached duty, and, at a national level, we are slightly above target staffing levels for band 3-5 prison officers and youth justice workers.

We have taken steps to help improve the overall staffing for probation. Alongside strengthened recruitment efforts, we are committed to retaining both new and experienced staff through our retention oversight process, which examines attrition rates and reasons for them.

Ensuring that the probation service is sufficiently resourced and that we retain levels of experience is fundamental to delivering quality outcomes for people on probation.

Key mitigations:

- HMPPS's resourcing team continues to target OSG, prison officer and probation officer recruitment. Specific focus is given to alumni, re-appointments and targeted recruitment campaigns for the hardest-to-staff sites.
- A national recruitment brand campaign 'An extraordinary job. Done by someone like you' launched in September 2023 and has been conducted over multiple channels, targeting recruitment for both prison and probation.
- We launched the probation alumni scheme in January 2024 aimed at encouraging probation and senior probation officers who left the service within the last 5 years to fast-track their way back to probation. This initiative will help to ensure experience is retained within the service.
- A centralised recruitment approach was introduced for probation operational grades to help expedite the recruitment of new staff and reduce time to hire.
- Use of the probation workforce planning system seeks to resolve discrepancies between assumptions and calculations used for resource planning, ensuring that regions have the most effective tools to manage workloads.

People

Strategic Principles 1, 2

Principal risk: Failure to retain people



Risk direction:
Risk has improved

Detail:

HMPPS's resignation rate continues to improve but we must maintain focus as we support new staff to develop capability and confidence in order to increase levels of skill and experience in the workforce.

Data shared with the Prison Service Pay Review Body showed that, for the year from December 2022 to November 2023, the primary drivers for people leaving the Prison Service were career progression, ways of working (that is, how, where and when we expect people to work) and health and wellbeing. Pay and reward has dropped down the list of most commonly cited reasons for leaving by prison staff.

In Probation, the data from December 2022 to November 2023 shows that the primary drivers for people leaving were ways of working, career progression, health and wellbeing and leadership.

Key mitigations:

- A new retention oversight process has been established to provide insight into the reasons staff leave the service. This includes deep dives at high attrition prison and probation sites. Feedback from the exit interviews helps to shape and determine interventions to better understand and respond to staff attrition.
- A staff wellbeing model proposal has been agreed by the people subcommittee.
- A monthly assurance process has been put in place seeking senior assurance on long-term sickness. This is led by HMPPS Executive Directors.
- For probation, we launched the probation alumni scheme in January 2024 aimed at encouraging probation and senior probation officers who left the service within the last five years to fast-track their way back to probation. This initiative will help to ensure experience is retained within the probation service.

Capacity related delivery

Strategic Principles 3, 4

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

Detail:

The adult male prison estate has been under acute pressure since September 2022. A formal task-force was set up to manage the situation. In order to manage the challenging landscape, HMPPS has delivered the additional policy measures announced by Alex Chalk, the previous Lord Chancellor, in October 2023 (as set out on page 15).

To further manage the continuing capacity challenges, in July 2024 Lord Chancellor Shabana Mahmood announced temporary legislative changes to the percentage of time a prisoner serving an eligible Standard Determinate Sentence (SDS) must spend in custody from 50% to 40%.

A number of exclusion criteria apply. The law change will be applied retrospectively to all sentences that fit the eligibility criteria (not prisoners). Releases under this change commenced from September 2024.

All probation regions and prison establishments were supported in readiness for the first tranche of releases via carefully monitored implementation plans to track the identified numbers of releases, staff communication and guidance, stakeholder engagement with police at senior levels, and liaison with health colleagues to ensure that continuity of care for substance misuse, alcohol and mental health treatment is maintained. HMPPS has stood up an implementation taskforce with representatives from across government departments including Health, Department for Work and Pensions, Ministry of Housing, Community and Local Government, Home Office, Police and Welsh Government. Locally, Area Executive Directors will work with their senior teams to co-ordinate extraordinary local partnership boards to enable implementation.

Key mitigations:

- SDS changes are being implemented through a national command mode.
- Measures have been implemented to increase staffing capacity including extending incentivised overtime for prison staff, introducing incentivised overtime for probation staff at key grades and the establishment of remote support through a specialist support team. Performance timeframes have been temporarily adjusted to enable staff to prioritise tasks and manage surge releases.
- Capacity within HMPPS accommodation provision has been maximised through increased maintenance funding for approved premises (CAS1), temporary adjustment of referral requirements and reprioritisation of pre-release activity towards commissioned rehabilitation services referrals.





“HMPPS has continued to manage complex capacity issues whilst ensuring that the delivery of our vital services is maintained. This has at times required us to be flexible and innovative in our approach.”

Operational performance in 2023-24 from the Director General of Operations

HMPPS has faced significant operational challenges in 2023-24 but as Director General of Operations I am also proud of our many achievements in the year.

HMPPS has continued to manage complex capacity issues whilst ensuring that the delivery of our vital services is maintained. This has at times required us to be flexible and innovative in our approach. Despite a challenging operational landscape, we have delivered the additional policy measures announced in October 2023 by the then Lord Chancellor, as well as the further measures announced in July 2024.

Our population and capacity challenges have inevitably impacted on performance by limiting the delivery of prison regimes and have placed

an increasing demand on probation services to deliver the orders of the court as we seek to ease the pressures in the prison system. Solutions have required a holistic approach to the offender journey, ensuring decision making considered impacts on both prisons and probation.

The new area model has been a welcome change, with Area Executive Director roles in place from October 2023 to lead both prison and probation delivery across seven regions. We are starting to see the benefits of this approach with improved join up between prisons and probation, more authority and decision-making devolved from HQ to the level where they are needed to drive operational delivery, and improved oversight and collaboration with partners.

Improving safety and reducing assaults and self-harm in prisons remains a priority. We are not yet where we want to be, but we continue to increase staff numbers and are improving staff capability to drive safety outcomes and reduce prisoners' frustrations by delivering consistent prison regimes and allowing staff more time to meaningfully engage with prisoners.

Following the escape from HMP Wandsworth in September 2023 we took robust action to ensure the security of HMP Wandsworth and the wider prison estate including sharing urgent learning and undertaking quality assurance visits to selected prisons.

We continue to focus efforts to support people with interventions that we know help reduce reoffending, including finding a home, a job, and access to substance misuse treatment. We have delivered on commitments to improve services to support prison leavers and continue to make progress to improve our offer and help people to prepare for release and we continue work in partnerships across the supply chain including with a wide range of voluntary, community and social enterprises.

While we have made great strides to improve the number of front-line staff in post in probation, prisons and youth custody through various initiatives, such as the HMPPS 'Extraordinary Jobs' brand campaign, I acknowledge that success in recruitment brings the challenges of an inexperienced workforce. We are seeing improved rates of retention which are key to the capability and confidence of our workforce strengthening over time, as we focus efforts on nurturing and retaining our valued staff.

I wish to give my sincere thanks to the dedicated and committed staff who come to work every day to change lives, protect the public and reduce reoffending.

Phil Copple
Director General of Operations



Performance against outcomes

The following sections will provide a further overview of activity against each of HMPPS' areas of delivery focus for 2023-24 as detailed in the MoJ's Outcome Delivery Plan.

Delivery against outcome 1: Protect the public

20k Programmes

To meet the growing prison population, we are building 20,000 modern, rehabilitative places through the construction of new prisons and the expansion and refurbishment of the existing estate. We will have delivered approximately 10,000 places in total by the end of 2025. As at 1 April 2024 around 6,000 additional places have been completed including:

- HMP Five Wells, opened in 2022, providing 1,715 new places.
- HMP Fosse Way, opened in 2023, providing 1,715 new places.
- rapid deployment cells provided 666 places across 12 sites.

To 1 April 2024, around 80% (16,000 places) of the 20,000 target places have now either secured planning permission, can proceed under Permitted Development Rights, are not subject to planning requirements, or have been delivered. We have secured outline planning permission for our fourth new prison, near the existing HMP Gartree in Leicestershire, and for our fifth new prison, near the existing HMP Grendon in Buckinghamshire, which will deliver approximately 3,000 places between them. Construction is currently underway at the new prison HMP Millsike, in Yorkshire, due to open in 2025.

Delays to delivery have been experienced, most notably for the three new prisons programme where planning permission refusals and subsequent appeals have meant we have experienced significant delays to progress at HMPs Grendon, Gartree and Garth. Other delays within the portfolio include challenging conditions on a number of sites elongating construction phases. Despite this, we are continuing to push ahead with further options to deliver capacity across the estate, including looking at all options for accelerating timelines.

The prison capacity portfolio and capital maintenance programme face significant pressures due to unprecedented levels of construction cost inflation and indices, challenges to supply chain capability and capacity, and the availability of escorting staff.

The NAO is currently undertaking a value for money study into 'Increasing the capacity of the prison estate to meet demand' and the final report is expected to be published in December 2024. We are working closely with the NAO to facilitate the report and will produce an implementation plan further to its publication in response to the recommendations made.

PFI contracts

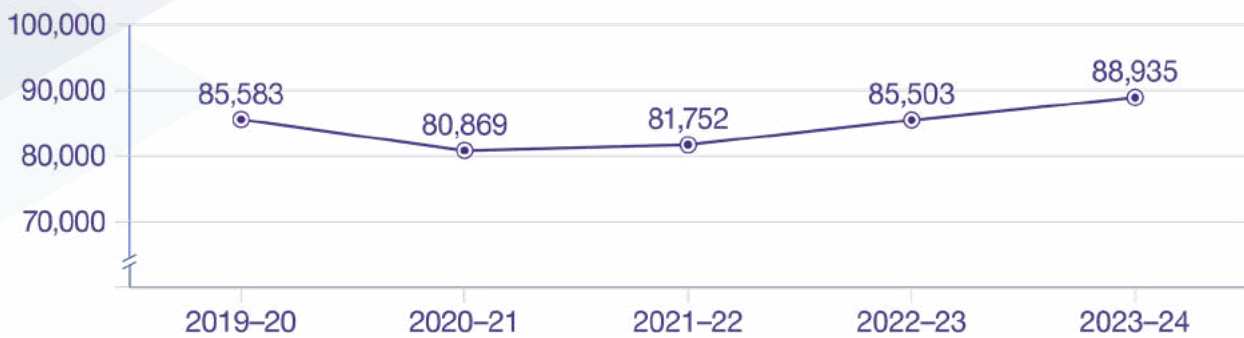
Despite challenging delivery timescales, the complexity of the work and these being among the first PFI contracts to expire across government, tranche 1 of the PFI Prison Expiry and Transfer Project achieved its objective of a safe, efficient, and effective transfer to future operational arrangements and the new service provision will improve service delivery and has provided significant savings compared to the public sector operation.

In May 2023 HMPPS and Sodexo agreed, in principle, terms to enable HMP Lowdham Grange in Nottinghamshire to be brought under public sector control. HMPPS stepped in to take over responsibility for running elements of the prison on an interim basis in December 2023 and HMP Lowdham Grange formally transitioned to HMPPS in August 2024. Both parties have agreed terms in principle to conclude the contract whereby Sodexo will pay a settlement to cover the cost of the 'step-in' action and anticipated additional future operating costs, meaning there will be no increased cost to the taxpayer.

	2019-20	2020-21	2021-22	2022-23	2023-24
Prison population	83,189	78,081	79,744	84,372	87,869

Source and notes: Ministry of Justice, 'Prison Population Figures 2024,' 2024, available at: www.gov.uk/government/publications/prison-population-figures-2024. 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 5 YCS YOI sites but do not include the 8 children's homes and Secure Training Centre.

Useable operational capacity



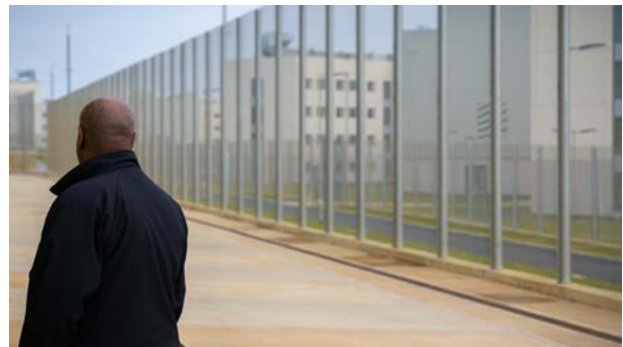
Sources and notes: The number of useable prison places increased by 3,432 (4%) from 85,503 to 88,935 between 31 March 2023 and 22 March 2024.

Prison Maintenance

We continue to invest in prison maintenance so that existing places are safe, decent and secure. In December 2023, we completed an estate-wide survey to assess the condition of each public sector prison and a sample of the privately managed prisons to provide a detailed understanding of the condition of the fabric and critical infrastructure in prisons including the backlog of maintenance works. We are continuing the fire safety programme, in line with our commitment to the Crown Premises Fire Safety Inspectorate to make all accommodation compliant with current fire safety standards by 2027.

We have worked at pace to identify RAAC across the estate. As of May 2024, eight sites had been confirmed as containing RAAC. We have taken the necessary steps to take buildings out of use or put in place temporary mitigations while remedial works to remove the RAAC takes place.

There is an ongoing programme of monitoring and associated mitigation against the potential exposure to radon which aligns with IRR2017 and further HSE guidance. Any sites identified with above action levels are subject to mitigation action informed by specialist radon protection advisers contracted by both HMPPS and respective facilities management providers.



Security

Security in prisons

Following the escape from HMP Wandsworth in September 2023 we took robust action to ensure the security of HMP Wandsworth and the wider prison estate including sharing urgent learning and undertaking quality assurance visits to selected prisons. An independent investigation into the escape, undertaken by Keith Bristow QPM, has concluded and recommendations are being progressed.

An updated Crime in Prison Referral Agreement (CIPRA) was launched in September 2023. This agreement between HMPPS, the National Police Chiefs' Council (NPCC) and the Crown Prosecution Service (CPS) will improve the investigation and prosecution of crimes in prisons.

We mobilised the Crime in Prison Taskforce directly into prisons in March 2023 to improve the management and quality of police referrals. The taskforce has developed detailed guidance to ensure frontline practitioners are aware of the referral process and reporting requirements. The taskforce is also prioritising reducing assaults on staff, increasing knowledge and the practical application of the CIPRA, evidence handling training for staff and providing a victim support strategy to apply in conjunction with the Victims' Code.

Serious and Organised Crime

We are introducing a new Serious and Organised Crime (SOC) Target Operating Model to ensure resources are used as efficiently and effectively as possible. In April 2023, we aligned the multi-agency and singular SOC activities, creating a whole-system approach drawing on the expertise and specialist capabilities of partners and prison and probation staff.

We are investing in a new digital forensics laboratory to interrogate and exploit devices smuggled into prison as part of a major boost to deliver successful prosecutions against organised

crime groups. Completion is due in late 2024 and will significantly enhance and future-proof the organisation in dealing with the ever-changing and emerging threats posed by illicit digital devices used to facilitate crime.

Counter Terrorism

We continue to make progress in response to Jonathan Hall KC's review of terrorism in prisons, and have worked to deliver several further improvements to strengthen our approach including:

- completing an extensive review of Islamist gang activity in prisons and improving our ability to identify and disrupt emerging extremist gang activity
- stopping terrorist prisoners taking leadership roles in religious services
- developing a new counter terrorism (CT) training package to ensure staff have the information and confidence to fully discharge their CT responsibilities – due to be rolled out to prison and probation staff in 2024-25
- investing in a new Close Supervision Centre for the most physically violent prisoners, including terrorists – the new CSC at HMP Frankland received its first prisoners in December 2023

Probation's national security division, with support from the joint extremism unit network and other partners, provide a model of enhanced, intelligence-led supervision to TACT and Terrorist Risk offenders in the community. This includes robust arrangements for delivering Multi-agency Public Protection Arrangements (MAPPA) jointly with CT nominal management policing.

This collective progress has been acknowledged, including by Jonathan Hall KC who recognised our substantial investment in countering terrorism, and in the Counter Terrorism Joint Inspection in July 2023, which found we are working more effectively to protect the public, thanks to the joint work of prisons, probation, and the police.¹⁰

10 HM inspectorate of Probation, 'Counter Terrorism Joint Inspection – National security division and multi-agency arrangements for the management of terrorist offenders in the wake of terrorist attacks', 2023, available at <https://www.justiceinspectors.gov.uk/hmiprobation/inspections/ct-joint-inspection-2023>

Drugs and drug testing in prisons and probation

Drug testing in custody and the community underpins our efforts to tackle supply, reduce demand, and support treatment and recovery.

Although the number of random Mandatory Drug Tests undertaken in prisons increased by 25% from 41,308 in 2022-23 to 51,452 in 2023-24, testing has not yet returned to pre-COVID levels due to operational and staffing pressures.

During 2023-24 we:

- launched the re-competition of the drug testing services contract, with the new service across prisons, approved premises and probation sites due to commence from summer 2025
- carried out trials of wastewater testing in 41 prisons with the aim of providing further evidence on detection of illicit substances across the estate
- launched a new forensic testing service for drug finds and seizures in April 2023, enabling all public sector prisons and approved premises to identify a wide range of illicit substances
- established a synthetic opioids threat group to manage HMPPS' response to the threat of emerging synthetic opioids
- continued work to deter, detect and disrupt the illegal use of drones which are used to deliver contraband into prisons and to film and photograph prisons to gather information – new drone restricted airspace legislation for prisons and YOIs in England and Wales came into effect in January 2024¹¹
- rolled out next generation drug trace detection machines, to provide full coverage across public sector prisons to help prevent the smuggling of illegal drugs through the mail



11 Ministry of Justice, 'Drone Restricted Airspace around Prisons & Young Offender Institutions in England and Wales,' 2024, available at: <https://www.gov.uk/guidance/drone-restricted-airspace-around-prisons-young-offender-institutions-in-england-and-wales>

Safety

Self-harm and self-inflicted deaths

The overall rate of self-harm increased by 16% in the 12 months to March 2024, increasing by 9% between quarter 3 and quarter 4.

In 2023-24 the rate of self-harm has risen in the male estate (by 25%) but decreased slightly in the female estate (by 4%), however, there is a continuing notable difference in self-harm trends by gender, with the rate in female establishments being more than eight times higher than male establishments.

Increases in self-harm and violence are likely to be attributed to a range of factors including the increased remand population who are at an increased risk of suicide and self-harm particularly in their early days of custody or when they have been recalled to prison. Population pressures and crowding can also increase the risks of violence. We know that staff pressures, including the impact on regime delivery and staff inexperience, are likely to be contributing to the increases. Additionally, lack of key work delivery can impact on staff/prisoner relationships and interactions which help improve safety outcomes. Debt is also a driver of violence and self-harm. Self-harm rates in the women's estate are also more than eight times higher than in the male estate. This is largely driven by a small number of women who repeatedly self-harm..

We are continuing to deliver on our commitments to manage the risks of self-harm and suicide by:

- introducing more ligature resistant cells
- piloting an emotional resilience and peer support pilot in six reception prisons

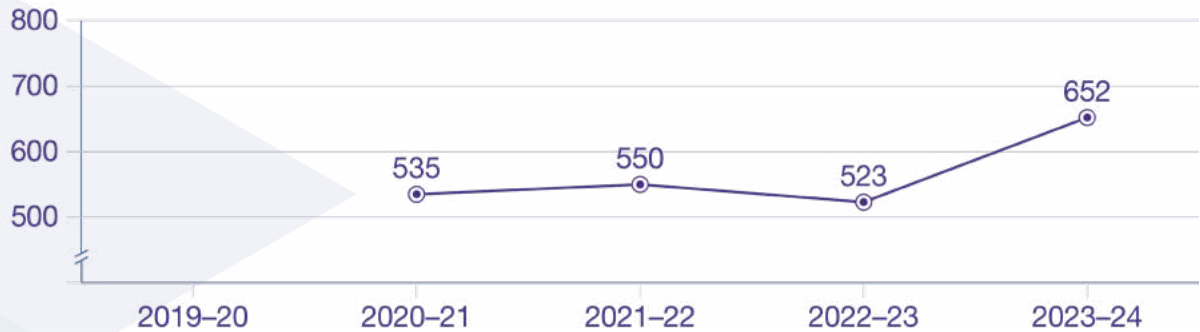
- completing the pilots and evaluation of the alternatives to wet shave razors. It was announced on 21 May 2024 that a decision had been taken to implement a phased removal of wet-shave razors from the adult male closed estate
- continuing funding for the Samaritans until March 2025 to deliver the Listeners scheme through which prisoners are trained to provide emotional support to fellow prisoners in emotional distress. This also funds the postvention response
- developing new training and developing content on understanding risks, triggers and protective factors to roll out in 2024-25

We recognise that the level of self-harm in the women's estate is too high. The high rate is mainly driven by a small number of women, often with complex needs who account for a high proportion of self-harm incidents. We are taking action to address this through the women's self-harm taskforce and will also be addressing the needs of complex women in response to the recommendations made in the Review of Women's Health and Social Care.

We have worked with the Samaritans to develop a postvention response to providing support to staff and prisoners in the period following a self-inflicted death in order to reduce the risk of further deaths. This has been rolled out across the adult male estate (June 2023) and an adapted version has been rolled out in the women's estate (December 2023).



Self-harm MALE (per 1,000 prisoners)



Self-harm FEMALE (per 1,000 prisoners)



Source and Notes: The rate of self-harm was 852 incidents per 1,000 prisoners in the year ending March 2024, a 16% increase from the 12 months to March 2023, comprising a 25% increase in male establishments and a 4% decrease in female establishments. The self-harm trends vary significantly by gender, with the rate in female prisons being more than 8 times higher than in male prisons. This data does not include the children and young people estate however, data from 2019-20 is not comparable as this had included the youth estate. <https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-march-2024>

	2019-20	2020-21	2021-22	2022-23	2023-24
Self-inflicted deaths in custody (adult)	83	80	79	85	85
Rate per 1,000 prisoners	1.0	1.0	1.0	1.0	1.0

Source and Notes: [Safety in Custody Statistics, England and Wales: Deaths in Prison Custody to March 2024 Assaults and Self-harm to December 2023 - GOV.UK](#)

Assaults

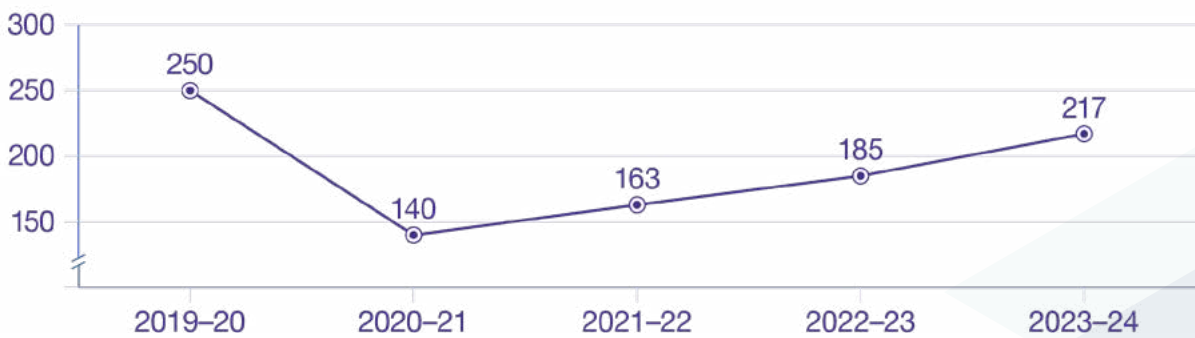
We continue to increase staff numbers and improve staff capability to improve safety outcomes and reduce prisoners' frustration by delivering consistent prison regimes and allowing staff more time to meaningfully engage with prisoners.

We are targeting work in 22 adult male public sector prisons with the highest level of assaults, including identifying the local drivers of violence and taking action to address these. We know that debt is a significant driver of violence, and we are undertaking a debt study to understand the nature, extent, and repercussions of debt and its impact on

safety. The interim report has been completed, with the final report due in early 2025.

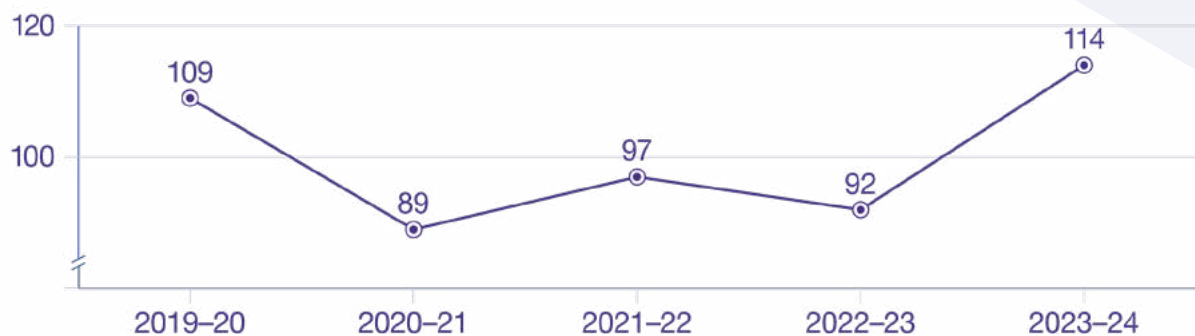
Internal analysis has proven a relationship between over-crowding and prison violence. It is likely that crowding impacts violence, particularly through pressure on experienced staff time, which can also be linked to increased rates of self-harm. Crowding also limits prisons' abilities to separate gang members, which can lead to increased violence. We are sharing these insights with the relevant stakeholders.

Assaults on prisoners (per 1,000 prisoners)



Sources and notes: The rate of prisoner-on-prisoner assaults increased by 17%, from 185 to 217 (per 1,000 prisoners) between the year ending March 2023 and March 2024. The prisoner-on-prisoner assault incidents rate remains below the pre-pandemic levels. The data does not include the Children and Young People Secure Estate. <https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-march-2024>

Assaults on staff (per 1,000 prisoners)



Source and Notes: The rate of prisoner on staff assaults increased by 24%, from 92 to 114 (per 1,000 prisoners) between the year ending March 2023 and March 2024. The data does not include the Children and Young People Secure Estate. <https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-march-2024>

Children and Young People Secure Estate safety

When looking at the 12 months to March 2024 compared to the 12 months to March 2023, the rate of assault incidents in the Children and Young People Secure Estate (CYPSE) was largely unchanged. The rate of serious assaults decreased by 15%, the rate of assaults on staff increased by 11% and the rate of self-harm decreased by 2%.

YCS' approach to reducing violence in the CYPSE is closely linked to the delivery of the 'SECURE STAIRS' framework for integrated care in partnership with NHS England which includes improvements in conflict resolution and specialist psychological interventions. All public sites have a safety strategy that reflects local drivers of violence considering the specific cultural and behavioural needs of their cohort.

The operating environment remains challenging. The reduction in the number of children entering custody has resulted in a complex remaining cohort. In 2023-24 the average proportion of children and young people in custody for violence against the person offences was 68%.

During recent HMI Prisons inspections 92% of children at HMYOI Feltham stated they felt safe and 93% at HMYOI Wetherby.

All public YOI sites now have a weapons reduction strategy in place. A central intelligence hub was introduced in 2023, forming part of central YCS operations and supports security departments within establishments.



The YCS has taken a range of actions to improve and reduce the use of separation in the youth estate, including additional resources to ensure effective management and improve oversight and is working to improve regime provision and time-out-of-room for all children. High levels of non-associations (keep-apart individuals) in the YCS impacts regime delivery and resources due to the need for multiple regimes to ensure safety. Operational guidance was implemented in September 2023 to assist in the application and review of non-associations.

	2019-20	2020-21	2021-22	2022-23	2023-24
Assaults per 100 CYP	448.3	320.9	402.2	384.7	385.1
CYPSE serious assaults per 100 CYP	28.0	21.4	25.9	34.4	29.2
Assaults on staff per 100 CYP	186.7	177.6	212.4	173.7	192.5

Source and Notes: <https://www.gov.uk/government/publications/youth-custody-data>

	2019-20	2020-21	2021-22	2022-23	2023-24
Self-harm per 100 CYP	289.9	223.5	289.4	383.2	376.5
Self-harm individuals	414	249	255	226	243

Source and Notes: www.gov.uk/government/publications/youth-custody-data

	2019-20	2020-21	2021-22	2022-23	2023-24
Self-inflicted deaths in custody (CYP)	0	0	0	0	0

Source and Notes: www.gov.uk/government/publications/youth-custody-data. Deaths of children and young people are fortunately rare and there were no deaths in 2023-24. 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.

Offender management in custody

Offender Management in Custody (OMiC) work puts offender management at the heart of the prison by sharing information, supporting rehabilitation and managing the risks of sentenced prisoners. In November 2022 HMI Probation published a joint thematic inspection of OMiC pre-release.¹² A plan was put in place to respond to the recommendations, and a one-year-on update has been shared with the inspectorate. A dedicated OMiC evaluation and research programme has also been completed to support the development and improvement of OMiC delivery.

A more flexible key work model will be a core part of the national regime model that will drive quality delivery of key work. A quarterly review cycle will be introduced to enable prisons to compare actual delivery of key work against planned delivery at the start of the year. To support this, a national quality performance measure for key work has been developed.

As of 9 May 2023, all short-sentenced prisoners (less than 20 months) are allocated to a Community Offender Manager at point of sentence. To improve the transition from prison to the community, the handover point for standard determinate sentences has been extended from 7.5 to 8.5 months.

Prisons Target Operating Model

The Prisons Target Operating Model (TOM) for England and Wales was published internally alongside a YCS TOM in December 2023, capturing the sum of planned activity across the prison system. The model recognises challenges facing the system and does not place extra demands on frontline colleagues, but will help to streamline regime and business planning, supporting prison leaders to think about local activity in the context of the national picture.



¹² HM Inspectorate of Probation, 'A joint thematic inspection of Offender Management in Custody – pre-release', 2022, available at: <https://www.justiceinspectors.gov.uk/hmiprobation/inspections/omic-thematic/>

Specialist cohorts

Women in prison

We continue to make good progress against the commitments published in the Female Offender Strategy Delivery Plan, remaining on target to deliver all commitments within the delivery period.¹³ In November 2023 NHS England and HMPPS jointly commissioned and published a review of health and social care in women's prisons and work has started with health partners to ensure we effectively deliver on the recommendations made.¹⁴

Through 2023-24 we have achieved the below to provide vital support to women in custody:

- a grant was awarded to the Prison Advice and Care Trust to introduce additional family engagement workers to focus on resettlement and strengthening family ties
- an early days service was mobilised in five women's prisons to improve support in the first 28 days of custody
- we are piloting domestic abuse and sexual violence link workers in seven women's prisons
- we are undertaking a young adults pilot in two prisons aiming to improve outcomes for those aged 25 and under
- we have rolled out the Hope programme in five prisons, designed to support women to develop strategies to manage emotional and psychological challenges faced on arrival into custody
- 'Working with anger' and the women's estate psychology service Relationship Programme have been approved via the accreditation process
- we have trained more staff in the delivery of gender-specific programmes
- training specifically for newly recruited prison officers is now in place.

Mother and baby

There are currently 6 Mother and Baby Units (MBUs) across the women's estate, providing 64 places for mothers and 70 places for babies. In July 2023 we published our second annual report on pregnancy and births relating to women in prison.¹⁵

We continue to work across government to take forward the recommendations from the 2019 Farmer Review for Women, including piloting social workers in four of our women's prisons. Work is ongoing to evaluate the impact of these roles and to consider how to progress once the pilots conclude in March 2025.

The joint NHS and HMPPS published a review of health and social care in women's prisons which highlights examples of good practice and improvements made in pregnancy and perinatal care in women's prisons.¹⁶ HMPPS continues to work with stakeholders to progress the recommendations.

In response to the Chief Social Worker's Review on MBU applications and decision-making, we progressed recruitment to identify a number of new chairs for our MBU Boards.¹⁷ This will ensure appropriate scrutiny and consistency of decision-making. We have also recruited dedicated Pregnancy and Mother and Baby Liaison Officers in all women's prisons and mandated multidisciplinary care planning for pregnant women.

13 Ministry of Justice, 'Female Offender Strategy Delivery Plan 2022-25', 2023, available at: <https://assets.publishing.service.gov.uk/media/63d78f63e90e0773e01f8960/female-offender-strategy-delivery-plan-2022-25.pdf>

14 NHS England, 'A review of health and social care in women's prisons', 2023, available at: <https://www.england.nhs.uk/long-read/a-review-of-health-and-social-care-in-womens-prisons/>

15 Ministry of Justice, 'HMPPS Annual Digest 2022/23', available at: https://assets.publishing.service.gov.uk/media/651d3a76bef21800156ded1a/HMPPS-annual-digest-2022-23_FINAL1_RevisedSept23.pdf

16 NHS England, 'A review of health and social care in women's prisons', 2023, available at: <https://www.england.nhs.uk/long-read/a-review-of-health-and-social-care-in-womens-prisons/>

17 Department for Education, 'Applications to mother and baby units in prison: how decisions are made and the role of social work', 2023, available at: https://assets.publishing.service.gov.uk/media/637e1e2ed3bf7f153c5175fc/Applications_to_mother_and_baby_units_in_prison_-_how_decisions_are_made_and_the_role_of_social_work.pdf

Transgender Prisoners

In 2023-24 there was a focus on the safe implementation of changes introduced to strengthen the national allocation policy for transgender women. This resulted in an increased number of central Complex Case Boards (CCB) being delivered, with ministers taking final decisions where CCBs recommended individuals should receive an exemption to be held in the women's estate.

We remain committed to supporting all transgender prisoners to live in their acquired gender whichever part of the estate they reside in. Operational policy support for prisons managing this cohort has increased. We have also refreshed training for transgender Single Points of Contact and Local Case Board chairs ahead of a revised package in 2024-25.

Foreign national offenders

HMPPS continues to work closely with Home Office on the removal of Foreign national offenders (FNOs) with no right to stay in the UK:

- Published figures show that FNO removals from prisons have increased by 34% from 3,107 in 2022-23 to 4,150 in 2023-24).
- The Early Removal Scheme has been expanded to allow for removal of FNOs up to 18 months before the end of the custodial element of their sentence, subject to serving a minimum term. This came into effect on 16 January 2024 and is expected to bring more FNOs into scope for removal at any one time.
- The repatriation of prisoners to Albania to serve their sentences under the new amended Prisoner Transfer Agreement has now begun.
- We have worked with the Home Office to ensure that the number of time-served FNO prisoners (immigration detainees) remains low.

Modern slavery

During 2023-24 we continued work to strengthen our approach to tackling modern slavery across HMPPS. Single Points of Contact were established in every prison across England and Wales, and we provided targeted training and improved systems to better identify individuals who are victims of modern slavery. We are working to collate this data in 2024-25 and will refresh and improve the guidance for all staff across HMPPS. Two new policy frameworks will be published in 2024 focussing on identifying and safeguarding vulnerable victim-survivors and managing those responsible for modern slavery crimes.

Children and Young People's Estate Safeguarding

In July 2023 a new policy framework 'Safeguarding and Child Protection in the Youth Custody Service' was published and operating procedures have been updated accordingly and will provide a more consistent approach to safeguarding across the estate.

The YCS works alongside partners and other agencies to ensure that a child focus is retained in all relevant policy and framework development, recent examples include the development of the 'human trafficking and modern-day slavery' and the 'deaths in custody' policy frameworks. A safer recruitment project was commissioned in January 2024 to ensure that all people working with children and young people are appropriately trained and developed to support the needs of those in our care.



Advocacy services

Barnardo's has been awarded the new contract for independent children's rights and advocacy services to support and promote the voice of children and young people in custody. This new contract covers YOIs in England and Wales and at Oakhill STC. The new advocacy services were launched from July 2024 for up to seven years.

Family contact

In response to the Children's Commissioners independent family review and a subsequent YCS internal family review, the YCS continues to address recommendations and implement improvements to support and enable family contact for those in custody.

Long Term High Secure Estate - Separation Centres

Separation Centres in the Long-Term High Security Estate are discrete units that typically house extremist prisoners who can't be managed as part of the wider prisoner population but support access to a meaningful regime (including gym, library, workshops) without having contact with the mainstream population.

In December 2023, HMP Frankland became the first prison to secure funding (until April 2026) to run its separation centre as an enabling environment which, in a prison, is defined as a positive and effective social setting where healthy relationships between both staff and prisoners can contribute to success.



Prisoners serving IPP sentences

The population of unreleased prisoners serving Imprisonment for Public Protection (IPP) sentences was over 6,000 at its highest in 2012. This reduced to 1,180 by March 2024. There were 1,616 recalled IPP prisoners as of March 2024 and 3,000 IPP offenders on licence in the community as of March 2024.

HMPPS remains fully committed to supporting the progression of those prisoners serving IPP sentences to the point where the Parole Board determines that they may be safely released, as well as those serving their IPP sentence in the community.

Following the Justice Select Committee's (JSC) 2022 report on the IPP sentence, the then Lord Chancellor, Alex Chalk, responded with HMPPS' refreshed IPP action plan on 26 April 2023.¹⁸ The refreshed plan, and the strong foundation of work in 2023-24, puts HMPPS in a good position to take further steps to improve frontline focus and delivery of activity to support those serving IPP sentences. We expect to see that work translate into reduced numbers of people serving IPP in prisons and the community, and improved prospects for those who remain on the sentence.

In their report, the JSC stated that offenders serving an IPP sentence on licence in the community are being recalled unnecessarily. To explore this, the government requested that the Chief Inspector of Probation carry out an independent thematic inspection on the proportionality of IPP recall. The report, published in December 2023, found that HMPPS is taking proportionate and necessary decisions. However, the report did also find that more could have been done in some cases. We published an action plan in response in January 2024.¹⁹ HMPPS will take this work forwards in 2024-25, aligning actions with the refreshed IPP Action Plan.

18 Ministry of Justice, 'Letter from the Lord Chancellor and Secretary of State for Justice on the Imprisonment for Public Protection Action Plan', 2023, available at: <https://committees.parliament.uk/publications/39321/documents/192968/default/>

19 HMPPS, 'A Response to: HMI Probation: A thematic inspection of IPP recall decisions', 2024, available at: https://assets.publishing.service.gov.uk/media/65968fe0c23a1000d8d0b64/A_thematic_inspection_of_IPP_recall_decisions_Action_Plan_2024.pdf

Community supervision

Electronic Monitoring

We have continued communications and outreach campaigns to the police, CPS and the judiciary to improve awareness and understanding of Electronic Monitoring (EM) capabilities for court bail as an alternative to remand. In August 2023 we published the Electronic Monitoring Court Bail Protocol for England and Wales which sets out key information for those involved in imposing and managing electronically monitored conditions of court bail.²⁰

- Our successful partnership with the Home Office also continues, as we assist in increasing their use of devices to stay in contact with those subject to immigration bail conditions, and to test location monitoring tags.

- In July 2023 we rolled out changes to permit trail monitoring as part of youth rehabilitation orders across five regions.
- We launched the Domestic Abuse Perpetrators on Licence project in two regions to test the effectiveness of EM in protecting victims of domestic abuse. We will expand to a further six regions in 2024-25.
- In October 2023 we successfully completed re-procurement for the EM service, awarding contracts to Serco and Allied who took over the running of the service from May 2024.
- We have overseen improvements to the systems and technical infrastructure that supports EM, delivering on recommendations made by the National Audit Office and Public Accounts Committee.

The number of individuals fitted with an electronic monitoring device (including immigration)



Source and Notes: Ministry of Justice, 'Electronic Monitoring Statistics Publication', 2024, available at: <https://www.gov.uk/government/collections/electronic-monitoring-publication>

20 Ministry of Justice, 'Electronic Monitoring Court Bail Protocol', 2023, available at: <https://www.gov.uk/government/publications/electronic-monitoring-court-bail-protocol>

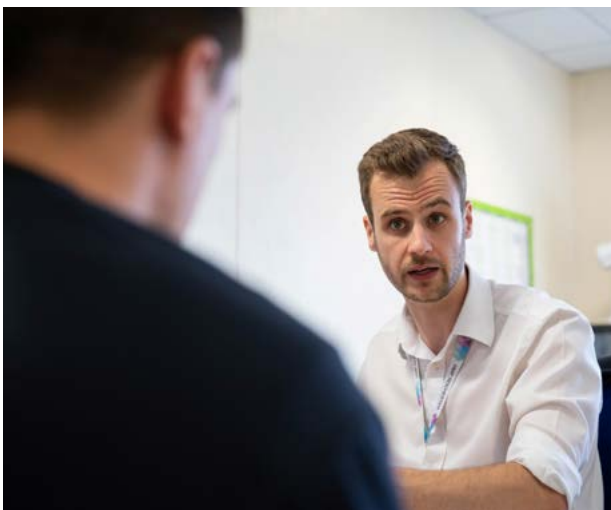
Advice to court

The Probation Service provides advice to inform the sentencing exercise through pre-sentence reports. We have committed to increasing both the volume and quality of pre-sentence advice to those who will benefit most. Within the context of increased police charging activity and crown court backlogs, probation court teams have increased the volume of reports delivered in 2023-24 by 10%, compared to the previous year. Our annual Judicial Survey reported that national judicial satisfaction in probation services is at 71%, up 5 percentage points on the previous year.

Victims

The statutory Probation Victim Contact Scheme supports victims where an offender is convicted of a sexual or violent offence and sentenced to 12 months or more, or a Hospital Order. During 2023-24 we rolled out the victim notification scheme, for victims of stalking and harassment, where a sentence is less than 12 months. Victims will be informed of the offender's release and can request licence conditions. Additionally, we have been working with the Parole Board to trial victims attending parole oral hearings as observers with the aim to roll out the scheme nationally.

In December 2023 we also published the Victim Contact Scheme Policy Framework. For the first time this framework is aimed at staff who manage prisoners and people on probation and sets out the mandatory requirements for community and prison offender managers.



Public protection

In summer 2023 we ran a Think Child campaign to ensure a focus on children whose lives may be affected negatively through contact with offenders. The event was successful in supporting practitioners' approach to safeguarding and we have committed to holding the campaign annually as well as continuing the annual delivery of 16 days of action against domestic abuse.

We have rolled out a digital process to reduce the possibility of human error resulting in a delay in an offender being recalled to prison when their risk to the public is no longer manageable and have commenced delivery of an updated suite of learning resources to increase the skill and confidence of probation staff.

In 2023-24 we delivered over 80 briefings to more than 2,800 practitioners to develop skills and confidence in working on a 1:1 basis with people convicted of sexual offences and we have made improvements to how our sexual offending actuarial tool predicts certain sexual reoffences against children.

Public protection taskforce

A public protection task force has been established to ensure cohesive oversight of the multiple workstreams involved in preparation for the transition from the MAPPAs Dangerous Persons database to the Multi Agency Public Protection System in 2025-26. The task force is also focused on improving the quality of our public protection work, with improvement objectives centred on how the organisation makes progress.



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. 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://www.gov.uk/government/statistics/proven-reoffending-statistics-october-to-december-2022>

Digital and technology

We have made good progress to refresh our infrastructure, replacing computers and delivering a modern, stable IT platform for staff. Also:

- We now have Wi-Fi in all probation offices, supporting more flexible working and improved productivity.
- We are rolling out the Intelligence Management Service to support security and promote improved intelligence sharing between prisons and probation and will be in prisons by the end of 2024-25.
- Digital Prison Services (DPS) is replacing the outdated system that staff use to manage and record data on offenders. It provides an improved user experience, is easy to change and update, and ensures data is collected once and shared between different digital services. The DPS platform is used in all prisons, and we continue to add and roll out new services.
- 'Launchpad' improves access to digital services for prisoners/children in custody and is currently available within 16 prisons. We are seeing benefits such as improved prison safety and improved staff productivity through digitising resource intensive administrative tasks.
- Assessment of Risks, Needs and Strengths (ARNS) is a new in-house digital service to support a major improvement to assessment and sentence planning that will capture information and progression more dynamically, share data across prisons and probation, and reduce the time staff spend on assessments. An early version will be tested from Autumn 2024.



Delivery against outcome 2: Reduce Reoffending

Sentence management

In March 2023 we published a new sentence management in the community policy framework which brought together expectations and processes for practitioners supervising people in the community including minimum weekly contact for offenders assessed as high risk of serious harm. Through 2023-24 we have focussed on supporting regions to improve delivery in line with the framework.

The national evaluation of the blended supervision model and the delivery of the Rehabilitation Activity Requirement took place through 2023-24 and findings, due this year, will support the improvement of the probation operating model going forward.

We commenced work on the sentence management activity review in 2023 which will conclude in 2024. This will provide an up-to-date baseline of activities and costings that will be used to both find efficiencies and reduce some of the complexities in our delivery.

Annual published data related to sentence management can be seen on GOV.UK.²¹

Accredited programmes

We are working to drive up the quality of targeting and delivery of accredited programmes (offending-behaviour programmes designed to help participants improve decision-making, self-manage and regulate emotions, and learn problem-solving skills), including changing the delivery model in probation to ensure we have the correct expertise and consistent and efficient delivery, including for people convicted of sexual offences.

We are investing in the development of the next generation of accredited programmes, which will improve the quality and efficiency of delivery of these interventions by rolling out a new offer based on good practice and international evidence of what works to reduce reoffending. Our plans for improvement have been endorsed by the Correctional Services Advice and Accreditation Panel and, subject to receiving accreditation, rollout will commence on a phased basis following the completion of a period of rigorous testing, data gathering and evaluation.

Statistics on Prison Education and Accredited Programme Statistics 2023-2024 were released 26 September 2024.²²



²¹ HM Government, 'Probation Data', 2024, available at: <https://data.justice.gov.uk/probation>

²² Ministry of Justice, 'Prison Education and Accredited Programme Statistics 2023-2024', 2024, available at: <https://www.gov.uk/government/statistics/prison-education-and-accredited-programme-statistics-2023-to-2024/prison-education-and-accredited-programme-statistics-2023-to-2024>

Substance misuse treatment

We are rolling out a range of interventions to tackle substance misuse for prisoners and people on probation. This includes supporting prisoners to engage with treatment ahead of their release and recruiting dedicated staff in prisons and the community.

Substance misuse treatment in prisons

We know that supporting prisoners to tackle their addiction is vital to reduce reoffending. We work closely with NHS England to ensure that all prisoners who need it have access to high-quality substance misuse treatment. In 2023-24 we have:

- recruited 19 Drug Strategy Leads bringing the total to 37 in post
- increased the number of prisons with Incentivised Substance Free Living Units from 50 in 2022-23 to 80 in 2023-24
- opened a further abstinence-focused Drug Recovery Wing at HMP New Hall, making this resource available in the women’s estate
- worked with NHSE to roll out lifesaving naloxone to prison staff which can be used in emergencies to reverse the effects of overdose



Substance misuse treatment in the community

We want to make the best use of alternatives to custody to ensure that more people with substance misuse needs are diverted to treatment in the community rather than in custody, wherever appropriate, including engaging more people in treatment as part of effective community sentences with a Drug Rehabilitation Requirement (DRRs). To promote the use of community sentences and DRRs in 2023-24 we have:

- increased capability to drug test those on DRRs, ensuring we can more effectively monitor compliance
- introduced a screening tool to help identify drug needs and highlight these to the court before sentencing
- completed recruitment of Health and Justice Partnership co-ordinators and managers across every region
- begun piloting three new Intensive Supervision Courts where the offender is reviewed regularly by the same Judge who oversees their progress
- worked with NHSE to commence the roll out of lifesaving naloxone to probation staff which can be used in emergencies to reverse the effects of overdose

Many people drop out of treatment on leaving prison, risking relapse and reoffending. We are working with health partners on a range of interventions to keep prison leavers in treatment. The Probation Notification and Actioning Project (PNAP) aims to notify probation of prison leavers who have been referred to community treatment to support continued engagement. At year end PNAP was live in 51% of prisons in England and Wales, with over 1500 PNAP notifications received.

Virtual appointments

We have rolled out 600 (bringing the total to 1,000) Telerecovery laptops to enable community providers to deliver virtual appointments prior to release.

Percentage of adults with a need for substance misuse treatment who successfully engage in community-based structured treatment within three weeks of release from prison



Source and Notes: The proportion of adults released from prison and successfully starting community treatment increased by 5.2 percentage points from 37.4% to 42.6% between 2021-22 and 2022-23. We are working with partners on a cross government plan to keep prison leavers in treatment and improve continuity of care. The next publication will be available in early 2025 where we expect to see further improvements. <https://www.gov.uk/government/statistics/substance-misuse-treatment-in-secure-settings-2022-to-2023>.

Accommodation

Community Accommodation Service

HMPPS offers a three-tier Community Accommodation Service (CAS) providing temporary accommodation for specific cohorts of prison leavers needing public protection provision or who are at risk of homelessness.

- CAS1 (known as Approved Premises, accommodation focused on public protection for high-risk offenders) provided approximately 2,400 places for approximately 13,000 people on probation in 2023-24.
- The CAS2 provision (for low to medium risk offenders on Home Detention Curfew or bail) was used by approximately 2,600 individuals in 2023-24.
- CAS3 (providing up to 12 weeks of temporary housing for prison leavers at risk of homelessness) has accommodated 6,295 individuals in 2023-24.

During 2023-24 we:

- launched the commissioning programme for 10 independent Approved Premises
- continued the CAS2 expansion to increase overall provision to 850 spaces across England and Wales, with 10% to be used exclusively for women
- completed the roll out of CCTV at entrance/exit points in all CAS2 women’s accommodation to improve safety for residents
- worked to ensure all CAS2 sites are fitted with Wi-fi
- continued to embed CAS3 in five probation regions and rolled out to the remaining six regions providing full coverage across England and Wales

Percentage of prisoners in settled accommodation three months after release



Source and Notes: The proportion of prisoner leavers who were in settled accommodation three months after release (excluding cases out of scope or where the status was unknown) decreased by 2.1 percentage points from 75.6% to 73.5% between 2022-23 and 2023-24. Rates have remained above 70%, while operating within a challenging housing market. Data has been provided for the earliest years for which we have data of sufficient quality. <https://www.gov.uk/government/statistics/offender-accommodation-outcomes-update-to-march-2024>

	2019-20	2020-21	2021-22	2022-23	2023-24
Housed on first night from custodial release	80.2%	85.5%	86.8%	86.3%	85.7%



Training, skills and work

National Regime Model

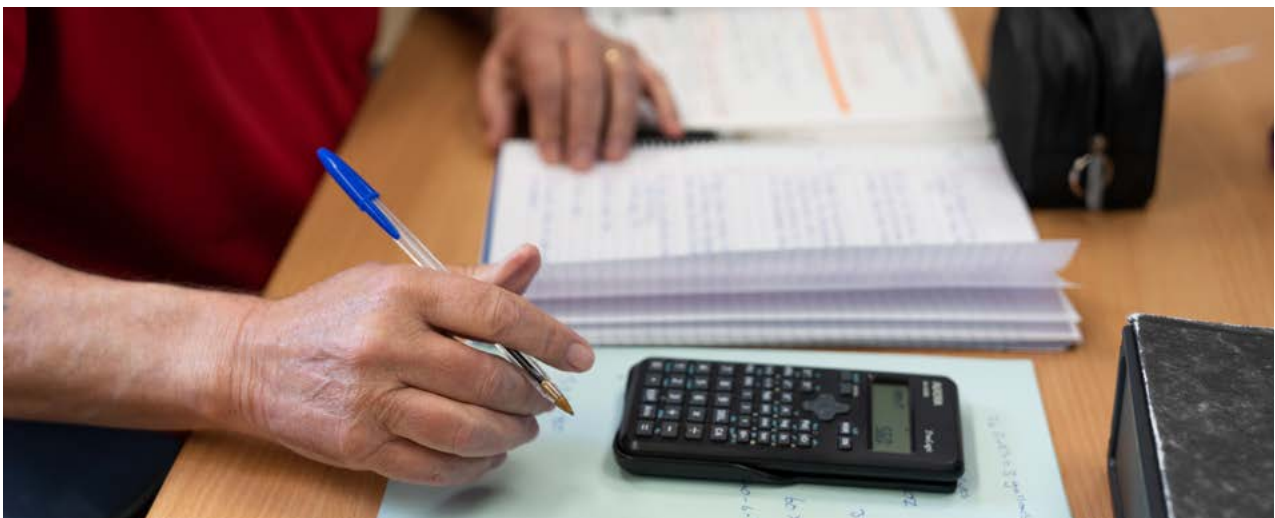
In January 2024 HMPPS launched the National Regime Model for prisons which creates a new national infrastructure to drive regime standards and outcomes. New national priorities and standards drive delivery in key areas and all prisons have a Regime and Business Plan for 2024-25 outlining operational delivery commitments. Regime plans show a strong commitment to expanding and improving the regime offer in critical areas including time out of cell, time in the open air, key work, and tier 1 activities (a category which includes time in education, work, resettlement activity and interventions). Plans also introduce new tier 2 activities which include prisoner-led activities and a growth in third sector-led activities.

Prisoner education

As announced in September 2023 we are delivering a new Prisoner Education Service which is focused on raising levels of literacy, numeracy and giving prisoners the skills that they need to move into employment or further training on release.²³ We have:

- expanded the use of secure laptops with 1,500 new devices being made available to 35 additional prisons in 2023-24, so that more prisoners can study from their cells
- procured new learning content across four new contracts with three providers, covering literacy specific content and wider curriculum content
- recruited Neurodiversity Support Managers in all public prisons
- ensured all prisons in England have a reading strategy in place

We completed recruitment of the new Heads of Education, Skills and Work roles to all prisons across the estate who are responsible for culture change, setting an effective curriculum and ensuring education is embedded across prisons. While relatively new in post, a positive impact can already be seen, from HMIP/Ofsted feedback to an increase in attendance at education, skills and work activities and seeing the delivery of a quality curriculum which meets prisoner need and labour market opportunities.



²³ Ministry of Justice, 'New Prison Education Service to cut crime', 2023, available at: <https://www.gov.uk/government/news/new-prison-education-service-to-cut-crime>

Percentage of prisoners who make at least one level of progress in English and/or maths during their time in custody



Source and Notes: Establishment-level figures are published as part of the Annual Prison Performance Ratings (<https://www.gov.uk/government/statistics/prison-performance-ratings-2023-to-2024>). This metric was introduced in 2022-23. It should be noted progress is only measured against those prisoners who are eligible and therefore the measure does not include all learners undertaking education. Progress is viewed as progress made from the initial assessment score undertaken at induction. The Prison Education Framework incentivises achievement at maths and English and this can be seen by the increase in progress made.

Prisoners attending education lessons in custody, as a proportion of the number of lessons prisoners are expected to attend



Source and Notes: Establishment-level figures are published as part of the Annual Prison Performance Ratings (<https://www.gov.uk/government/statistics/prison-performance-ratings-2023-to-2024>). This metric was introduced in 2022-23.

Community rehabilitation and resettlement

HMPPS are developing a long-term strategic approach to improve resettlement performance, including through considering overall system demand pressures, and working to strengthen and embed the existing resettlement process.

In May 2023 the NAO published a value for money study on Improving resettlement support for prison leavers to reduce reoffending²⁴. HMPPS accepted all recommendations made in the report and have devised an implementation plan. Progress updates will continue to be provided to the NAO at regular intervals.

Release on Temporary Licence

Release on Temporary Licence (ROTL) allows for the temporary release of risk-assessed prisoners for specific purposes, such as resettlement. We continue to develop relationships with employers to provide sufficient job opportunities to prisoners and to ensure effective join-up to prepare prisoners for employment on release. The New Futures Network (NFN) engages employers, as the specialist employment team in HMPPS and works closely with its counterpart, the National Employer Partnerships Team at the DWP.

The vast majority of offenders abide by their ROTL conditions with compliance rates above 99%. The small number of prisoners who fail to return to prison after temporary release has dropped 69% percent in the last decade, with 59 failures in 2023-24, compared to 190 in 2013-14.

Number of prisoners on release on temporary licence



Source and Notes: <https://www.gov.uk/government/statistics/offender-management-statistics-quarterly-october-to-december-2023/offender-management-statistics-quarterly-october-to-december-2023-and-annual-2023>. Figures are for 12 months ending December. Data includes the five under 18 YOIs.

²⁴ <https://www.nao.org.uk/reports/improving-resettlement-support-for-prison-leavers-to-reduce-reoffending/>

Employment

In 2023-24 we continued to take significant steps to address the barriers to employment that prisoners face when leaving custody, including support for new ID and Banking Administrators to help prisoners to obtain these important documents and products. This has resulted in 9,731 bank accounts and 19,442 pieces of ID being provided for prisoners. We have collaborated with the DVLA to support prison leavers to apply for a driving licence while in custody, supporting prospects for those pursuing a career in the logistics sector.

We have also worked closely with HMRC to provide National Insurance Number reminders for those who need them particularly where many employers request these to evidence right to work.

We have continued to make links with new employers and develop existing relationships. Our 'Unlocking Potential' drives, saw over 200 employers and partners working with HMPPS staff to present 238 events in prisons leading to over 150 job offers from the events alone, and has led to successful partnerships with large employers. Events planned for 2024 include the manufacturing, construction and hospitality sectors.

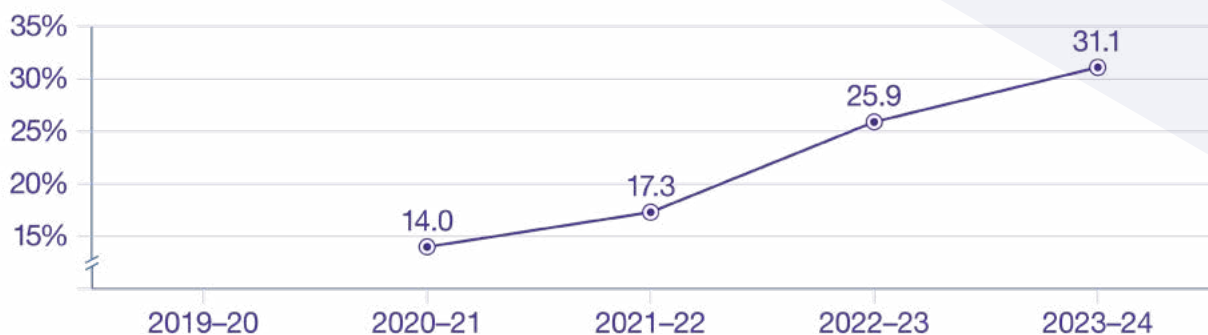


We have established a national framework for HMP Academies, with 12 further suppliers registered to provide academies through a competitive selection process, linking work and training in prison with employment on release and helping to fill shortages in labour markets.

Creating Future Opportunities

In 2023-24, the Creating Future Opportunities (CFO) evolution programme was commissioned which consolidates the services previously delivered by CFO3 and CFO Activity Hubs. CFO Evolution will work with the same number of offenders as the previous programmes but aims to deliver an enhanced service, focused on further reducing reoffending rates.

Percentage of prison leavers in employment six-months post release



Source and Notes: The percentage of prisoners in work six months after their release increased by 5.2 percentage points from 25.9% to 31.1% between 2022-23 and 2023-24. <https://www.gov.uk/government/statistics/offender-employment-outcomes-update-to-march-2024/offender-employment-outcomes-statistical-summary>. Data was provided for the earliest years for which we have data of sufficient quality

Case studies

Production Chef apprenticeship

Following changes to legislation in 2022, the first prison leaver to have begun **an apprenticeship in prison** has successfully completed it. They started a Level 2 Production Chef Apprenticeship with Greene King while working on ROTL. In February 2024, they were released and continued successful employment.

The Lock Inn

In October 2023, Marston's (brewery) opened '**The Lock Inn**' academy at HMP Liverpool, aiming to train prisoners to Marston's standards for direct employment upon release. They have recruited four prisoners to date and plan to offer ROTL and apprenticeship opportunities nationwide.

Rail Centre of Excellence

HMP Highpoint have opened their new **Rail Centre of Excellence**. Funded by City and Guilds (C&G) and facilitated by Network Rail, the site hosts 40 metres of industry-grade rail track and provides training to prisoners on how to lay and maintain rail track infrastructure. C&G have developed partnerships with employers, so graduates are guaranteed employment on release.

High-tech virtual reality simulator

HMP Fosse Way have introduced a **high-tech virtual reality simulator**, allowing prisoners using virtual reality headsets to operate and explore skills and techniques in the safety of a virtual environment. Prisoners can learn the same skills and procedures as those in the community. Each simulator features the same controls as found in machines, which means prisoners can make a seamless transition into the construction field on release.

Maintaining family ties

In 2022-23, HMPPS introduced a new family ties performance measure, which aims to facilitate continuous learning and improvement of local services. Through analysis of a number of measures, we have identified that for 2023-24 there has been an overall improvement in performance around supporting family ties across the estate.

We continue to drive a creative approach to family days and other special visits provisions, including greater focus on supporting prisoners who do not have either regular or any contact with family or significant others. A focus on family engagement also includes developing and testing the role of family peer support workers in some prisons.

This year saw the roll out of a Safer Custody on-line web portal designed to help prisons identify and manage those in need of support and improve the way that families and significant others can raise concerns around prisoners' well-being. Families and friends can now raise their concern directly via the prison information pages on GOV.UK.

Social video calls

Over 230,000 Secure Social Video calls were made in 2023-24.



Adult Safeguarding

From July 2023, the HMPPS Audit Risk and Assurance Committee commissioned a review to explore adult safeguarding arrangements. As a result of this review, recommendations included the development of an Adult Safeguarding Charter to set out our high-level commitments and responsibilities for safeguarding adults in prison, probation and approved premises settings. This work is currently under development following extensive stakeholder engagement to provide definitions and clarity on roles and responsibilities and includes considerations for working with women. Once complete, the charter will be rolled out to prison and probation settings in 2024-25.

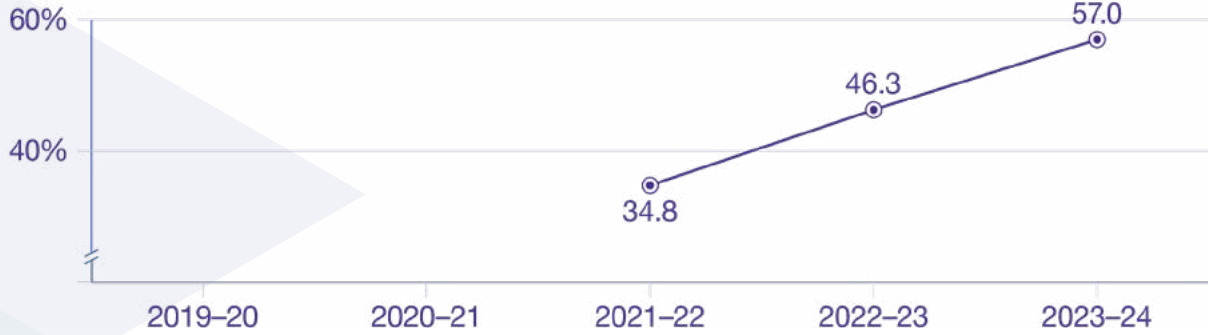
Unpaid work community payback

In 2023, 4.7 million hours of Unpaid Work were delivered.

We are investing in Community Payback to boost delivery of UPW hours ensuring offenders are delivering visible work in local placements. The pandemic significantly disrupted delivery. HMPPS has created a new programme to recover the service and clear an accumulation of unpaid work requirements. As part of relaunch we are working closely with local communities to ensure that the hours delivered by offenders benefit local people and places. We now have a new infrastructure to do this, including the new statutory duty on probation to consult community leaders and relaunching the Community Payback nominations website in November 2023 to make it easier and more accessible for the public to have a say in how and where UPW hours should be used.²⁵

25 HM Government, 'Nominate a Community Payback project', available at: <https://www.gov.uk/nominate-community-payback-project>

Proportion of cases where UPW hours are completed within 12 months



	2019-20	2020-21	2021-22	2022-23	2023-24
UPW starts within 15 business days of sentence			31.3%	42.6%	65.9%

Source and Notes: <https://www.gov.uk/government/statistics/community-performance-annual-update-to-march-2024/community-performance-annual-update-to-march-2024>. A new performance framework was introduced in July 2021 for the unified probation service. Performance figures prior to this date are not comparable.



Health

Health and care partnerships

We continue to work with NHS England, the Department of Health and Social Care, the UK Health Security Agency and the Association of Directors of Adult Social Care to deliver joint commitments under our National Partnership Agreement for Health and Social Care in England.²⁶

One of the significant partnership achievements was the joint NHS/HMPPS National Women's Prisons Health and Social Care Review published in November 2023 which produced eight ambitious strategic recommendations, aimed at improving health outcomes.²⁷

HMPPS and NHS England have also worked together to help ensure that the health needs of prisoners and prison leavers have been a factor while managing prison capacity during 2023-24, for example by supporting the better use of medical holds to support healthcare needs.

Health inequalities

We continue to work closely with the NHS England Healthcare Inequalities Improvement Team to embed understanding of the healthcare inequalities experienced in the criminal justice system. We are collaborating to fill the gap in evidence, raise awareness and make improvements to enable regions to effectively support this group.

Joint NHS/HMPPS OPD pathway and relational practice

The refreshed joint NHS and HMPPS Offender Personality Disorder Pathway strategy was published in December 2023.²⁸ The Pathway is a set of psychologically informed services operating across criminal justice and health and aims to reduce risk associated with serious reoffending and improve mental health within a high-risk, high-harm cohort likely to meet the clinical threshold for a diagnosis of 'personality disorder'. The pathway is also working to ensure that evidence-based learning from the pathway is incorporated into training for staff.



Amy Rees
Chief Executive Officer, HMPPS
7 November 2024

²⁶ HM Government, 'National Partnership Agreement for Health and Social Care for England: 2022-25', available at: https://assets.publishing.service.gov.uk/media/63f7452cd3bf7f62edc83629/6.7996_HMPPS_NPA_2022_25_V7_37_.pdf

²⁷ As above.

²⁸ NHS England, 'The offender personality disorder (OPD) pathway: a joint strategy for 2023 to 2028', 2023, available at <https://www.england.nhs.uk/long-read/the-offender-personality-disorder-pathway/>

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 2023-24.

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.

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 Director General – Chief Executive Officer (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 112-114.

As of 31 March 2024, 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
Executive Director, Rehabilitation
Secretariat

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

Gary Badley, Executive Director, Prison Supply and Tajinder Singh-Matharu, Deputy Director for Performance, Assurance and Risk, attended HLT on rotation to increase diversity of thought and 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 2024



Gerard Lemos
Lead Non-Executive Director and Board Chair

HAB (5 of 5)



Nick Campsie
Non-Executive Director

From 10 October 2023

HAB (2 of 3)



Jonathan Flory
Non-Executive Director

From 27 November 2023

HAB (3 of 3)



Rommel Moseley
Non-Executive Director

From 9 October 2023

HAB (3 of 3)



Heather Savory
Non-Executive Director

HAB (5 of 5)

ARAC (4 of 4)



Nick Folland
Non-Executive Director

ARAC (4 of 4)



Mark Lloyd
Non-Executive Director

ARAC (4 of 4)



Amy Rees
Director General
Chief Executive Officer

HAB (5 of 5)

HLT (29 of 35)



Phil Copple
Director General Operations

HAB (4 of 5)

HLT (31 of 35)

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 2024 (continued)



Jim Barton
Executive Director, Change

HAB (4 of 5)
HLT (32 of 35)



Ed Cornmell
Executive Director, YCS

HAB (5 of 5)
HLT (25 of 35)



Matt Grey
Executive Director,
Rehabilitation

From 7 November 2023
HLT (12 of 13)



Dominic Herrington
Executive Director,
Transforming Delivery

HLT (29 of 35)



Michelle Jarman-Howe
Chief Operating Officer Prisons

HLT (27 of 35)



Hannah Meyer
Executive Director, Strategy,
Planning and Performance

HLT (25 of 35)



Kim Thornden-Edwards
Chief Probation Officer

HLT (31 of 35)



Caroline Murray
MoJ People Group Director –
HR Business Partnering and
People Change

HAB (4 of 5)
HLT (22 of 35)



Caroline Patterson
MoJ Director,
Finance Business Partnering

From 22 May 2023
HAB (5 of 5)
HLT (30 of 31)

New members and departures during the reporting period

David Bernstein
Non-Executive Director

Until 19 July 2023

HAB (1 of 1)

Lesley King-Lewis
Non-Executive Director

Until 30 April 2023

Lorna Maden
MoJ Director,
Finance Business Partnering

Until 30 June 2023

HAB (0 of 1)

HLT (3 of 9)

Nick Campsie
Non-Executive Director

From 10 October 2023

HAB (2 of 2)

Jonathan Flory
Non-Executive Director

From 5 December 2023

HAB (3 of 3)

Rommel Moseley
Non-Executive Director

From 10 October 2023

HAB (3 of 3)

Matt Grey
Executive Director,
Rehabilitation

From 7 November 2023

HLT (12 of 13)

Caroline Patterson
MoJ Director,
Finance Business Partnering

From 22 May 2023

HAB (5 of 5)

HLT (30 of 31)

Changes to the ARAC, HAB and HLT since 1 April 2024

Heather Savory
Non-Executive Director

Until 19 May 2024

Nick Folland
Non-Executive Director

Until 19 May 2024

Caroline Murray
MoJ Director,
Finance Business Partnering

Until 31 March 2024

Dave Mann
MoJ Director People Services

1 April 2024 to 28 July 2024

HAB

HLT

Louise Alexander
MoJ Director, HR Business
Partnering, HQ and HMPPS

from 29 July 2024

HAB

HLT

Governance Statement

Introduction

HMPPS is an executive agency of the 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.

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

Throughout the year, the HMPPS Leadership Team and the HMPPS Agency Board 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 26-38.

The remainder of this statement explains in more detail the arrangements in place to govern HMPPS from 1 April 2023.

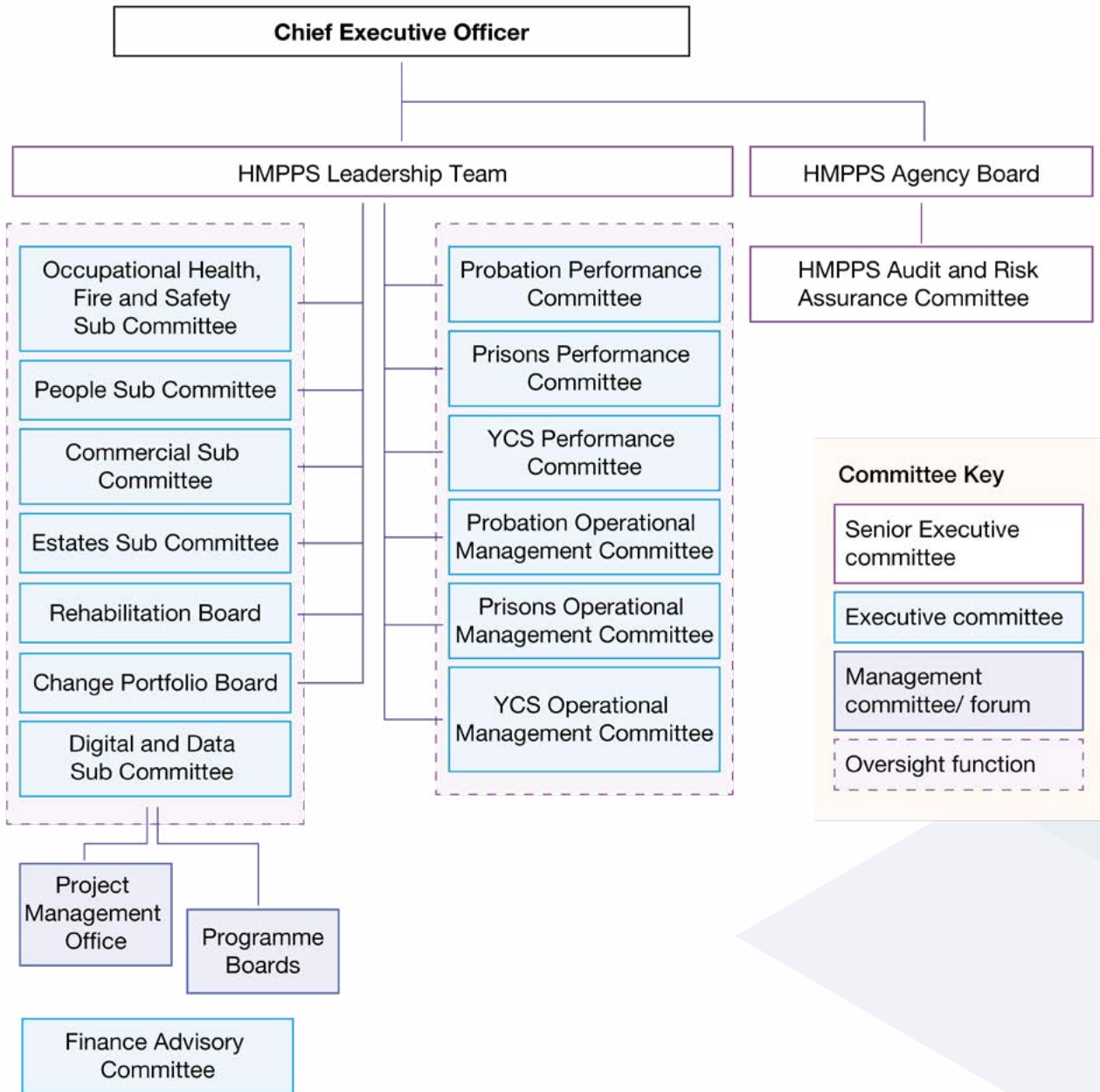
Governance Framework

Overall responsibility for HMPPS rests with me 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 31 March 2024 are shown on the chart below. These will be subject to change following implementation of the recommendations from the HMPPS Governance review.

HMPPS Governance Structure as of March 2024



HMPPS Agency Board Chair's Report

I was appointed as HMPPS' Board Chair in May 2018 and, reaching the end of my second term, I will step down in early 2025. It has been an honour and a pleasure to support the agency in delivering its vital public services.

I will take the opportunity in this, my last HMPPS Annual Report and Accounts, to commend this agency's many dedicated members of staff across prisons, probation, youth custody and headquarters, for their continuous commitment to public service, which I have seen demonstrated time and again throughout my tenure.

HMPPS impacts every community across England and Wales in some way, and its work changes the lives of offenders and members of the public every day. The value and the importance of that work cannot be overstated, nor can the scale of some of the challenges it faces. Since taking up my role, I have seen HMPPS deliver through extremely challenging circumstances including the global COVID-19 pandemic and the more recent prison capacity crisis.

The role of an advisory Board and its Chair is to support, advise and challenge the executive team on their strategic planning, their risk management, performance and leadership. In this last year, our Agency Board has provided increased support and scrutiny to the leadership team on measures implemented to manage prison capacity. We have been well-sighted on planning and mitigation of risk for the levers that HMPPS has been given by government. It has also been our role to press our executive colleagues on whole system performance, and to stress the importance of keeping sight of long-term strategic planning and value for money.

I have always been impressed by how open and collaborative the relationship between the executive and non-executive teams in HMPPS has been, likewise with how well HMPPS interacts with the Ministry of Justice. It has been a long time since HMPPS has experienced a change in government and the outcome of the recent general election will undoubtedly mean changes in policy and priorities for services that the agency delivers. I am confident that HMPPS is well placed to adjust to those changes and put long term strategic plans in place, ensuring stable delivery for years to come.

Gerard Lemos CMG CBE
HMPPS Agency Board Chair and
Lead Non-Executive Director

HMPPS Agency Board	
Chair:	HMPPS Lead Non-Executive Director
Frequency:	5 during the year
Composition as at 31 March 2024:	
By position: 5 non-executive directors, 2 director generals, 3 executive directors	By gender: 4 female, 6 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, including relevant sections of the corporate governance code for central government departments

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 further improve professional standards.

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

The key issues and reports discussed during the year under review are:

- supply and demand/prison capacity – including the management and escalation of critical capacity pressures, and continued action to

expand supply and reduce demand as well as maximising the use of the existing estate

- development of a long-term Estates Strategy to further improve the way prison capacity is planned and funded
- development of an agency-wide workforce strategy for prisons and probation, following a sustained focus on recruitment and retention across prisons and probation which led to an improving trend in workforce numbers
- 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 in the second year after the bringing together of Community Rehabilitation Companies and National Probation Service staff and assets into a unified organisation
- HMPPS Digital Strategy and long-term service transformation for prisons and probation, including the impact of in-cell technology for prisoners
- 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, as well as 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.

ARAC Chair's report

I was appointed HMPPS ARAC Chair in May 2024 and would like to thank my predecessor Heather Savory for her leadership and valuable contribution to the work of this committee over the last three years.

The ARAC's purpose is to give advice to the HMPPS Agency Board and to the CEO in her role as Accounting Officer in relation to governance, risk management and internal control. During the year, the HMPPS ARAC met formally four times to exercise its review, challenge and advisory functions. Committee members also attended briefing sessions on specific topics and undertook prison and probation visits to gain additional context on business activity.

The ARAC consists of three non-executive members. Nick Folland retired at the end of the year, and we thank him for his insight and contribution during his tenure. Nick Campsie has joined the committee and Mark Lloyd remains as independent committee member. The most recent review of ARAC effectiveness took place in April 2023 concluding that ARAC is meeting standards or excelling in most areas. We have worked to address areas identified for improvement and will be undertaking our next effectiveness review in late 2024.

In this year's annual report and accounts, we welcome the detail given in the Climate and Sustainability report where HMPPS has made a commitment to embed sustainability as an enabler for delivering justice outcomes. Delays in the external audit of the Local Government Pension Scheme have once again delayed publication of HMPPS Accounts.

In recent years, the committee has maintained a strong focus on the Agency's risk management and saw good progress this year. Prison capacity

continued to dominate risk management efforts in 2023-24, alongside the need to rebuild prison and probation staff numbers to target levels. Since year end, we have provided additional advice on exceptional measures being implemented to manage capacity challenges. The decision to announce SDS40 provides a limited measure of capacity relief. However, I agree with the committee's ongoing assessment that our tolerance for risk overall has become too high.

Our future focus for risk management will be to support our executive colleagues to identify the actions and investment needed to achieve sustainable levels of risk tolerance, drawing on the lessons from this recent period. We will also support and challenge the executive team to address emerging risk issues early, including substance abuse, safety in prisons and risks posed by technology advances. We will review the success of the One HMPPS Programme, its new management structures and improvements to ways of working.

ARAC members acknowledge the progress made this year in staff recruitment with improved retention. Our focus in 2024-25 will be on quality and consistency of delivery, notably across probation where the committee will scrutinise the impact on performance of the combined impact of changes to staffing levels and capacity management.

ARAC has been active in its review of the internal audit programme by GIAA where HMPPS has performed well in a challenging year and received a 'Moderate' internal audit opinion in 2023-24.

The ARAC members and I would like to thank all those who support the work of the committee.

Jonathan Flory

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

HMPPS Audit and Risk Assurance Committee

Chair:	HMPPS Non-Executive Director
Frequency:	Quarterly
Composition as at 31 March 2024:	
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.

- ‘deep dives’ into capital spend, HMPPS risk and forecasting staffing requirements
- updates on performance and assurance, counter fraud, bribery and corruption, probation unification and benefits realisation, OneHMPPS and governance structures
- the clearance of the agency’s annual report and financial accounts for 2022-23.

The key issues and reports discussed during the year are:

- HMPPS Safeguarding – with a particular focus on improving processes throughout the HMPPS system

Managing Conflicts of Interest – At the beginning of every ARAC 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.

HMPPS Leadership Team

Chair:	HMPPS CEO
Frequency:	Twice a month
Composition as at 31 March 2024:	
By position: 2 director generals, 9 executive directors	By gender: 6 female, 5 male

Role of the Leadership Team:

The HLT is responsible for supporting the Agency Board in managing the day-to-day management of the business. This includes 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 for Prisons, Probation and Youth Custody, chaired by the Chief Operating Officer Prisons, Chief Probation Officer, and the Executive Director of the YCS respectively, and the sub-committees shown on the governance chart on page 76.

The key issues and reports discussed during the year under review included:

- prison capacity – mitigations to address acute demand pressures across the estate, with continued action to expand supply and reduce demand as well as maximising the use of the existing estate
- staffing and retention – actions and mitigations to recruit and retain prison and probation staff to meet the resource shortfalls across the business
- prison safety – particularly self-inflicted deaths and assaults in prisons, 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
- OneHMPPS – including HQ and area model implementation designed 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 frontline services

- Future Estates Strategy for the YCS – driving improvements in the current estate, alongside longer-term work to change the shape of the Children and Young People Secure Estate, to further improve its alignment with evidence around 'what works'
- opportunities to further diversify the HMPPS leadership cadre, building on the positive increase across four of the main protected characteristics seen in HMPPS diversity data since 2019
- Regular oversight of performance and assurance, risk, finance, change and security and information – 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 72-74.

HMPPS Leadership Team 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.

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 co-ordination 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 across HMPPS, ensuring that strategic systems for their management are adequate.

Rehabilitation Board – to make cross-cutting strategic decisions to drive the solutions and system reform required to deliver on the ambitions of the HMPPS Rehabilitation Strategy.

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 considered.

Additional Executive Committees:

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 investment proposals.

Business appointment rules

All officials are subject to rules on accepting outside appointments after leaving the Civil Service. The purpose of the business appointment rules are 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
- unfair questioning or criticism of the integrity of former civil servants

Full details on the business appointment rules, including when they apply and the application process, can be accessed by all employees via the intranet. All exit management letters contain wording on the business appointment rules as a reminder to employees of their obligations.

The MoJ has a clear procedure in place for considering applications under the business appointment rules for employees at grades SCS2 and below. The process is managed by the People Policy and Transparency team 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 MoJ liaises with the Advisory Committee on Business Appointments (ACoBA) for applications from Directors General (SCS3) and above.

During 2023-24:

- there were 21 exits from the department at SCS level (6 for HMPPS)
- there were 20 business appointment rule applications as follows:
 - 9 ministerial applications
 - 1 SCS3 application
 - 2 SCS2 applications
 - 3 Grade 6 applications (2 for HMPPS)
 - 4 Grade 7 application (3 for HMPPS)
 - 1 application was below Grade 7 (HMPPS)
- 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 provided by the department on specific business appointments has been published on [GOV.UK](#)²⁹. ACoBA publish advice on business appointment rule applications for Director General SCS3 and above, also on [GOV.UK](#)³⁰.

Declarations of interest

Section 4.3 of the Civil Service Management Code sets out the standard of propriety for civil servants. It states that, “civil servants must not misuse their official position or information acquired in the course of their official duties to further their private interests or those of others”.

The MoJ has introduced a Declaration and Management of Outside Interests policy based on Cabinet Office guidance, which is available to all employees via the intranet. The policy sets out the expectations and process for declaring an interest. It is the responsibility of individuals to declare all interests (actual, potential or perceived) that could be relevant to their role. Failure to do so could result in action being taken against the individual in line with the relevant conduct or discipline policy.

The MoJ holds a central register of declarations of interests for all Senior Civil Servants (SCS) employed by the department. This includes details of any financial interests declared, secondary employment and appointments, personal interests and any other relevant interests. There is an annual SCS declaration of interest exercise and individuals are required to submit an updated declaration when there is a change in circumstance during the year. Declarations of interest for employees in the delegated grades are recorded and managed locally.

In line with the 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](#)³¹.

29 See: <https://www.gov.uk/government/publications/moj-business-appointment-rules>

30 See: <https://www.gov.uk/government/organisations/advisory-committee-on-business-appointments>

31 See: <https://www.gov.uk/government/publications/ministry-of-justice-register-of-senior-civil-servant-secondary-paid-employment/ministry-of-justice-register-of-senior-civil-servant-secondary-paid-employment>

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 makes decisions based on agreed thresholds, on any issues that arise and also discusses issues that exceed the agreed threshold (for example: overspend and 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, while ensuring the HAB is 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 continues to provide a 'moderate' annual opinion for HMPPS, defined as "some improvements are required to enhance the adequacy and effectiveness of the agency's framework of governance, risk management and control".

Over the last year the majority of assurance reports have been rated moderate and these have covered key operational areas, as well as strategic risks including people, maintaining order in prisons and the delivery of OneHMPPS, which is laying the foundation to progress towards a more unified delivery in custodial and community settings.

With regard to people-related risks, they have reported an improving provision for staff in their audits of probation wellbeing and resilience and support for probation officers studying for professional qualifications. Following on from last year's vetting audits, GIAA reviewed the decision-making processes for setting vetting requirements and provided a moderate assurance opinion.

Prison capacity continues to be a headline issue for HMPPS, and while GIAA have not found critical failures related to the organisation's ongoing efforts to manage and mitigate the effects of capacity challenges, they have identified areas where related processes have been stretched as a result. Increased use of detached duty has been used effectively to manage staffing pressures, but the audit identified a need for improved oversight of associated payments and support.

GIAA have been present at several key change programme boards and the Portfolio Board to provide real time assurance on the delivery of key change activity in the organisation. They have found project and programme management processes to be well embedded, and that the governance framework remains adequately designed, efficient and operating effectively. Although they did recognise that there is a need to have a clearer focus on setting actions to reduce risks and that these are appropriately monitored to assure effectiveness in reducing risk exposures for programmes.

They have also conducted deep dives into electronic monitoring, the Probation Workforce Programme, Probation Reform and the OneHMPPS benefits realisation framework, all of which were rated moderate. With the new Area Executive Directors now in place, their work has identified the need to improve the capture, monitoring and reporting of benefits as accountability for delivery transitions under the new management structure.

GIAA have continued to undertake cross-departmental audits, covering functional areas where HMPPS works in partnership with other parts of the department. This work has highlighted thematically that while risks are generally being managed effectively, and appropriate controls are in place, there is scope for improving the arrangements for working in partnership and ensuring effective corporate oversight. This is reflected in the audit on Functional Accountability which carried a moderate opinion. The audits of licences, leases and deeds and of fire, health and safety and recruitment all made recommendations to enhance oversight. Arrangements for Budget Management were found to be operating effectively with a Substantial opinion being provided.

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
- a second-line assurance function, reviewing operational delivery
- 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 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

The new area model, launched in October 2023, brings the probation regions and prison groups together under seven geographical areas in England, and Wales. It is recognised that it is important not to disrupt existing work by Prison Groups and Probation Regions. The introduction of the new model does not:

- change operational structures for how prison and probation services are delivered
- replace or vary existing Prison Group Directors and Regional Probation Directors footprints
- replace the localised structure of Probation Delivery Units

The new model is focused on supporting and adding value to partnership working at local, regional and sub-regional levels, not undermining it.

The new area model sees Regional Probation Directors and Prison Group Directors (outside long-term high security) come together under the line management of a new Area Executive Director (AED) for each of the six areas in England, and Wales.

The seven AEDs are:

- Alan Scott, North West
- Chris Jennings, South West and South Central
- David Hood, South East and East
- Helen Judge, North East
- Ian Barrow, Wales
- Sarah Chand, Midlands
- Sarah Coccia, London

The benefits of the new model include:

- increased 'join up' between prisons and probation by bringing responsibility for both together at the area level, not just at headquarters, with shared processes and governance in support of a more seamless journey for people with convictions
- more devolved authority to the areas to facilitate innovation and faster decision-making, closer to the point of operational delivery
- a strengthened operational voice in both central decision-making (e.g., change programmes) and national services, so that HMPPS can more effectively meet operational needs
- smarter organisation of area and regional resources to strengthen and better support the frontline
- a more unified voice of authority (speaking for both prisons and probation) that can better influence partners and stakeholders to improve outcomes

The Chief Probation Officer and Chief Operating Officer, Prisons roles remain an integral part of the HMPPS management structure.

The headquarters re-design identified five additional services that are currently part of central HMPPS Headquarters and would benefit from moving to the reporting line of AEDs. AEDs will support these groups enabling a more effective response to emerging issues.

As part of formal governance, AEDs attend the bi-weekly HMPPS Leadership Team meetings by rotation. All AEDs are invited to attend the monthly Probation Operational Management Committee and Prison Operational Management Committee meetings.

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.

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 2023-24 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 the importance of compliance is reinforced via the Licence to Operate training.

Other controls also exist to reduce the risk of fraud or error, including system-based controls within the departmental ERP, the Single Operating Platform and segregation of duty controls.

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. The below lists the control framework mechanisms:

- Detailed monthly reporting to the 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 I have 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 2023-24, despite inflationary pressures and the challenging operating environment.
- Budgets are set through an allocation process which requires HMPPS Leadership Team (HLT) discussion and approval 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 HLT 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 ARAC. For the 2024-25 financial year, the HLT 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 while taking the wider MoJ financial position into account. This will include quarterly reviews of in-year and medium-term financial plans, and a continued focus on encouraging realistic forecasting and forecasting accuracy.

Key changes and improvements include:

- the budget framework and financial management of operational budgets will be redesigned so that it reflects and enables the new area model of delivery in regions which will be fully embedded in 2024-25
- a continued focus on capital forecasting in particular, as part of a wider cross-government focus on ensuring we continue to improve our performance
- improving the cost estimates that inform our business cases for building on existing good practice to ensure we have confidence in our modelling and understanding of financial risk.

As well as the above, I, as HMPPS Accounting Officer, receive formal Accounting Officer advice on all major business cases such as the Prison Capacity programme and other significant decisions. The advice covers the four Accounting Officer responsibilities of Regularity, Propriety, Value for Money and Feasibility to ensure that I discharge my responsibilities in line with HMT policy.

Risk management

HMPPS continues to rely on the GIAA to test controls and compliance through an agreed Audit Programme that is reviewed and approved by the HMPPS Accounting Officer, HLT and the ARAC. In addition the HMPPS Risk Advisory Group (RAG) was introduced in 2023.

The management of our Capacity risk has been a significant challenge during the year, impacted also by increased risks in the prison estate caused by addressing the issue of RAAC in some of our buildings. The exacerbation of threat to our prison capacity, particularly in the male estate, has meant the continued standing up of Gold Command, and activation of Operation Safeguard in some regions. The introduction of the End of Custody Supervised Licence is currently active across all prisons holding eligible prisoners, and we are reliant on this measure to avoid capacity shortfalls as we head into the next operational year.

Over the year, there has been a strong focus on controlling our People risks in respect of recruitment and retention. This has resulted in the threat to our inability to sufficiently staff our prison and probation functions being lessened but work is continuing to ensure this threat is brought to more tolerable levels through effective recruitment drives and improved work cultures.


The Corporate Risk Team has spent this year driving risk management development in key functional areas, to encourage leaders to assess performance through the lens of risk:

- to challenge their functions where performance might be improved
- to ask what risks are not being managed effectively
- to consider where controls require strengthening

This is a core theme of risk management messaging that will continue into 2024-25, the aim being to move away from looking at performance in isolation and as more of an impact of risk management. A key element of this is communicating the differences between the strengths of control types so that risk managers may consider their effectiveness in practice as demonstrated in the following diagram.

Types of Control

<p>To cause or encourage a desirable event to occur. Instrumental in controlling future actions of organisation:</p> <ul style="list-style-type: none"> Plans and objectives Policies Guidance and procedures Learning and development <p>Directs resources to achieve required objectives and performance Effectiveness determined by performance MI</p>	<p>Weakest form of control</p> <p>Directive</p>	<p>Strongest form of control</p> <p>Preventative</p>	<p>To deter an undesirable event from occurring First line of defence in stopping incidents:</p> <ul style="list-style-type: none"> Access control Physical security Segregation of duties Safety equipment <p>Preventative controls must be strengthened in line with potential impact</p>
<p>To detect undesirable events that have occurred. Required for if/when a preventative control fails</p> <ul style="list-style-type: none"> Fire/movement detectors CCTV Checks and balances Assurance/compliance activity <p>Detection is weaker than prevention but acts as a safety net, or sensor of failed prevention controls</p>	<p>Detective</p>	<p>Corrective</p>	<p>To correct undesirable events that have occurred. Required when risk is crystallising and becoming an issue</p> <ul style="list-style-type: none"> Business Continuity Plan Gold command Loss recovery action Insurance <p>Restores control through invoking contingencies and refocusing resources</p>



 If there is a detective control, there will be a corrective element

Risk management in practice

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.

In addition to the agency’s principal risks being considered and discussed by HLT, which reports to ARAC and the Agency Board on a quarterly basis, a significant development in the control and review of principal risks has been the introduction of a HMPPS Risk Advisory Group (RAG).

The RAG was introduced as the conduit to effectively manage risk escalation to the HMPPS Leadership Team and is formed of executive level risk owners. It enables cross-functional discussion and decision making to highlight risk dependencies, while also identifying the corrective controls that are being deployed to lower risks in order to bring them to within tolerable levels. This has resulted in stronger governance in respect of risk management at a corporate level, further improvements in organisational risk maturity and greater assurance to HLT that principal risk interdependencies are being captured. The RAG

has provided a forum for senior leaders to discuss emerging risks and consider whether these need escalation to HLT or whether they can be managed initially within the business.

We continue to develop our risk management reporting processes and have introduced increased reporting of current, tolerable, and optimal tolerance levels. Principal risk owners are now required to provide a statement on their corrective controls to either bring risks that are out of tolerance back within tolerance, or that will be introduced if a risk becomes intolerable. This is adding an additional level of challenge. Work in this area will be developed further over the coming year.

The agency is continuing to improve risk management awareness throughout the organisation by driving its training offer, which has been pitched at leadership level to develop their understanding and grow a risk aware culture within their functions. This activity is communicating a strong focus on risk articulation for the purpose of identifying controls that are not only most effective at preventing the causes of risk events, but also

mitigating controls that can soften the impact of risk events, so that the worst consequences do not occur. This focus on controls is being driven further by communicating the strengths and weaknesses of different control types in our training offer, the purpose being to be less reliant on directive controls through the development of controls that are preventative.

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 team moved from HMPPS to MoJ in August 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 which meets every two months as an Information and Security Risk Board. This enables active senior monitoring of the department's key and cross-cutting 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 MoJ Director General/ Chief Operating Officer, who is also the Executive Committee lead for information risk. The board is attended by the department's Data Protection Officer, Chief Security Officer, Chief Information Security Officer and agency SIROs. The board is supported by sub-committees covering physical, personnel, cyber and data and information security. We also hold our own risk register, owned by the HMPPS SIRO.

All new SIROs and Information Asset Owners 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 holds their own policies which dovetail into, and are used in conjunction with, MoJ policies. These will be reviewed as part of the Security and Information Group's business plan for HMPPS in 2024-25.

The MoJ Chief Security Officer oversees the security, information management and data protection division of the MoJ, including HMPPS, which brings together the data protection, information management, cyber, physical and personnel security teams within the MoJ to ensure 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 Justice Digital supporting HMPPS delivery through the functional model. Colleagues in the Security and Information Group (SIG) have started to engage with stakeholders across HMPPS to promote information assurance policies and compliance.

The Security and Information Group:

- investigates 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
- oversees records management on behalf of the HMPPS estate, offering specialist information assurance advice to programmes projects and suppliers of services to HMPPS
- sets security and data protection standards for suppliers and partners that HMPPS work with to ensure that information and services are appropriately protected
- provides support to ensure compliance with data protection standards. This includes reviewing and approving Data Protection Impact Assessments, assessing Data Sharing Agreements and delivering data protection training

The SIG also works collaboratively with the MoJ Information Security Team and the Data Protection Team.

MoJ Information Security Team

In October 2023, we published the MoJ Cyber Security Strategy which focuses on improving the cyber resilience of our critical services. As part of the strategy implementation, we are enhancing our security assurance across HMPPS services and contracts. We are currently rolling out GovAssure, the new government cyber assurance framework, across all critical services. We have conducted cyber assessments for 9 out of the 10 HMPPS critical services due to be assessed. We are now working with these services on improvement plans which focus on responding to and recovering from cyber incidents. We will assess the remaining service this year. We will also carry out assessments of the hosting platforms for HMPPS services and put improvement plans in place. We are currently implementing a new supply chain assurance framework to better understand the cyber risk related to our contracts and improve our supplier management. We are piloting the framework with key contracts in HMPPS including Electronic Monitoring. We have improved our reporting on cyber risk to ARAC and are focussing on key controls which will reduce our risk levels in line with our risk appetite statement.

We are undertaking a project to improve our cyber incident management. This includes improved reporting mechanisms, an increased focus on cyber exercising and enhanced processes for major incident management. HMPPS played a key role in a Silver Command level cyber exercise to practice and improve our incident response. We have also updated and improved our policies and documentation for incident management as part an initiative to update all our cyber security policies.

Data Protection Team

All security and personal related incidents are now triaged by the data protection team which has helped streamline the process. Incidents are reviewed, investigated, and reported in a timely and efficient manner (and within the statutory deadlines).

Additionally, out-of-hours cover for security and data protection related incidents, is provided by the National Incident Management Unit (NIMU). To support this new process, a guidance document was developed and circulated in HMPPS and the MoJ more broadly. The new process has been in effect since January 2024 without issue. The data protection team has also been representing HMPPS at the Security Incident Reporting Tool Working Group, where discussions include improving data quality and aligning local processes to wider MoJ reporting to establish a consistent approach to incident management.

The Probation Service has an established and functioning network of regional information security assurance leads, and although their level of experience and expertise is varied, they are engaged and participate in discussions with SIG. Several workshops have been held with the regional information security assurance leads to gain a better understanding of their training needs. We aim to equip HMPPS colleagues, where needed, with the skills, tools and processes to safeguard against the SIG related risks identified within HMPPS. HMPPS and MoJ SIG will be developing a functional partnership agreement in 2024-25.

Personal data-related incidents

Four significant personal data incidents were reported to the ICO during 2023-24.

Date of Incident	Date Reported to ICO	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
14 April 2023	18 April 2023	Document relating to sex offender treatment programme found in the street by a member of the public.	Name, offence and health data	10	Case closed by the ICO with no further action (18/08/2023)
27 July 2023	18 August 2023	Disclosure of a victim's clinical psychologist's report in an offender's parole dossier. Report included details of victim's children. Safeguarding concerns.	Confidential psychologist report and victim impact statement	5	Case closed by the ICO with no further action (09/04/2024)
1 November 2023	27 November 2023	Home address of a data subject disclosed to an offender with whom they had contact with via the Email a Prisoner service.	Name and address	1	Case closed by the ICO with no further action (12/12/2023)
12 February 2024	15 February 2024	Confidential information of offender's ex-partner's three children disclosed in parole dossier.	Name, address and dates of birth	3	Case closed by the ICO with no further action (03/04/2024)

Counter fraud, bribery and 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. Until the end of March 2024, the HMPPS Executive Director for Strategy, Planning and Performance was the nominated HMPPS counter fraud champion, supported by the HMPPS Counter Fraud Lead. This responsibility will move to the Directorate of Security with effect from 1 April 2024.

HMPPS counter fraud activity is aligned with the MoJ Counter Fraud, Bribery and Corruption Centre of Expertise to meet the Cabinet Office Counter Fraud, Bribery and 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 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 tackles 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 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 principles of the Government Accounting Regulations as per the Government Financial Reporting Manual 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.

HMPPS are working to strategically align counter fraud with the CCU. 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.

Whistleblowing arrangements

The MoJ Whistleblowing Policy provides guidance on the process for raising a whistleblowing concern (including public interest disclosures) and advice on the protection afforded to an individual who raises a concern. The policy is accessible to all staff on the intranet. It provides reassurance that concerns will be investigated promptly and professionally.

The Whistleblowing Policy has been updated to:

- clarify the process on how to raise a whistleblowing concern
- establish clear roles and responsibilities for those involved
- include a section on the Official Secrets Act 1989 in accordance with guidance from the Government People Group

To raise awareness of the whistleblowing policy, the MoJ has engaged with and promoted the cross-government 'Speak Up' campaign and appointed a Senior Civil Servant Whistleblowing Champion. Work has taken place to develop and strengthen the network of nominated officers who provide an independent route to raise a whistleblowing concern and provide impartial support and advice to the individual.

A new record management system has been introduced to improve the accuracy of recording whistleblowing cases. This will strengthen the ways that 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 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 on behalf of the Department for Environment, Food and Rural Affairs (Defra).

We follow the **MoJ's Climate Change and Sustainability Strategy**³² which sets out

how the department embeds environmental sustainability throughout its estate, operations and procurement activity.

During 2023-24 we have:

- implemented actions contributing to HMPPS 2025 GGC targets, including successfully bidding for £7 million Public Sector Decarbonisation Scheme funding to decarbonise a number of prison and probation sites, expected to deliver to deliver an annual saving of 1,717 tCO₂e
- improved our understanding of climate change risks to the prison and probation estate including completion of overheating research and flood risk assessments at 26 sites
- implemented actions of the MoJ's Nature Recovery Plan for the estate and operations, for example tree planting on our estate, improved governance of land use decisions
- continued to embed sustainability throughout Unpaid Work including developing actions and projects that contribute to environmental improvements such as tree planting in communities
- incorporated 10% Biodiversity Net Gain, and Net Zero Ready principles in our New Prisons Programme
- fixed 14 water leaks throughout 2023-24, avoiding £3.8 million in water charges

Looking forward, we will:

- continue to develop projects that deliver both improved offender outcomes and environmental recovery, for example through our Prison Tree Nurseries and Unpaid Work partnerships with organisations like Forestry England
- aim to cut operational carbon emissions of our new prisons by at least 85% compared to HMP Fosse Way
- deliver the commitments set out in the National Adaptation Programme for risk H13 – risk to education and prison services
- continue our circular economy pilots on the prison estate to support resource efficiency
- manage HMPPS land in a nature positive way through improved HMPPS land management and through changes to new facilities management contracts

32 Ministry of Justice, 'Climate Change and Sustainability Strategy', 2024, Available at: <https://www.gov.uk/government/publications/climate-change-and-sustainability-strategy-moj>

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed 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 MoJ has designated the CEO 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.

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.

Climate change and sustainability report

Introduction

As part of the second largest government department 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 recognised as a strategic enabler for delivering justice outcomes, with areas of focus including tackling climate change, using resources sustainably, protecting and enhancing the environment and embedding sustainability across the organisation. HMPPS has supported work across these areas by embedding sustainability in our prison expansion programme, promoting recycling and repair in prison workshops, and improving community environments via Community Payback.

HMPPS 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 2023-24**³³. 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. Where necessary, some data has been estimated.

Greening Government Commitment performance

HMPPS tracks its progress against the GGC targets for the period 2021 to 2025 on a quarterly basis. This report shows our present position for 2023-24 against a 2017-18 baseline, using data available to December 2023. The non-financial indicators for 2022-23 have been restated to show the full financial year up to March 2023.

UN Sustainable Development Goals

The work of the department primarily supports delivery of four UN Sustainable Development Goals (SDGs): 5, 10, 13 and 16, relating to climate change, equality, peaceful and inclusive societies, and access to justice.

Tackling Climate Change: Mitigating Emissions and Adapting to the Changing Climate

TCFD-aligned Disclosure Compliance Statement

The climate-related disclosure included in this report is consistent with HM Treasury's UK public sector TCFD-aligned disclosure guidance, and considers:

- governance: (a) board's oversight, and (b) management's role
- metrics and targets: (b) emissions reporting.

³³ HM Treasury, 'Sustainability Reporting Guidance 2023-24', 2023, available at: https://assets.publishing.service.gov.uk/media/64b955f206f78d000d742645/2023-24_Sustainability_Reporting_Guidance.pdf

Climate change governance

Board oversight

HMPPS commissioned a deep dive on climate and sustainability risks in November 2023, which is due to be reported in 2024-25. The findings of the deep dive, which has considered the National Audit Office's 'Climate Change Risk: A Good Practice Guide for Audit and Risk Assurance Committees'³⁴, will be shared with HMPPS Risk Advisory Group (RAG), HLT and ARAC.

Management's role

HMPPS climate change performance is overseen by our Senior Sustainability Board, which includes senior management representatives from prisons and probation. The Senior Sustainability Board meets quarterly and scrutinises prison and probation performance against key emissions metrics.

HMPPS performance data, including operational and asset energy, travel and emissions data, is analysed and reported by the MoJ and HMPPS Climate Change and Sustainability Unit. The data is gathered and validated through an external environmental reporting platform.

The data is audited by an external organisation, on behalf of Defra.

Climate Change and HMPPS

Climate change is having an increasing impact across our estate and operations, principally via overheating during heatwaves and flooding from increased rainfall. HMPPS has taken a proactive approach to both mitigating and adapting to climate change.

Mitigating climate change: decarbonisation

MoJ's Net Zero Strategy has been published and sets a long-term vision for the department and its agencies, including HMPPS, to reach decarbonisation targets.

HMPPS carbon emissions show an overall 24% decrease compared to 2017-18 baseline. We have continued to reduce our overall carbon emissions this financial year, including by:

- securing £7 million Public Sector Decarbonisation Scheme funding to decarbonise a number of prison and probation sites, expected to deliver an annual saving of 1,717 tCO₂e
- installing 193 boiler control units forecasted to save 1,015 tCO₂e and c£205,000 per year
- upgrading lighting to LED through routine maintenance utilising 64,000 bulk purchased lights and over 14,000 LED lights manufactured in prisons
- funding LED upgrade projects within probation, forecasted to save 194 tCO₂e
- delivering low carbon heating upgrade at a prison, forecasted to save 672 tCO₂e
- designing our four new prisons to be 'Net Zero ready' and where possible, BREEAM Outstanding

HMPPS achieved the target of 25% of its vehicles being ultra-low emission in line with the Greening Government target with 54% of its fleet being ultra-low emission and 3% zero emission vehicles.

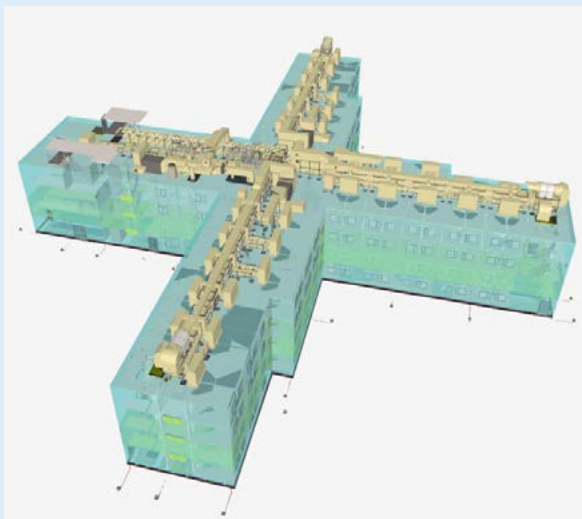
34 National Audit Office, 'Climate Change Risk: A Good Practice Guide for Audit and Risk Assurance Committees', 2021, available at: <https://www.nao.org.uk/insights/climate-change-risk-a-good-practice-guide-for-audit-and-risk-assurance-committees/>

Net Zero case study: boiler optimisation



HMPPS has invested in the installation of gas boiler optimisation units in buildings across our estate. The units work to improve efficiency by better regulating boiler firing which can reduce gas consumption by around 10%. So far, we have installed a total of 990 boiler optimisation units across HMPPS estate. In 2023-24 we installed 193 units, forecasting to reduce carbon emissions by 973 tCO₂e and achieve cost savings of £196,000 in 2023-24. Through 2024-25 we will continue to install boiler optimisation units in other suitable HMPPS buildings, to enable further carbon emission and cost savings.

Digital Twin Energy Saving case study – HMP Five Wells Pathfinder Project



The 'MoJ Digital Twin Pathfinder' project was initiated last year. A digital twin is a digital representation of a physical asset and its operation, and uses real-time data from installed sensors on a physical twin (an actual building). This can help monitor, optimise and even remotely control the physical asset across its lifecycle.

Since June 2023, the digital model of a physical houseblock has used real-time building data to develop a baseline of building performance data. This has helped identify potential actions that could result in a 20% saving in energy use and costs, and reduction in overheating risk which will be tested and implemented across 2024-25. The intention is to roll out Digital Twin Technology across two more prisons next financial year.

Climate change metrics and targets – emissions reporting

Both scope 1 and 2 building related emissions have increased compared to 2022-23 due to increased consumption resulting from prison estate expansion and changes in carbon emissions factors. Scope 3, business travel related emissions have significantly increased compared to 2022-23 due to gaps in data provided by our travel partner in 2022-23.

Table 1: Overall greenhouse gas emissions and financial costs

Greenhouse Gas Emissions		2017-18 re-stated (4)	2018-19	2019-20	2020-21	2021-22 re-stated (5)	2022-23	2023-24
Non-financial indicators (tonnes CO ₂ e) (2)	Total gross scope 1 (direct) emissions	155,192	154,341	153,267	142,989	148,311	141,950	145,054
	Total gross scope 2 (indirect) emissions	120,552	92,644	88,320	70,806	66,834	61,577	66,502
	Total gross Scope 3 (official business travel) emissions	6,845	16,173	7,328	5,879	6,251	1,740	5,154
	Total emissions – Scope 1, 2 and 3	282,589	263,158	248,915	219,674	221,396	205,267	216,710
Related energy consumption (kWh)	Electricity	342,770,261	327,284,350	318,501,334	304,834,471	314,764,992	322,790,938	323,158,872
	Electricity on-site renewable (3)	28,605	Data not available	Data not available	Data not available	231,579	325,042	786,523
	Gas	748,520,375	715,895,508	687,697,747	665,453,499	699,373,842	644,505,985	653,957,371
	Other energy sources	37,999,001	44,196,140	47,120,471	42,882,986	55,710,896	77,548,301	65,082,462
	Total energy consumption	1,129,318,242	1,087,375,998	1,053,319,552	1,013,170,956	1,070,081,309	1,045,170,266	1,042,985,228

Greenhouse Gas Emissions		2017-18 re-stated (4)	2018-19	2019-20	2020-21	2021-22 re-stated (5)	2022-23	2023-24
Financial indicators (£m)	Expenditure on energy	69	67	74	71	76	101	123
	Expenditure on official business travel	20	22	21	5	9	16	19
	Total expenditure on energy and business travel	89	89	95	76	85	117	142

(2) Definitions for scope 1-3 emissions available on [GOV.UK](https://www.gov.uk)³⁵.

(3) 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.

(4) Non-financial values are based on the updated baseline data approved by Defra.

(5) 2022-23 non-financial data has been restated to show the full financial year up to March 2023.

³⁵ HM Government, 'Environmental Reporting Guidelines', 2019, available at: https://assets.publishing.service.gov.uk/media/5de6acc4e5274a65dc12a33a/Env-reporting-guidance_inc_SECR_31March.pdf

Travel

Flight-related emissions have remained low since the pandemic, and emissions from domestic flights have reduced by 49%, compared to our 2017-18 baseline.

Table 2: International and domestic business travel distance and greenhouse gas emissions³⁶

Air travel	2017-18 re-stated (6)	2018-19	2019-20	2020-21	2021-22	2022-23 re-stated (7)	2023-24
Distance travelled domestic flights (km)	173,625	180,121	176,856	9,564	84,141	163,495	87,713
Emissions from domestic flights (tCO ₂ e)	25		24	1	11	21	12
International business travel flights (km)	2,503,560	2,151,980	3,623,600	3,287,969	3,008,007	2,128,469	1,356,228
Short haul Economy	999,027	1,037,759	1,412,346	2,112,842	1,703,454	1,052,880	641,701
Short haul Business Class	40,042	12,574	56,299	66,883	911	15,913	None held
Long haul Economy	968,636	546,204	1,415,770	351,769	671,655	740,888	512,960
Long haul Premium Economy	283,799	555,443	644,990	741,348	507,834	318,788	201,566
Long haul Business	212,056	None held	80,148	15,126	124,153	None held	None held
Long haul First	None held	None held	14,047	None held	None held	None held	None held
International business flights (tCO ₂ e)	252	213	340	301	280	307	140

Notes:

(6) Non-financial values are based on the updated baseline data approved by Defra.

(7) Non-financial values have been updated to reflect the full financial year up to March 2023.

MoJ is reviewing the organisation-wide travel policies to make more-sustainable travel options preferable to air and single-occupancy vehicle travel.

³⁶ Values are shown to the nearest whole number.

Adapting to climate change

A revised MoJ **Climate Change Adaptation Strategy**³⁷ has been published, following evidence gathered through an organisation-wide climate change risk assessment of our estate and operations in 2022-23. Our research indicates overheating and flooding are significant risks. We continue to conduct Flood Risk Assessments (26 conducted in 2023-24) for our most vulnerable sites along with working on understanding overheating in selected sites and assessing suitable interventions to reduce these risks.

Government's third National Adaptation Programme (NAP3) includes climate change as a risk to prison services. We have developed a **NAP3 risk reduction pathway**³⁸ which includes actions to: conduct an updated Climate Change Risk Assessment by 2027, design and build new prisons adapted to future climate scenarios, and address research gaps and pilot operational interventions to reduce risks.

Climate change plans for 2024-25

We will:

- aim to cut operational carbon emissions of our new prisons by at least 85% compared to HMP Fosse Way
- deliver the commitments set out in the National Adaptation Programme for risk H13 – risk to education and prison services
- develop Net Zero Delivery Plan
- develop water resources efficiency action plan

Greening Government Commitment progress

Our Climate Change and Sustainability Strategy³⁹ sets out how MoJ and HMPPS are embedding environmental sustainability throughout our estate, operations and procurement activity.

During 2023-24 we have:

- implemented actions in the MoJ's Nature Recovery Plan for the estate and operations, for example tree planting on our estate and improved governance of land use decision
- continued to embed sustainability throughout Unpaid Work including projects such as tree planting in communities
- incorporated 10% Biodiversity Net Gain, and Net Zero Ready principles in our New Prisons Programme
- published the Biodiversity in Construction Policy and Technical Supplement to manage ecological risks during construction and to ensure high ecological standards throughout our supply chain
- fixed 14 water leaks throughout 2023-24, avoiding £3.8m in water charges

Looking forward, we will:

- continue to develop projects that deliver both improved offender outcomes and environmental recovery, for example through our tree nurseries in prisons and Unpaid Work partnerships with organisations like Forestry England
- continue our circular economy pilots on the prison estate to support resource efficiency
- manage HMPPS land in a nature positive way through improved land management and through changes to new facilities management contracts

37 Ministry of Justice, 'Climate Change Adaptation Strategy, 2024 available at: <https://www.gov.uk/government/publications/climate-change-adaptation-strategy-moj>

38 HM Government, 'Risk Reduction Strategy: NAP3 Annex 1: Climate risks and opportunities', 2023, https://assets.publishing.service.gov.uk/media/65d47d9b0f4eb10064a981ae/NAP3_Annex_1_Climate_risks_and_opportunities.pdf

39 Ministry of Justice, 'Climate Change Adaptation Strategy, 2024 available at: <https://www.gov.uk/government/publications/climate-change-adaptation-strategy-moj>

Table 3: GGC Performance 2023-24 against baseline 2017-18

Requirement by 2025	2022-23 performance re-stated (9)	2023-24 performance (8)	Explanation
Reduce greenhouse gas (GHG) emissions by 41%	-28%	-25%	Decarbonisation of the electricity grid is helping towards achieving this target, but expansion of the estate will make achieving this target challenging. MoJ's Net Zero strategy describes our organisational priorities for decarbonisation.
Reduce direct greenhouse gas emissions by 23%	-8%	-8%	Significant underfunding and electrical capacity constraints means that achieving targets continues to be challenging. Heat decarbonisation plans completed for prioritised prison and probation sites. Funding obtained to progress decarbonisation works at a number of prison and probation sites.
Reduce emissions from domestic business flights by 30%	-13%	-49%	Distance travelled on domestic flights is significantly reduced. Various options are being considered with the supplier and business to help further reduce our CO ₂ emissions
Reduce overall waste by 15%	-8%	-5%	Structural problems with waste management means that waste targets are likely to be missed. We are piloting recycling and refurbishment schemes to save money and reduce waste and future facilities management contracts should improve waste management across prisons and probation sites.
Landfill waste to be less than 5%	7%	4%	Prioritising waste diversion from landfill through working with FM providers
Increase recycling to at least 70%	52%	52%	Structural problems with waste management means that waste targets are likely to be missed. We are piloting recycling and refurbishment schemes to save money and reduce waste and future facilities management contracts should improve waste management across prisons and probation sites.
Reduce paper use by 50%	-19%	-17%	Although many processes are still paper based, a trial of in-cell technology ('Launchpad') has been undertaken and the benefits to reducing paper usage are being analysed.
Reduce water consumption by at least 8%	0%	5%	Prison expansion programme, ongoing leaks and burst pipes due to ageing prisons infrastructure pose significant challenges in achieving water use reduction. Smart meter installation continues, helping to quickly find and fix water leaks.

Notes:

(8) 2022-23 data has been restated to show the full financial year up to March 2023.

(9) GGC Performance may differ with emissions reporting table due to emissions scope.

Reducing our water use

Water is one of our most precious resources, and as an organisation we are committed to reducing our water consumption 8% by 2025 as part of the GGC. We now have an approved Water Efficiency Strategy which prioritises our actions to improve efficiency.

Our water usage has been increased by 5% compared to 2017-18 baseline. This is due to prison expansion and several water leaks and burst pipes of ageing prisons water infrastructure.

We have invested £340,000 installing 290 smart water meters across the HMPPS estate. Smart meter data has enabled identification and repair of leaks more quickly.

Table 4: Water consumption and financial costs

Water consumption		2017-18 re-stated (10)	2018-19	2019-20	2020-21	2021-22	2022-23 re-stated (11)	2023-24
Non-financial indicators (m ³)	Volume	8,880,165	8,393,180	8,427,775	8,761,906	8,759,543	8,887,175	9,360,906
Financial indicators (£m)	Water supply & sewage cost	23	24	25	20	22	24	27

Notes:
 (10) Non-financial values are based on the updated baseline data approved by Defra.
 (11) Non-financial values have been updated to reflect the full financial year up to March 2023

Case study – fixing water leaks and saving money across HMPPS



Image: An underground leak being fixed at HMP Wormwood Scrubs avoiding 140k cubic metres of water loss annually.

From Victorian prisons in central London to modern, newly constructed prisons in rural locations, operating our diverse estate presents many challenges, with water leakage presenting a significant issue. In many of our older prisons, the ageing water infrastructure and lack of water meters and leakage diagnostic tools contributes to an estimated 25-30% of water being lost through leakage alone.

In 2023-24, we repaired 14 water leaks at 12 prison sites avoiding 1.3 million cubic metres of water wastage and water charges of £3.8 million annually.

A further 12 prisons have been identified as having high constant water flows indicating significant leakage. In 2024 we are undertaking specialist leak detection surveys to accurately locate leakage, which is usually underground and difficult to detect without specialist equipment.

Minimising waste and promoting resource efficiency

Table 5: Waste generation

Waste			2017-18 re-stated (12)	2018-19	2019-20	2020-21	2021-22	2022-23 re-stated (13)	2023-24
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill	5,337	764	860	3,924	3,566	2,897	1,657
		Reused/ Recycled	20,851	32,232	32,808	26,562	21,165	19,060	19,797
	Incinerated with energy from waste		14,440	4,106	6,299	6,258	16,417	14,616	16,579
	Incinerated without energy recovery		21	-	11	22	1	668	403
	Total waste			40,650	37,102	39,978	36,766	41,149	37,240

Notes:

(12) These values are based on the updated baseline data approved by Defra.

(13) These values have been updated to reflect the full financial year up to March 2023.

HMPPS has reduced its waste by around 5% compared to 2017-18 baseline, of which 4% went to landfill and 52% was recycled.

A **Circular Economy Strategy**⁴⁰ has been published and several pilot recycle and repair workshops across the prison estate have been established, reducing waste and increasing recycling.

⁴⁰ Ministry of Justice, 'Circular Economy Strategy Summary, 2024, Available at: <https://www.gov.uk/government/publications/circular-economy-strategy-summary-moj>

Biodiversity and rural proofing

MoJ has a **Nature Recovery Plan**⁴¹ setting out nine principles of behaviour and action to restore biodiversity across the HMPPS estate and to benefit our people. Ecological Management Plans have been developed for the majority of our landholdings detailing site-specific actions for our land managers to implement. Where necessary, these management plans need to be included in contracts with suppliers. A Biodiversity in Construction Policy for our estate was adopted at the end of 2023-24 to drive best practice across our expansion and refurbishment projects. Nine HMPPS tree nurseries continue to grow 200,000 saplings a year for internal and wider use across government departments, while at the same time contributing to prisoner education.

Nature recovery case study: Tree planting at HMP Full Sutton



Staff from HMP Full Sutton, HMP Millsike and MoJ, alongside The Conservation Volunteers, spent three days creating a two-acre woodland as part of our commitment to plant more trees.

The project was completed in March 2024 as part of the Humber Community Forest regional programme and was funded by Defra and led by The Conservation Volunteers.

Over 1,500 trees were planted, with a variety of local species suitable for wildlife, with pathways and access preserved. A maintenance agreement has also been signed for three years.

Before the woodland was created, the area was mowed grassland that was lacking in wildlife. Through this change in land use, prison staff, visitors, local residents and wildlife can now enjoy and share in the benefits of nature recovery for years to come.

41 Ministry of Justice, 'Nature Recovery Plan', 2024, available at: <https://www.gov.uk/government/publications/nature-recovery-plan-summary-moj>

Procuring sustainable products and services

MoJ proactively educates, engages, and embeds sustainability across our commercial landscape while considering the operational environment and whole life value for money. Focused sustainability support is prioritised for procurements that have the greatest opportunities to embed positive environmental outcomes. As part of this we have started to develop an assessment tool to identify procurements with potential for sustainability impact and risk. This tool will allow us to further prioritise resources and develop additional guidance across relevant categories.

HMPPS has continued to develop a clearer understanding of the link between Sustainability outcomes and our major procurements, for example the prison operators contract and the prison food contracts.

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.

Training is regularly provided on key policies such as PPN 01/24 Carbon Reduction Schedule. All commercial staff must complete the annual ethical sourcing assessment which includes a module on environmentally sustainable procurement. Commercial activity is guided by our Sustainable Procurement Policy that sets out our minimum environmental sustainability standards, and which is being updated in 2024-25.

The MoJ has a project assurance 'keyholder' process through which most business cases that have a whole life cost exceeding £10 million are assessed by a panel of specialists and experts from across the MoJ, including sustainability experts.

MoJ applies PPN 06/20 Social Value Model to all relevant procurements. Dependent on themes and policy outcomes selected these will result in additional environmental outcomes, which could include supporting decarbonisation, increasing biodiversity and improved air quality, and waste reduction through the supply chain.

Government Buying Standards are applied where applicable in terms of our product specifications and high-level data recorded within our e-procurement system.

Reducing environmental impacts from ICT and digital

MoJ has adopted the Greening Government: ICT and Digital Services Strategy and associated targets. With these and through our digitisation and ICT programmes, and projects, we are reducing our environmental impacts, for example paper use and travel emissions. We report emissions associated with ICT to Defra on an annual basis and are working on improving the data through better internal reporting and tracking.

Prison workshops are recycling laptops and printers, reducing waste to landfill and giving prisoners skills and qualifications. Old printers are dismantled in prison workshops reducing emissions (previously recycled in Amsterdam), and all parts are recycled. Offenders are being trained in plastic identification for reuse in other projects, aiding the circular economy. This project has been so successful that our printer supplier is now sending printers from outside HMPPS to prison workshops for dismantling.

Sustainable construction

Our 'Building Research Establishment Environmental Assessment Method (BREEAM)' policy requires all new build projects to target BREEAM 'outstanding' (excellent as a minimum) and major refurbishments to target BREEAM 'excellent' ('very good' as a minimum). We have also set out mandatory credits to ensure the BREEAM process drives the right outcomes and operational efficiencies for HMPPS. Applying this policy, our next four new prisons will be all-electric, using green technologies such as photovoltaics and heat pumps to cut operational emissions by nearly 90%, and will deliver at least 10% biodiversity net gain.

HMP Millsike, currently under construction, has received an interim design certificate score of 87%, demonstrating efforts to embed sustainability throughout the design and build process.

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: www.civilservicecommission.org.uk.

Remuneration

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

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 2023-24 are for bonuses awarded in both 2022-23 and 2023-24. Bonus payments made in 2022-23 are for bonuses awarded in both 2021-22 and 2022-23.

Pension benefits

The value of pension benefits accrued during the year is calculated as 20 times the real increase in pension 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)

Officials	2023-24				2022-23					
	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)	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)
Dr Jo Farrar* Second Permanent Secretary, MoJ and CEO, HMPPS (until 31 August 2022)	N/A	N/A	N/A	N/A	N/A	65–70 (annualised 165-170)	-	-	10,000	75-80
Amy Rees* Director General, Chief Executive Officer (from 1 September 2022) Director General, Probation and Wales (until 31 August 2022)	160-165	33,100	15-20	23,000	235-240	150-155	20,400	15-20	25,000	210-215
Phil Cople Director General, Operations (from 1 September 2022) Director General, Prisons (until 31 August 2022)	165-170	-	5-10	60,000	235-240	155-160	-	15-20	(28,000)	145-150
Caroline Murray† Director, Business Partnering and Change, MoJ People Group	105-110	-	10-15	39,000	155-160	100-105	-	-	112,000	210-215

Officials	2023-24				2022-23					
	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)	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)
Lorna Madent† MoJ Director, Finance Business Partnering (until 30 June 2023)	110-115 (annualised 115-120)	-	-	(4,000)	105-110	115-120	-	-	(22,000)	90-95
Helga Swidenbank Executive Director Youth Custody Service (until 31 October 2022)	N/A	N/A	N/A	N/A	N/A	70-75 (annualised 120-125)	-	-	46,000	115-120
Ed Cornmell Executive Director, Youth Custody Service (from 24 October 2022)	120-125	-	-	68,000	190-195	50-55 (annualised 115-120)	-	-	21,000	70-75
Jim Barton HMPPS Executive Director, Change (from 1 September 2022 to 30 November 2022)	N/A	N/A	N/A	N/A	N/A	25-30 (annualised 100-105)	-	10-15	4,000	40-45
Michelle Jarman-Howe Chief Operating Officer Prisons (from 1 September 2022 to 30 November 2022)	N/A	N/A	N/A	N/A	N/A	25-30 (annualised 115-120)	2,000	10-15	1,000	40-45

Officials	2023-24				2022-23					
	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)	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)
Ian Blakeman Executive Director, Strategy, Planning and Performance (until 30 September 2022)	N/A	N/A	N/A	N/A	N/A	55-60 (annualised 115-120)	9,700	5-10	(10,000)	60-65
Caroline Patterson† MoJ Director, Finance Business Partnering (from 22 May 2023)	100-105 (annualised 115-120)	-	-	(4,000)	95-100	N/A	N/A	N/A	N/A	N/A

*Dr Jo Farrar was a member of the Partnership pension scheme and as such did not accrue PCSPS pension benefits in 2022-23. 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 on page 118.

†The roles of MoJ Director, Finance Business Partnering and Director, MoJ People group, Business Partnering and Change 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.

‡Lorna Maden left under an MoJ-wide voluntary departure scheme, authorised under section 6.3 of the Civil Service Management Code and costs were met by the MoJ. The figure includes salary of £25k-£30k and compensation for loss of office £82,876. The annualised figure in the table above is based on a full year of salary and excludes any severance payment. .

Where the pension benefits for 2023-24 and 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.

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

	2023-24		2022-23	
	Total salary	Bonus payments	Total salary	Bonus payments
Staff average	3%	37%	11%	(13.9%)
Highest paid director	7%	0%	0%	40%

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

	Lower quartile	Median	Upper Quartile
2023-24	7.7:1	6.4:1	5.3:1
2022-23	7.1:1	5.9:1	4.9:1

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

	Lower Quartile		Median		Upper Quartile	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Salary component of total pay and benefits	25,752	24,067	27,116	26,839	33,011	32,424
Total pay and benefits	27,510	26,566	33,011	32,049	39,821	38,289

The banded remuneration of the highest-paid director in HMPPS in 2023-24 was £210,000-215,000 (2022-23: £185,000-£190,000). This was 6.4 times (2022-23: 5.9) the median remuneration of the workforce, which was £33,011 (2022-23: £32,049). The increase in highest paid directors' remuneration is due to a combination of the individual being in a promoted post for the whole of 2023-24, compared with a shorter period in 2022-23 and increased benefits in kind due to additional travel required for this role.

In 2023-24, no employees (2022-23: 1 employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £25,000-£30,000 to £210,000-£215,000 (2022-23: £15,000-£20,000 to £190,000-£195,000).

For the purposes of fair pay disclosures, 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 2023-24 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 3 years, following approval from Cabinet office and HM Treasury. The Prison Service pay award was implemented for 2023-24 on the recommendations of the Prison Service Pay Review Body (PSPRB) with effect from 1 April 2023, following approval from HM Treasury and ministers. The implementation of the pay awards in 2023-24 increased average staff remuneration.

Non-Executive Directors' remuneration (audited)

	2023-24			2022-23		
	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
Gerard Lemos Lead Non-Executive Director	15-20	-	-	15-20	-	-
Lesley King-Lewis Non-Executive Director (until 30 April 2023)	0-5 (annualised 10-15)	-	-	10-15	-	-
David Bernstein Non-Executive Director (until 19 July 2023)	0-5 (annualised 10-15)	-	-	10-15	-	-
Heather Savory Non-Executive Director	15-20	100	-	15-20	100	-
Rommel Moseley Non-Executive Director (from 9 October 2023)	5-10 (annualised 10-15)	-	-	N/A	N/A	N/A
Nick Campsie Non-Executive Director (from 10 October 2023)	5-10 (annualised 10-15)	-	-	N/A	N/A	N/A
Jonathan Flory Non-Executive Director (from 27 November 2023)	0-5 (annualised 10-15)	-	-	N/A	N/A	N/A

*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 2024. HM Treasury last published updated guidance on 27 April 2023; this guidance has been 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 31/03/24 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/24 £'000	CETV at 31/03/23 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
Dr Jo Farrar* Second Permanent Secretary, MoJ and CEO, HMPPS (until 31 August 2022)	N/A	N/A	N/A	N/A	N/A	N/A
Amy Rees* Director General, Chief Executive Officer (from 1 September 2022) Director General, Probation and Wales (until 31 August 2022))	N/A	N/A	N/A	N/A	N/A	23,300
Phil Cople Director General, Operations (from 1 September 2022) Director General, Prisons (until 31 August 2022))	70 - 75 plus a lump sum of 195 - 200	2.5 - 5 plus a lump sum of 0	1,671	1,492	40	N/A
Caroline Murray Director, Business Partnering and Change, MoJ People Group	50 - 55 plus a lump sum of 140 - 145	0 - 2.5 plus a lump sum of 0	1,231	1,103	27	N/A
Lorna Madent† MoJ Director, Finance Business Partnering (until 30 June 2023)	40 - 45 plus a lump sum of 115 - 120	0 - 2.5 plus a lump sum of 0	1,010	995	(7)	N/A
Helga Swidenbank Executive Director, Youth Custody Service (until 31 October 2022)	N/A	N/A	N/A	163	N/A	N/A
Ed Cornmell Executive Director, Youth Custody Service (from 24 October 2022)	55 - 60 plus a lump sum of 110 - 115	2.5 - 5 plus a lump sum of 2.5 - 5	1,082	938	49	N/A

Officials	Accrued pension at pension age as at 31/03/24 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/24 £'000	CETV at 31/03/23 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
Jim Barton HMPPS Executive Director, Change (from 1 September 2022 to 30 November 2022)	N/A	N/A	N/A	439	N/A	N/A
Michelle Jarman-Howe Chief Operating Officer Prisons (from 1 September 2022 to 30 November 2022)	N/A	N/A	N/A	775	N/A	N/A
Ian Blakeman Executive Director, Strategy, Planning and Performance (until 30 September 2022)	N/A	N/A	N/A	1,181	N/A	N/A
Caroline Patterson† MoJ Director, Finance Business Partnering (from 22 May 2023)	20 - 25 plus a lump sum of 55 - 60	0 plus a lump sum of 0	410	393	(4)	N/A

*Dr Jo Farrar was a member of the Partnership pension scheme. No PCSPS pension benefits were accrued in 2022-23. Any 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.

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23 but are reported in the legacy scheme for the same period in 2023-24.

Civil Service Pensions

Pension benefits are provided to employees of HMPPS (excluding Local Government Pension Scheme (LGPS) members) through the Civil Service pension arrangements. Before 1 April 2015, 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; one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes with both employees and employers making contributions. Employee contributions are salary dependent and range between 4.6% and 8.05%. The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the pensions increase legislation.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, with the total amount accrued being adjusted annually in line with a pension increase rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pension figures quoted in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in

the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts.⁴² The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Members will be given the option to decide whether that period should count towards PCSPS or alpha benefits in due course.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75%, depending on the age of the member. 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).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

42 www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

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 2024, HMPPS paid employer pension contributions of £416.5 million to the PCSPS and £181.1 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)

	2023-24 £'000	2022-23 £'000
Permanent staff – wages and salaries	2,394,375	2,095,242
Permanent staff – social security costs	257,193	234,836
Permanent staff – pension costs	538,178	635,239
Agency staff costs	54,802	58,491
Departures and severance payments	45,042	22,166
Inward secondments	11,715	14,755
Sub-total	3,301,305	3,060,729
Recoveries in respect of outward secondments	(6,799)	(6,397)
Total net costs	3,294,506	3,054,332

Pension costs (audited)

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

Consultancy costs

Expenditure on consultancy was £4.1 million in 2023-24 (2022-23: £4.7 million).

Agency costs

Agency staff costs have reduced due to successful local recruitment campaigns, particularly across the Probation Service, where Band 2 & 3 agency staff have been replaced with permanent staff.

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 2024		31 March 2023	
	Number	Percentage	Number	Percentage
£70,000–£79,999	-	-	10	12%
£80,000–£89,999	17	30%	13	15%
£90,000–£99,999	10	18%	11	13%
£100,000–£109,999	13	23%	41	48%
£110,000–£119,999	4	7%	6	7%
£120,000–£129,999	8	14%	2	2%
£130,000–£139,999	2	3%	1	1%
£140,000–£149,999	1	2%	-	-
£150,000–£159,999	-	-	2	2%
£160,000–£169,999	2	3%	-	-
Total	57	100%	86	100%

Staff numbers (audited)

The average number of full-time equivalent persons, including senior management, employed during the year was as follows:

	2023-24			2022-23		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
Directly employed	63,974	-	63,974	59,635	-	59,635
Other	-	1,134	1,134	-	1,238	1,238
Total	63,974	1,134	65,108	59,635	1,238	60,873

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.

Exit package cost and band	Number of compulsory redundancies	Number of other departures agreed	2023-24		2022-23	
			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	-	148	148	-	152	152
£10,001 – £25,000	-	116	116	-	65	65
£25,001 – £50,000	-	161	161	-	142	142
£50,001 – £100,000	-	301	301	-	193	193
£100,001 – £150,000	-	106	106	-	18	18
£150,001+	-	12	12	-	9	9
Total number of exit packages	-	844	844	-	579	579
Total cost of exit packages (£'000)	-	45,320	45,320	-	23,659	23,659

Exit costs are accounted for in full within the departures and severance costs table 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 2023-24, the figures include the costs of departures for HMPPS staff members leaving under a voluntary departure scheme. Some of these exits relate to staff who are members of the Local Government Pension Scheme, a funded scheme, and therefore result in additional costs. Where HMPPS has early retirements, with agreed employer-funded top-up for early access to pensions, the employer top-up costs are met by HMPPS alongside compensation for loss of office. In the interests of transparency, the figures within

the above table include the employer top-up costs payable by HMPPS. The total cost to HMPPS will therefore be higher than the amounts received by individuals.

Voluntary departure schemes also ran in 22-23 and are included in the comparative figures in the table above.

Also included within 'other departures agreed' above in the year to 31 March 2024 and 31 March 2023 are efficiency departure exit packages. 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

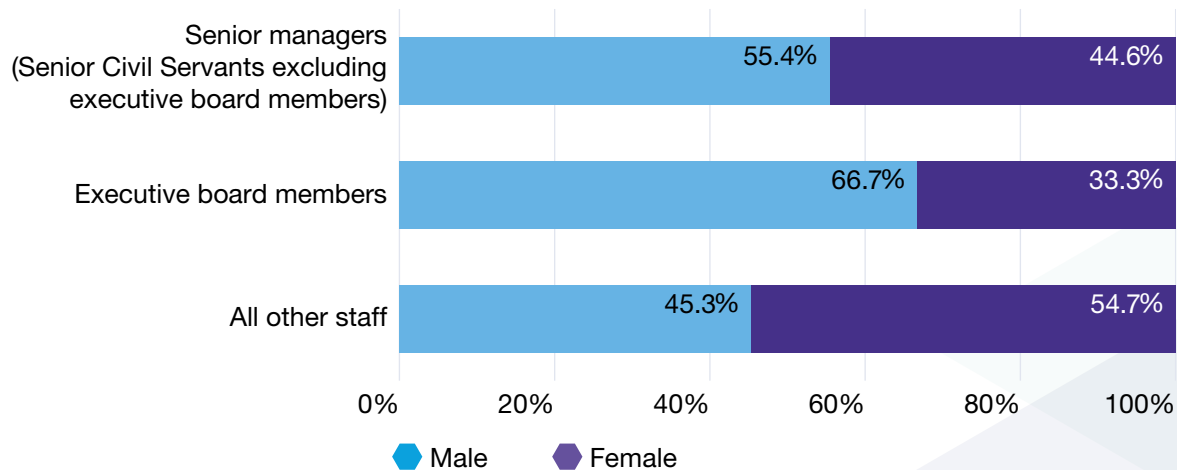
Staff composition data

As at 31 March 2024 the breakdown of employees was as follows:

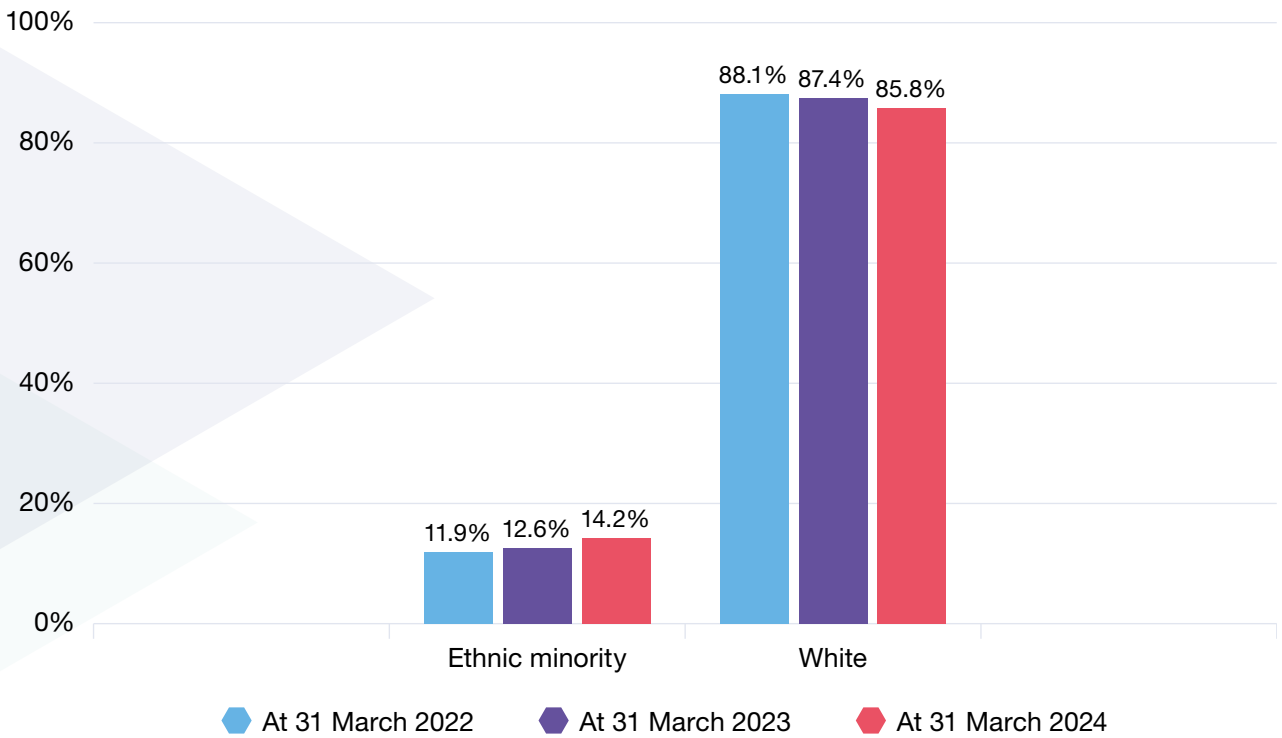
	Male	Female	Total
Senior managers* (Senior Civil Servants)	51 (55.4%)	41 (44.6%)	92
Executive board members	2 (66.7%)	1 (33.3%)	3
All other staff	31,212 (45.3%)	37,745 (54.7%)	68,957
Total	31,265 (45.3%)	37,787 (54.7%)	69,052

*Excluding executive board members

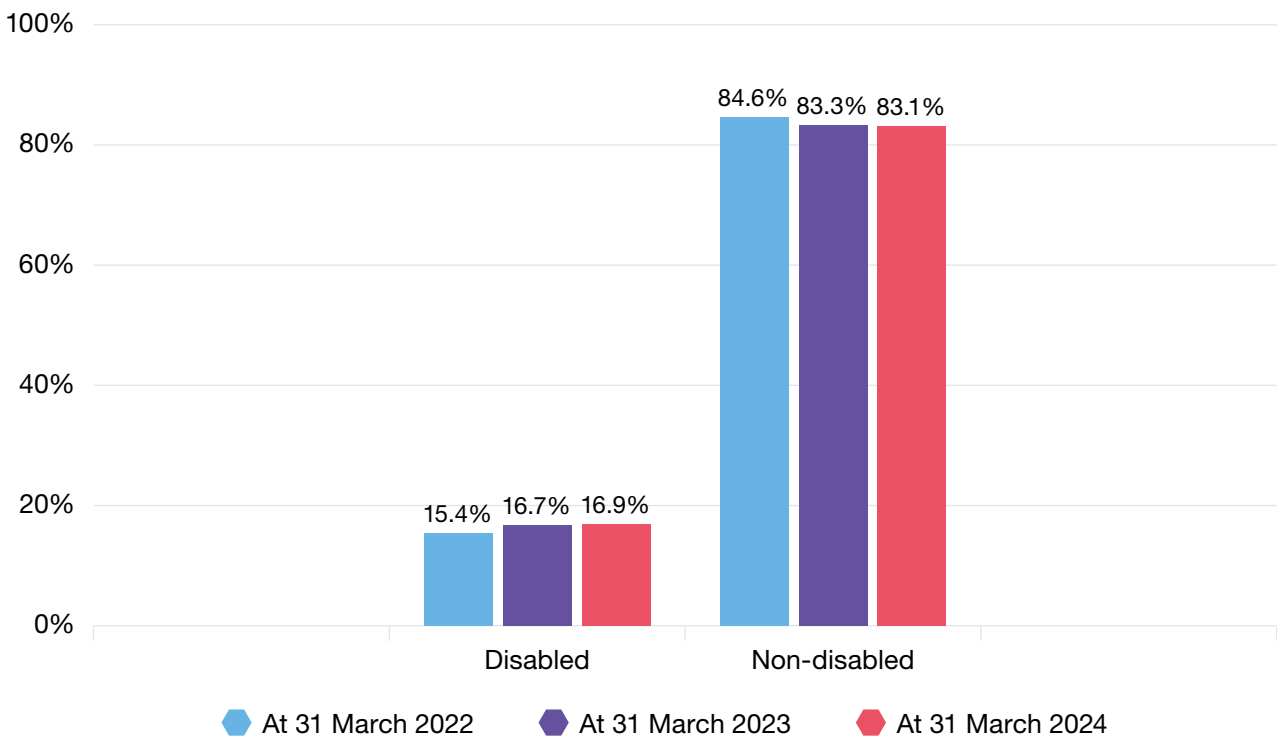
Breakdown of employees by gender



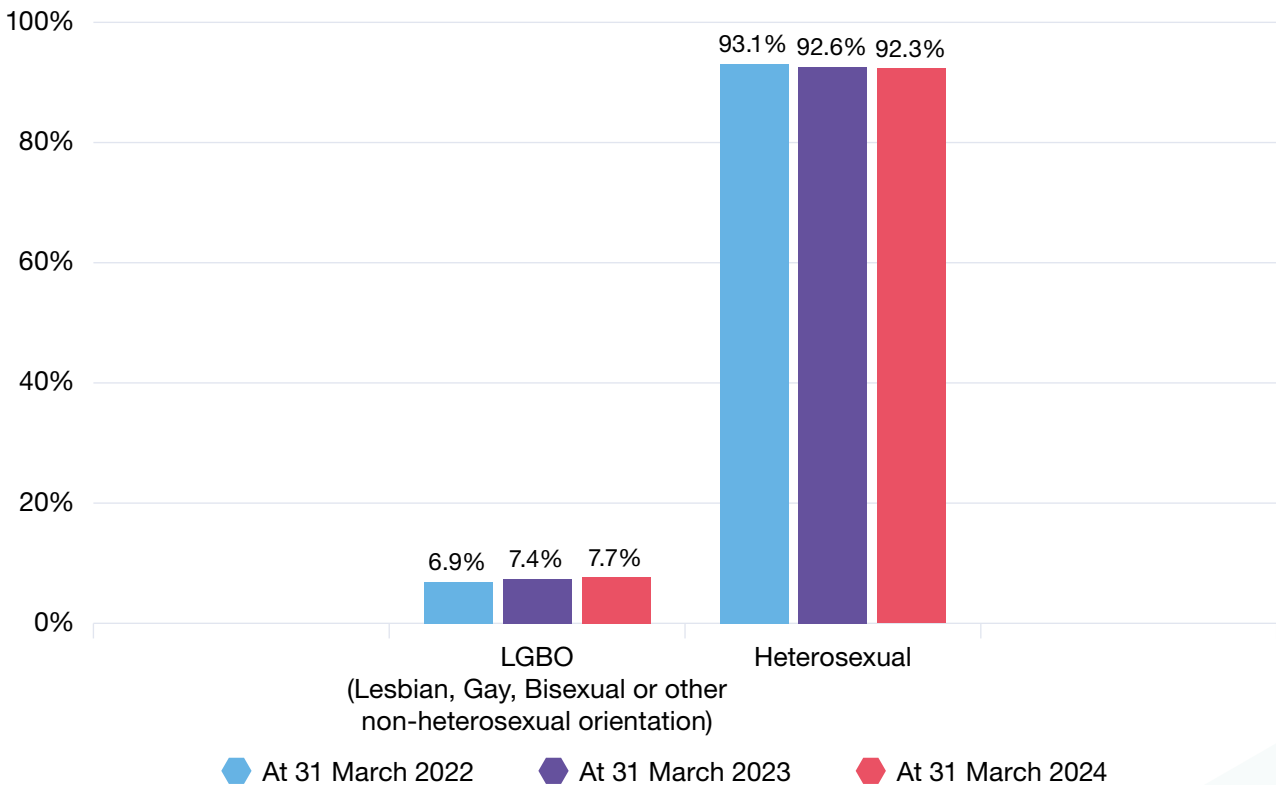
Employees in post where ethnicity has been declared



Employees in post where disability status has been declared



Employees in post where sexual orientation has been declared



Professional Standards and Behaviour

In the 2023 People Survey 12% of HMPPS staff indicated that they had experienced bullying and/or harassment (up 1 percentage point since 2022). This compares with 8% in the Civil Service as a whole. In HMPPS, 43% said they had reported it (down 2 percentage points) and 27% said that action was taken (up 4 percentage points). 12% of staff reported that they had experienced discrimination in 2023, compared with 7% in the Civil Service as a whole. The most common types of discrimination reported were those based on disability, age and gender.

Race Action Programme

The HMPPS Race Action Programme (RAP) closed in March 2024. Since inception, we have seen positive outcomes for ethnic minority staff in the People Survey. Between 2020 and 2023, we have seen a 6-percentage point increase in ethnic minority staff who feel better connected to learning and development (59% to 65%), and career progression opportunities (49% to 55%). There has also been a 5-percentage point increase to 65% of ethnic minority staff reporting that individual difference is respected across the organisation.

The RAP introduced a diversity and inclusion learning and development hub for HMPPS, pulling together all inclusion learning. More than 10,000 people have accessed the hub to date. The programme developed a range of positive action schemes to nurture and retain diverse talent with over 200 ethnic minority staff matched with progression buddies to support their development. In addition, we now have an established a race allyship community of over 1,900 action-oriented race allies who are driving higher standards and better behaviour across HMPPS.

Our commitment to reducing racial discrimination and disproportionality remains. As part of the new Professional Standards and Behaviour Group, we have now established a Race Disparity Unit. The unit will be a centre of expertise, bringing together all race-specific work. It will progress HMPPS's efforts to understand and address racial disparities and maintain the legacy of RAP's work.

Tackling Unacceptable Behaviour

Our Tackling Unacceptable Behaviours Unit (TUBU) supports staff and the wider business in relation to matters of bullying, harassment, and/or discrimination. Through the year, the unit handled 419 calls to its confidential helpline (a 37% increase this year) and managed 203 referrals for workplace

mediation (a 44% increase on the previous year), with 94% of the mediations completed in year resulting in full or partial agreement between the parties.

TUBU has also completed 81 Climate Assessment reports, giving voice to thousands of staff and supporting senior leaders to understand their local climate and take action towards positive change. It also delivered a series of awareness events to drive positive behaviour change reaching over 9,000 staff across HMPPS.

TUBU launched its investigation service in December 2023, providing managers and senior leaders with access to a qualified investigators to support complex bullying, harassment, discrimination, and victimisation cases.

Review of policies and practice

In October 2023, we commissioned one of our departmental Non-Executive Directors, Jennifer Rademaker, to look at HMPPS's organisational culture and how we apply our policies, procedures and practice relating to bullying, harassment, and discrimination.

The aim of this work is to identify practical recommendations to improve our approach that will in turn improve confidence among our staff in speaking out and help quicken the pace of change towards a more positive culture.

We have received and are reviewing the recommendations of the review and will consider our actions in response to the recommendations made in Autumn 2024. Jennifer will continue in an oversight role to ensure we implement recommendations effectively and bring about lasting change.

For further information on Professional Standards, please see page 14 and 126.

Sickness absence data

The overall rate of staff sickness in 2023-24 was 11.2 days for HMPPS (compared to 12.6 days in 2022-23).

Staff turnover and departmental turnover

In 2023-24, HMPPS staff turnover was 10.9% (2022-23: 11.5%) and the department turnover was 12.1% (2022-23: 12.7%). 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 supports the agency and its senior leaders in delivering their strategic objectives to staff, prisoners and their families. Activities range from urgent and crisis communications and operational updates, to delivering national recruitment campaigns and providing timely information to prisoners, people on probation and their families.

Messages are tailored for audiences and shared in the most effective way, using our suite of internal and external channels including the intranet, weekly senior leaders' bulletin, global updates, a suite of social media channels, GOV.UK, Launchpad and weekly Probation News.

We work closely with partners such as National Prison Radio, Wayout TV and prison newspaper Inside Time to continue to inform and engage with prisoners.

Communications played a key role in delivering a national HMPPS recruitment and retainment brand campaign, which launched in September 2023. The campaign featured a range of adverts across different media to promote roles in HMPPS in order to meet recruitment targets across England and Wales.

Other areas of work through 2023-24 include:

- Providing expert communications support of HMPPS' ongoing work to maximise places across the prison estate and make best use of all available capacity.
- Supporting the efforts of HMPPS to investigate whether RAAC concrete is present in its estate by providing packs of communications products that can be quickly tailored and used locally to inform staff and stakeholders about any potential impacts.
- Supporting the development of the Launchpad digital platform, which delivers educational and

rehabilitative content and is available to more than 10,000 prisoners.

- 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.
- Managing and issuing high volumes of operational communications, ensuring audiences are informed of the changing operational instructions and rules.
- We have continued to use our established Independent Advisory Forum to ensure key partners remain engaged and able to discuss issues of importance with HMPPS senior leaders.
- Maintained GOV.UK prison pages to support prisons and family support services in their communications with family and friends of prisoners.

Staff Wellbeing

The HMPPS Wellbeing Group is chaired by a Senior Wellbeing Champion and supports the People Sub Committee 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.

The HMPPS Wellbeing offer includes:

- Reflective sessions, the preventative and proactive mental health initiative, offers all HMPPS staff (including a bespoke offer for Governors and Deputy Governors) the opportunity to reflect in the here and now.
- All prisons have access to centrally funded group and or individual sessions to assist with opening up the conversation about work challenges that may be impacting home and or vice versa.
- Optima Health, the 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 and information to support staff health and wellbeing.
- The Post COVID Syndrome support (Long COVID) Occupational Health service commenced in April 2021 and will continue with a review in quarter three of 2024-25.
- My Physio Checker 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 is a self-referral health management tool which allows an employee to gain access to instant support for conditions such as type 2 diabetes, asthma, obesity or heart conditions.
- 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 vaccine voucher scheme was launched for the 2023-2024 flu season and will continue with the 2024-2025 flu campaign.
- All prisons have a Trauma Risk Management (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.
- Mental Health Allies is a peer support programme which raises awareness of a range of mental health conditions, reduces stigma, and encourages colleagues to seek help at the earliest opportunity by raising awareness and signposting to a range of support services.
- New Colleague Mentor (NCM) roles support the welcome and settling in of new colleagues in prisons.
- Building on the success of the Prison Staff Support Leads a new model of delivery has been agreed to embed these roles across the new HMPPS regions and will act as a single point of contact to connect local services to form a strong support network for individuals.

HMPPS recognised trade union relationships

HMPPS recognises ten trade unions.

For prisons, Youth Custody Service and HQ, these are:

- Prison Officers Association (POA)
- Prison Governors Association (PGA)
- NTUS (comprising PCS, UNITE, FDA, PROSPECT and GMB).

For the Probation Service, these are:

- National Association of Probation Officers (NAPO)
- GMB Society of Chief Officers of Probation (SCOOP)
- Unison

The prime focus of engagement with all these recognised trade unions during 2023-24 has been on managing the acute operational pressures of the urgent prison capacity (prisoner population increase) situation and on the immediate and strategic measures to relieve this (including the Criminal Justice Bill). Probation service recognised trade unions have been constructively engaged in discussions to reset probation work to facilitate a move to a more community-based sentencing model for low-risk offences below 12 months. In prisons, engagement is also focused on enabling decent and safe prison regimes during a year which has seen increases in assault and prisoner self-harm rates and staffing pressures in a number of difficult to recruit prison sites. The 2022 Probation Service multi-year pay agreement and 2023 Prison Service Pay Review Body (PSPRB) outcomes continue to be important stabilising factors against a wider backdrop of cost-of-living pressures and wider public sector union challenge. The 2024 PSPRB outcome for prisons will be equally important, as will the next round of probation pay talks ahead of 2025. HMPPS is now entering the last stages of reforming its HQ and regional structures with trade unions remaining key stakeholders in this work as part of what has been a complex consultation. It remains critical that these trade union 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 team have designed and delivered a portfolio of programmes, initiatives and schemes that provide quality learning experiences for HMPPS staff to enable them to discover their talent, build their capability and grow their leadership.

Talent Initiatives

We have delivered several initiatives aimed at building a pipeline of future leaders within the organization. The Spark Custodial scheme entered its second cohort, providing an opportunity for individuals to progress to Head of Function roles.

Support continued for the unlocked graduates programme, designed for graduate entry prison officers. In addition, HMPPS staff were given opportunities to participate in a variety of Cabinet Office-led talent schemes, including Beyond Boundaries, Fast Stream, Future Leaders Scheme, and Senior Leaders Scheme, all aimed at broadening the skills and perspectives of potential leaders across different levels of the organisation.

Capability Enhancement

We delivered initiatives aimed at equipping managers with the essential skills and knowledge needed to support their teams and enhance overall work performance. We launched the HMPPS People Manager Handbook, which serves as a central resource for line managers seeking policies and guidance, facilitating more informed and effective management practices. To further bring this handbook to life, we developed and commenced the initial delivery of the People Manager modules. Additionally, we provided access to a catalogue of funded qualifications enabling HMPPS staff to access learning and obtain accreditations that enhance their work performance and capability. We also completed a review of the mandatory learning required by all colleagues in the MoJ (including HMPPS). Our recommendations are to be implemented in 2024-25 and include an agreed mix of mandated modules, a dashboard to capture MI to demonstrate completion and a process by which decisions are made around future changes to the mandated learning. This has resulted in a reduction in mandated learning hours.

Leadership Development

We delivered a broad range of leadership development opportunities accessible to HMPPS staff across the range of grades. We delivered two Leadership School events, providing participants keynote speeches, workshops, and reflective sessions across four days on the theme of 'embracing the challenge' with ongoing development opportunities for alumni. We launched the Discover Build Grow series, offering all staff access to workshops from subject matter experts on the theme of coaching and mentoring. Tailored masterclasses were delivered to enhance the leadership capabilities of senior leaders and SCS. We also launched two core leader offers for all MoJ staff, including the first line leader programme that equips new line managers with essential leadership skills, and the learning to lead programme initiated for emerging leaders not yet in managerial roles. We made significant strides in our

ambition to enhance the coaching culture across the organisation with the development and launch of the coaching and mentoring hub. This platform provides staff from across the MoJ, including HMPPS, access to coaching or mentoring from a pool of experienced and qualified colleagues.

We have begun work on HMPPS role specific leadership and management offers. The first priority roles are Senior Probation Officer and Custodial Manager with roll out from May 2024.

Off-payroll engagements

During the financial year 2023-24, HMPPS has reviewed off-payroll engagements where we are required to consider the 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 Annual Report and Accounts 2023-24.

Parliamentary accountability

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

Regularity of expenditure

Losses and special payments

The following losses and special payments are included within the Statement of Comprehensive Net Expenditure on page 138.

	2023-24		2022-23	
	Cases	£'000	Cases	£'000
Cash losses	98	20	92	23
Losses of accountable stores	20,584	3,143	15,736	2,222
Fruitless payments and constructive losses	1	5,100	1	2,698
Claims waived or abandoned	29	205	12	171
Administrative write-offs	-	-	-	-
Losses statement	20,712	8,468	15,841	5,114
Special payments to staff	493	8,570	529	7,833
Special payments to offenders	5,702	14,752	6,280	16,755
Special payments to third parties	166	5,741	245	2,244
Special payments	6,361	29,063	7,054	26,832

In 2023-24 HMPPS made one (2022-23: 1) loss payment over £300,000:

A contracted supplier ceased trading and entered administration. Our assessment is that further action will not lead to recovery of the loss as HMPPS is an unsecured creditor in the administration process, resulting in a loss of £5.1m.

In 2023-24, HMPPS made eight special payments over £300,000 (2022-23: 11): Six compensation payments were made to operational members of HMPPS staff: £1,300,000 (in addition to £1,499,712 paid in previous financial years); £850,000; £665,457; £650,464; £595,477; £396,200, one to a prisoner: £1,895,000 (in addition to £949,219 paid in previous financial years) and one to a contractor to settle a commercial dispute: £4,200,000.

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 given 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

7 November 2024

The 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 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise HMPPS's

- Statement of Financial Position as at 31 March 2024;
- 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 the 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 HMPPS's affairs as at 31 March 2024 and its net operating 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 the 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 issued 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 issued 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;

- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the 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 the 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, I:

- 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 and the relevant 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 the 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 the 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, Supply and Appropriation (Main Estimates) Act 2024, 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, 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating 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.

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. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence 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

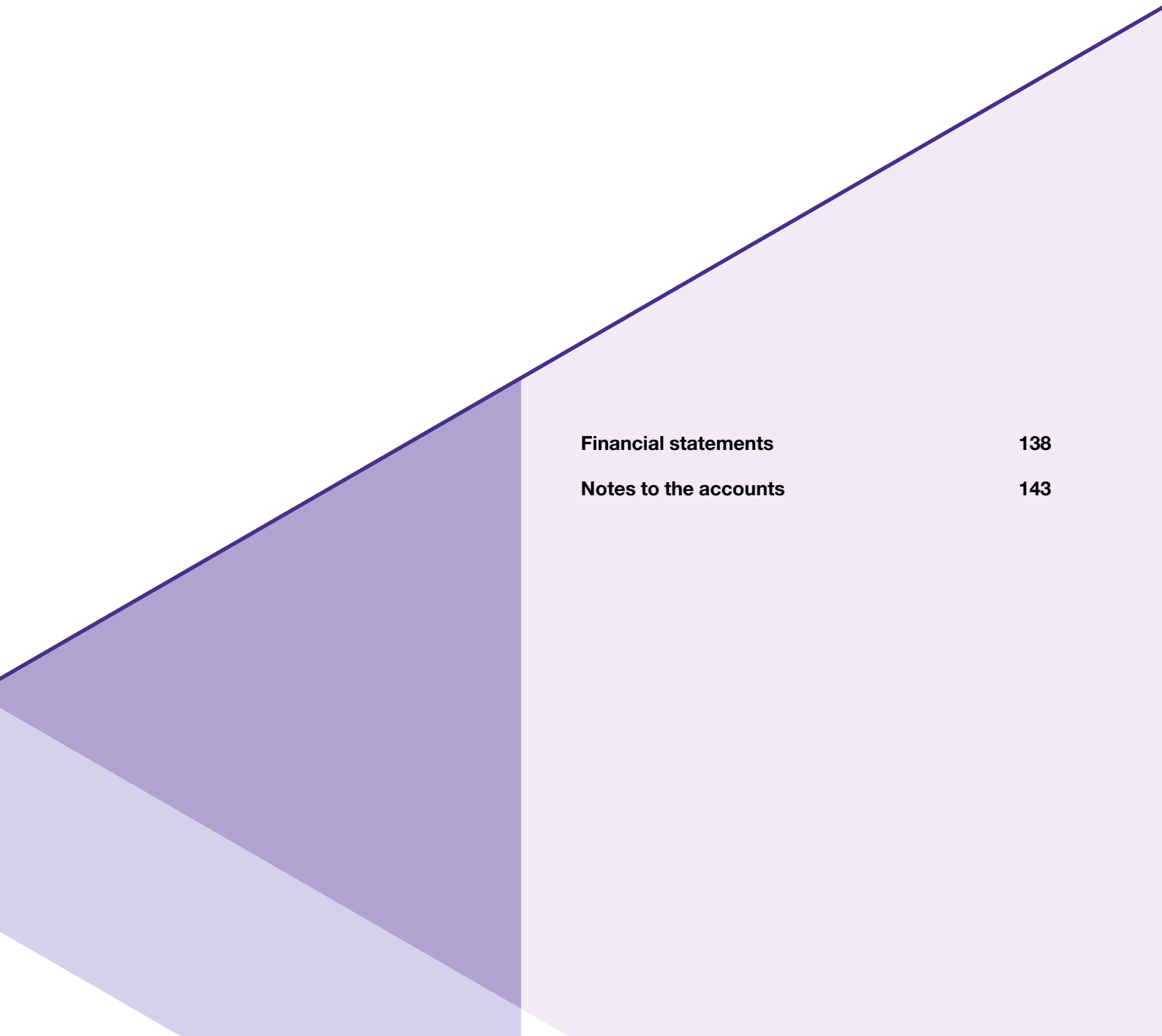
11 November 2024

National Audit Office
157–197 Buckingham Palace Road
Victoria, London, SW1W 9SP



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Financial statements

Statement of Comprehensive Net Expenditure

For the period ended 31 March 2024

		2023-24		2022-23	
	Notes	£'000	£'000	£'000	£'000
Income from contracts with customers	3a	(241,584)		(216,829)	
Other operating income	3b	(41,716)		(34,912)	
Total operating income			(283,300)		(251,741)
Staff costs	4a	3,294,506		3,054,332	
Purchase of goods and services	4b	2,574,358		2,201,235	
Depreciation, amortisation and impairment charges	4c	570,901		403,851	
Notional expenditure	4d	493,629		459,273	
Total operating expenditure			6,933,394		6,118,691
Net operating expenditure			6,650,094		5,866,950
Finance expense	4e	4,215		54,150	
Net expenditure for the year			6,654,309		5,921,100

Other Comprehensive Expenditure

For the period ended 31 March 2024

Items which will not be reclassified to net operating expenditure:		2023-24		2022-23	
	Notes	£'000	£'000	£'000	£'000
Net (gain)/loss on revaluation of property, plant and equipment	5	(28,580)		(571,933)	
Net (gain)/loss on revaluation of intangible assets	6	(350)		(695)	
Net (gain)/loss on revaluation of assets held for sale	8	164		509	
Net (gain)/loss on revaluation of RoU assets	7	211		(4,433)	
Remeasurement of net pension liabilities (gain)/loss	18	788,534		(1,969,664)	
Total comprehensive expenditure			7,414,288		3,374,884

The Notes on pages 143-190 form part of these accounts.

Statement of Financial Position

At 31 March 2024

		31 March 2024		31 March 2023	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	5	11,144,079		10,520,780	
Intangible assets	6	70,648		41,831	
Right of use assets	7	163,951		167,326	
Investments		239		382	
Pension surplus	18	-		198,982	
Total non-current assets			11,378,917		10,929,301
Current assets					
Assets held for sale	8	2,490		9,115	
Inventories	9	63,622		65,174	
Trade and other receivables	10	163,729		165,929	
Cash and cash equivalents	11	61,308		60,393	
Total current assets			291,149		300,611
Total assets			11,670,066		11,229,912
Current liabilities					
Trade and other payables	12a	(841,160)		(865,041)	
Financial liabilities	14b	(23,536)		(26,910)	
Lease liabilities	7	(20,230)		(19,944)	
Provisions	13	(33,458)		(37,747)	
Total current liabilities			(918,384)		(949,642)
Non-current assets less net current liabilities			10,751,682		10,280,270
Non-current liabilities					
Trade and other payables	12b	(281)		(324)	
Financial liabilities	14b	(148,666)		(201,432)	
Lease liabilities	7	(139,305)		(140,562)	
Provisions	13	(187,814)		(182,647)	
Pension deficit		(529,505)		-	
Total non-current liabilities			(1,005,571)		(524,965)
Assets less liabilities			9,746,111		9,755,305
Taxpayers' equity					
General Fund			6,323,951		6,226,501
Revaluation Reserve			3,422,160		3,528,804
Total taxpayers' equity			9,746,111		9,755,305

The Notes on pages 143-190 form part of these accounts.



Amy Rees
Chief Executive Officer, HMPPS
7 November 2024

Statement of Cash Flows

For the period ended 31 March 2024

		2023-24		2022-23	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net expenditure		(6,654,309)		(5,921,100)	
Adjustments for non-cash transactions		1,048,407		811,350	
Adjustment for notional transactions with MoJ group		264,956		227,042	
Adjustment for pension contributions paid less service costs	18	(49,435)		94,569	
(Increase)/Decrease in trade and other receivables:	10	2,200		10,299	
Less: Impairments in trade and other receivables	4c	(1,568)		98	
(Increase)/decrease in inventories	9	1,552		(10,085)	
Increase/(decrease) in trade and other payables	12a	(23,881)		41,590	
Increase/(decrease) in capital payables		37,616		(41,052)	
Less: Payments of amounts due to the Consolidated Fund to MoJ		75		-	
Utilisation of provisions	13	(25,506)		(28,770)	
Net cash outflow from operating activities			(5,399,893)		(4,816,059)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(1,161,449)		(933,411)	
Purchase of intangibles	6	(20,483)		(12,762)	
Proceeds on disposal of property, plant and equipment		143		131	
Proceeds on disposal of assets held for sale		10,054		1,278	
Proceeds on disposal of investments		-		-	
Net cash outflow from investing activities			(1,171,735)		(944,764)

		2023-24		2022-23	
	Notes	£'000	£'000	£'000	£'000
Cash flow from financing activities					
Net funding received from MoJ		6,620,000		5,842,000	
Payments of amounts due to the Consolidated Fund to MoJ		(75)		-	
Repayments of Local Authority loans	12b	(43)		(175)	
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts		(23,084)		(29,540)	
Repayment of IFRS 16 lease liabilities	7	(24,255)		(20,352)	
Net financing			6,572,543		5,791,933
Net increase/(decrease) in cash and cash equivalents in the period			915		31,110
Cash and cash equivalents at the beginning of the period	11	60,393		29,283	
Cash and cash equivalents at the end of the period	11	61,308		60,393	
Increase/(decrease) in cash and cash equivalents			915		31,110

The Notes on pages 143-190 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the period ended 31 March 2024

		General Fund	Revaluation Reserve	Total Reserves
	Notes	£'000	£'000	£'000
Balance at 1 April 2022		3,556,498	3,063,248	6,619,746
Changes in taxpayers' equity for 2022-23				
Net expenditure for the year to 31 March 2023		(5,921,100)	-	(5,921,100)
Net gain/(loss) on revaluation of:				
Property, plant and equipment		-	571,933	571,933
Intangible assets		-	695	695
Right of use assets		-	4,433	4,433
Assets held for sale		-	(509)	(509)
Release of reserves to the General Fund		110,996	(110,996)	-
Remeasurement of net pension liabilities	18	1,969,664	-	1,969,664
Funding from the MoJ		5,842,000	-	5,842,000
Settlement of transactions with MoJ		276,259	-	276,259
Notional items:				
Auditor's remuneration	4d	380	-	380
Notional element of MoJ overhead recharges		391,804	-	391,804
Balance at 31 March 2023		6,226,501	3,528,804	9,755,305
Changes in taxpayers' equity for 2023-24				
IFRS16 - cumulative catch-up adjustment on adoption of new requirements		37,482	-	37,482
Restated balance at 1 April 2023		6,263,983	3,528,804	9,792,787
Net expenditure for the year to 31 March 2024		(6,654,309)	-	(6,654,309)
Net gain/(loss) on revaluation of:				
Property, plant and equipment		-	28,580	28,580
Intangible assets		-	350	350
Right of use assets		-	(211)	(211)
Assets held for sale		-	(164)	(164)
Release of reserves to the general fund		135,199	(135,199)	-
Remeasurement of net pension liabilities	18	(788,534)	-	(788,534)
Funding from the MoJ		6,615,363	-	6,615,363
Settlement of transactions with MoJ		291,522	-	291,522
Notional items:				
Auditor's remuneration	4d	405	-	405
Notional element of MoJ overhead recharges		460,322	-	460,322
Balance at 31 March 2024		6,323,951	3,422,160	9,746,111

The Notes on pages 143-190 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) 2023-24* 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

From 1 April 2023 Public Private Partnership (PPP) liabilities, which include Private Finance Initiative (PFI) loans, are to be measured in accordance with IFRS 16 measurement principles. The change in accounting policy is applied using a modified retrospective approach with the cumulative impact on the liability taken to the General Fund reserve on 1 April 2023. Previous years are not restated. The measurement per IFRS 16 involves a cumulative remeasurement as at 1 April 2023 for the changes to payments for the capital element due to indexation since the PPP arrangement

commenced. This remeasurement is recognised as an adjustment to the opening balance of retained earnings and prior year comparative information is not remeasured.

There have been no other changes in accounting policies or new or amended standards adopted in 2023-24.

b) New standards, amendments and interpretations issued, but not effective, for the financial year beginning 1 April 2023, and not adopted early

IFRS 17 Insurance Contracts requires a discounted cash flow approach to accounting for insurance contracts. IFRS 17 is to be applied by entities for accounting periods beginning on or after 1 January 2023. MoJ will implement the new standard when it is required to do so by the FReM; the earliest implementation date in central government is 1 April 2025. To assess the impact of the standard, we are reviewing contracts which meet the definition of insurance contracts.

HMPPS does not consider that any other new, or revised standard, or interpretation will have a material impact.

c) Changes in presentation and reclassifications

Commitments under Service Concession Arrangements have been restated to reflect the option to exercise break points in the contracts. These changes are included at Note 14b and are disclosure only, they do not impact the primary statements.

There have been no other changes to presentation or reclassifications in 2023-24.

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.

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 FRM, 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 2023-24, 26% 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 2024		7,780		
Alternate scenarios:				
Capex Changes ⁴³	50%	7,788	8	0.1
Changes in TPI ⁴⁴	-2 points	7,739	(41)	(0.5)
Changes in TPI ⁴⁴	2 points	7,820	41	0.5
Physical Depreciation ⁴⁵	-10%	7,826	47	0.5
Changes in Functional Obsolescence ⁴⁶	5%	7,837	58	0.1
Changes in Functional Obsolescence ⁴⁶	-5%	7,721	(58)	(0.1)
Change in Professional Fees ⁴⁷	-1%	7,712	(67)	(0.1)

43 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 valuations. The value of the estate could be up to 0.1% or £8m higher under this scenario.

44 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.

45 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.

46 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 +/- 0.05% or +/- £58m.

47 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 -0.1% or -£67m.

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%	119	54,000
£/hectare	-5%	(119)	(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 (£119k) or by -5% lower (-£119k), 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.

Assumption Tested	Assumption	Valuation		
		Worthing £000	Extrapolated total £000	Variance from base £000
Market Yield (Base)	10.00%	495	66,600	
Market Yield	10.25%	504	68,300	1,666
Market Yield	9.75%	480	65,000	(1,666)

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.

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, 4.72% for those in 2024). 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, in accordance with IAS 36 Impairment of Assets as adapted by the FRoM, 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. The recoverable amount is the higher of its 'fair value less costs to sell' and 'value in use' as defined under 'Subsequent Valuation in Note 1.9. Current values in existing use are determined as follows:

- land and non-specialised buildings – existing use or market value where there is an open market for such properties
- specialised buildings – depreciated replacement cost on a modern equivalent asset basis

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 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. From 1 April 2023, PPP liabilities, which include PFI loans, are to be measured in accordance with IFRS 16 measurement principles. The change in accounting policy is applied using a modified retrospective approach with the cumulative impact on the liability taken to the General Fund reserve on 1 April 2023. Previous years are not restated. The measurement per IFRS 16 involves a cumulative remeasurement as at 1 April 2023 for the changes to payments for the capital element due to indexation since the PPP arrangement commenced. This remeasurement is recognised as an adjustment to the opening balance of retained earnings and prior year comparative information is not measured. 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, following the principles contained within IFRS 16. As per the FReM, this approach means the liability is remeasured whenever there is a change in future lease payments resulting from a change in an index or rate used to determine those payments.

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 2023-24, are shown in the actuarial report as at 31 March 2024 and are reflected in the 2023-24 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 2024 is slightly higher compared to the previous year, reflecting a higher yield on high-quality corporate bonds and reducing the pension obligation.

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. Further detail on the application of IFRIC 14 is included in Note 18 Pensions.

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 (4.26%, 4.03% and 4.72% 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 2.45% (2022-23: 1.70%).

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

HMPPS makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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

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

Subsequent to initial recognition, land and buildings (including dwellings) are recorded at current existing use value (EUV) 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 was 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 26% of valuations physically inspected in 2023-24. The remaining 74% 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 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.

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 along with details of the assumptions underlying the application of IFRIC 14.

The pension position for 2023-24 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 wider Youth Justice Reform which includes the opening of the first secure school in 2024 run by Oasis Restore Trust.

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.

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 and 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 services transferred to the newly formed Probation Service.

Probation Change (formerly 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. 2023-24 saw some of the delivery from the Probation Reform Programme continue in HMPPS as "Probation Change" ahead of transitioning this activity into the new One-HMPPS model from FY 2024-25 onwards.

Reducing Reoffending and 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 Directorate 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. The HMPPS Board does not receive a SoFP analysed by operating segment and therefore such an analysis is not presented here.

2a Total net resource expenditure as reported to Board in 2023-24

	2023-24		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
Public Sector Prisons	2,360,576	(153,967)	2,206,609
Custodial Contracts	929,157	(8,627)	920,530
Youth Custody Services	222,034	(34,047)	187,987
Probation England	1,009,837	(9,398)	1,000,439
HMPPS Wales	291,696	(13,675)	278,021
Prison Supply	42,071	(8)	42,063
Electronic Monitoring	121,923	(12,043)	109,880
Strategy, Planning & Performance	35,694	-	35,694
Community Interventions	99	-	99
Probation Change	61,502	-	61,502
Reducing Reoffending & Accommodation	214,015	(41,751)	172,264
Support Services	270,442	(6,734)	263,708
Total	5,559,046	(280,250)	5,278,796

2b Reconciliation between operating segments and SoCNE in 2023-24

	2023-24		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
Total net expenditure by operating segment as reported to the Board	5,559,046	(280,250)	5,278,796
PFI prisons and service concession arrangements accounting treatment	15,498	-	15,498
HMPPS costs where the budget is held within MoJ	825,848	(2,545)	823,303
MoJ costs where the budget is held within HMPPS	(3,484)	-	(3,484)
MoJ overhead recharges	492,512	-	492,512
Accounting treatment of provisions (AME)	28,602	-	28,602
Other	19,587	(505)	19,082
Total net expenditure per SoCNE	6,937,609	(283,300)	6,654,309

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
Total	4,890,626	(262,048)	4,628,578

2b Reconciliation between operating segments and SoCNE in 2022-23

	2022-23		
	Gross expenditure	Income	Net
	£'000	£'000	£'000
Total net expenditure by operating segment as reported to the Board	4,890,626	(262,048)	4,628,578
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
Total net expenditure per SoCNE	6,172,841	(251,741)	5,921,100

3. Income

	2023-24	2022-23
	£'000	£'000
(a) Income from contracts with customers		
External sales of prison industries	7,382	5,495
Retail prison shop income	81,464	72,187
In-cell TV income	1,831	1,560
Healthcare funding	66,400	59,779
Running of Immigration Removal Centres	6,609	12,764
Youth remand income	33,284	29,962
Education funding	11,153	7,831
Electronic monitoring services	12,043	8,505
Estates recharges	425	692
Other income	20,993	18,054
Total income from contracts with customers	241,584	216,829
(b) Other operating income		
European Social Fund and other European funding	40,818	32,821
Rental income	898	2,091
Total other operating income	41,716	34,912
Total operating income	283,300	251,741

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 110-130.

	2023-24	2022-23
	£'000	£'000
Permanent staff – wages and salaries	2,394,375	2,095,242
Permanent staff – social security costs	257,193	234,836
Permanent staff – pension costs	538,178	635,239
Agency staff costs	54,802	58,491
Departures and severance payments	45,042	22,166
Inward secondments	11,715	14,755
Sub-total	3,301,305	3,060,729
Recoveries in respect of outward secondments	(6,799)	(6,397)
Total net costs	3,294,506	3,054,332

4b Purchase of goods and services

	2023-24	2022-23
	£'000	£'000
PFI prison service charges and managed prison charges	563,867	533,433
Service Concession Arrangements charges for prisoner escorting and custody services	156,543	136,587
Electronic monitoring	87,882	59,483
Contracted probation services	96,388	69,876
Accommodation, maintenance and utilities	688,468	603,472
Offender-related costs	505,659	421,708
Offender learning	157,784	143,009
Secure children's homes	30,759	25,974
Secure training centres	23,202	19,735
IT services and telecommunications	34,148	32,934
Training and other staff-related costs	31,259	30,491
Travel, subsistence and hospitality	53,811	42,353
Professional services	48,828	45,490
Communications, office supplies and services	18,525	16,467
Compensation costs	34,336	(22,372)
Other costs	42,899	42,595
Total purchase of goods and services	2,574,358	2,201,235

Offender-related costs includes offender food, clothing, cleaning equipment, prisoner earnings and prison shop cost of sales.

4c Depreciation, amortisation and impairment charges

		2023-24	2022-23
	Notes	£'000	£'000
Depreciation – Property, plant and equipment	5	435,684	368,114
Depreciation – Right of use assets	7	26,011	27,074
Amortisation – Intangible assets	6	13,288	9,717
Impairment charge/(reversal) – Property, plant and equipment	5	94,392	(1,485)
Impairment charge/(reversal) – Right of use asset	7	(42)	287
Impairment charge/(reversal) – Intangible assets	6	-	242
Impairment charge/(reversal) – Assets held for sale	8	-	-
Impairment charge/(reversal) – Trade and other receivables	10	1,568	(98)
Total depreciation, amortisation and impairment charges		570,901	403,851

4d Notional expenditure

		2023-24	2022-23
		£'000	£'000
MoJ overhead recharges		492,512	452,264
Net (profit)/loss on disposal of assets		712	1,379
Capital grant in kind		-	5,250
External auditor's remuneration		405	380
Total other non-cash expenditure		493,629	459,273

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 2023-24 was £405,000 (2022-23: £380,000).

4e Finance expense

		2023-24	2022-23
	Notes	£'000	£'000
Interest on LGPS pensions	18	(10,612)	45,270
Unwinding of discount on provisions	13	(1,960)	(3,388)
Total non-cash finance expense		(12,572)	41,882
Finance charge on PFI	14c	13,784	10,906
Finance charge on Right of Use assets	7	2,946	1,362
Other finance charge		57	-
Total cash finance expense		16,787	12,268
Total finance expense		4,215	54,150

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2023-24								
Cost or valuation								
At 1 April 2023	1,080,203	7,571,396	27,141	352,352	488,725	20,064	1,559,270	11,099,151
Additions	-	10,027	-	24,928	13,945	(475)	1,075,408	1,123,833
Disposals	-	(415)	-	(123,619)	(10,417)	(269)	-	(134,720)
Transfers	489	303	-	-	-	-	5,915	6,707
Reclassifications	384	838,014	(175)	13,172	10,069	999	(866,623)	(4,160)
Impairments	1,222	(89,447)	(38)	-	-	-	(6,128)	(94,391)
Revaluations	794	(339,231)	75	3,751	11,456	758	-	(322,397)
At 31 March 2024	1,083,092	7,990,647	27,003	270,584	513,778	21,077	1,767,842	11,674,023
Depreciation								
At 1 April 2023	-	(851)	(1)	(252,872)	(309,775)	(14,872)	-	(578,371)
Charged in year	-	(360,378)	(490)	(34,275)	(39,503)	(1,038)	-	(435,684)
Disposals	-	2	-	123,619	9,489	269	-	133,379
Transfers	-	-	-	-	-	-	-	-
Reclassifications	-	(245)	-	-	(2)	2	-	(245)
Impairments	-	-	-	-	-	-	-	-
Revaluations	-	361,472	484	(2,420)	(7,974)	(585)	-	350,977
At 31 March 2024	-	-	(7)	(165,948)	(347,765)	(16,224)	-	(529,944)
Carrying value								
At 31 March 2024	1,083,092	7,990,647	26,996	104,636	166,013	4,853	1,767,842	11,144,079
At 31 March 2023	1,080,203	7,570,545	27,140	99,480	178,950	5,192	1,559,270	10,520,780

	Land	Buildings	Dwellings	Information Technology	Plant and Equipment	Furniture, Fixtures and Fittings	Payments on Account and Assets under Construction	Total
2023-24	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset financing:								
Owned	940,042	6,281,756	26,996	104,636	119,742	4,853	1,767,842	9,245,867
Finance leased	-	-	-	-	46,271	-	-	46,271
On-balance sheet (SoFP) PFI and other service concession arrangement contracts	143,050	1,708,891	-	-	-	-	-	1,851,941
At 31 March 2024	1,083,092	7,990,647	26,996	104,636	166,013	4,853	1,767,842	11,144,079

Non-operational assets

Included in the carrying values above are 63 non-operational sites with a combined value of £18.1 million (2022-23: 69 non-operational sites with a combined value of £23.1 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 £0.1 million were reclassified to assets held for sale in 2023-24 (2022-23: £4.5 million).

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2022-23								
Cost or valuation								
Balance at 1 April 2022	1,072,833	7,021,445	35,661	279,311	423,457	16,317	925,386	9,774,410
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
At 31 March 2023	1,080,203	7,571,396	27,141	352,352	488,725	20,064	1,559,270	11,099,151
Depreciation								
At 1 April 2022	-	(307)	(13)	(224,700)	(254,986)	(12,688)	-	(492,694)
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
At 31 March 2023	-	(851)	(1)	(252,872)	(309,775)	(14,872)	-	(578,371)
Carrying value								
At 31 March 2023	1,080,203	7,570,545	27,140	99,480	178,950	5,192	1,559,270	10,520,780
At 31 March 2022	1,072,833	7,021,138	35,648	54,611	168,471	3,629	925,386	9,281,716

	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
Asset financing:								
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
At 31 March 2023	1,080,203	7,570,545	27,140	99,480	178,950	5,192	1,559,270	10,520,780

6. Intangible assets

	Software	Licences	Payments on Account and Assets under Construction	Total
2023-24	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2023	364,002	21,274	10,741	396,017
Additions	8,723	(3)	11,763	20,483
Disposals	(163,594)	(1,129)	-	(164,723)
Reclassifications	23,886	1,118	(20,679)	4,325
Revaluations	2,469	244	-	2,713
Transfers	-	-	19,879	19,879
Impairments	-	-	-	-
At 31 March 2024	235,486	21,504	21,704	278,694
Amortisation				
At 1 April 2023	(334,307)	(19,879)	-	(354,186)
Charged in year	(12,497)	(791)	-	(13,288)
Disposals	160,662	1,129	-	161,791
Reclassifications	-	-	-	-
Revaluations	(2,139)	(224)	-	(2,363)
Transfers	-	-	-	-
At 31 March 2024	(188,281)	(19,765)	-	(208,046)
Carrying value				
At 31 March 2024	47,205	1,739	21,704	70,648
At 31 March 2023	29,695	1,395	10,741	41,831
Asset financing				
Owned	47,205	1,739	21,704	70,648
At 31 March 2024	47,205	1,739	21,704	70,648

At 31 March 2024 and 31 March 2023 there were no individually material intangible assets.

Intangible assets (continued)

	Software	Licences	Payments on Account and Assets under Construction	Total
2022-23	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2022	351,961	20,691	11	372,663
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)
At 31 March 2023	364,002	21,274	10,741	396,017
Amortisation				
At 1 April 2022	(316,009)	(19,109)	-	(335,118)
Charged in year	(9,491)	(226)	-	(9,717)
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	(8,807)	(544)	-	(9,351)
Transfers	-	-	-	-
At 31 March 2023	(334,307)	(19,879)	-	(354,186)
Carrying value				
At 31 March 2023	29,695	1,395	10,741	41,831
At 31 March 2022	35,952	1,582	11	37,545
Asset financing				
Owned	29,695	1,395	10,741	41,831
At 31 March 2023	29,695	1,395	10,741	41,831

7. Leases

Right of use lease asset	2023-24			2022-23		
	Land & Buildings	Other	Total	Land & Buildings	Other	Total
Cost or valuation	£'000		£'000	£'000		£'000
Opening balance at 1 April	209,699	-	209,699	152,518	-	152,518
Additions	18,957	3,943	22,900	74,671	-	74,671
Disposals	(624)	-	(624)	-	-	-
Reclassifications	(340)	-	(340)	(17,150)	-	(17,150)
Revaluations	(1,558)	-	(1,558)	(53)	-	(53)
Impairments	42	-	42	(287)	-	(287)
Transfers	-	-	-	-	-	-
At 31 March	226,176	3,943	230,119	209,699	-	209,699
Depreciation						
At 1 April	(42,373)	-	(42,373)	(20,316)	-	(20,316)
Charged in year	(25,765)	(246)	(26,011)	(27,073)	-	(27,073)
Disposals	624	-	624	195	-	195
Reclassifications	245	-	245	335	-	335
Revaluations	1,347	-	1,347	4,486	-	4,486
Transfers	-	-	-	-	-	-
At 31 March	(65,922)	(246)	(66,168)	(42,373)	-	(42,373)
Net RoU assets	160,254	3,697	163,951	167,326	-	167,326

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 2024			31 March 2023		
	Gross £'000	Interest £'000	Net £'000	Gross £'000	Interest £'000	Net £'000
Buildings						
Amounts falling due:						
Not later than one year	21,779	(2,477)	19,302	21,534	(1,590)	19,944
Later than one year but not later than five years	66,779	(7,952)	58,827	68,640	(7,029)	61,611
Later than five years	91,687	(13,998)	77,689	95,351	(16,400)	78,951
	180,245	(24,427)	155,818	185,525	(25,019)	160,506
Less: unaccrued interest	(24,427)			(25,019)		
Balance at 31 March	155,818			160,506		
Current			19,302			19,944
Non-Current			136,516			140,562
			155,818			160,506

	31 March 2024			31 March 2023		
	Gross £'000	Interest £'000	Net £'000	Gross £'000	Interest £'000	Net £'000
Other						
Amounts falling due:						
Not later than one year	1,079	(151)	928	-	-	-
Later than one year but not later than five years	2,968	(179)	2,789	-	-	-
Later than five years	-	-	-	-	-	-
	4,047	(330)	3,717			
Less: unaccrued interest	(330)			-	-	-
Balance at 31 March	3,717			-		
Current			928			-
Non-Current			2,789			-
			3,717			-

Amounts recognised in the Statement of Comprehensive Net Expenditure

	31 March 2024	31 March 2023
	£'000	£'000
Depreciation charge	26,011	27,073
Interest expense	2,946	1,362
Short term leases	19	43
Low value asset leases (excl short term leases)	9	13
Licenses not capitalised	689	1,254
Total	29,674	29,745

Amounts recognised in the Statement of Cash Flows

	31 March 2024	31 March 2023
	£'000	£'000
Interest expense	2,946	1,362
Repayment of principal on leases	21,309	18,990
Total	24,255	20,352

8. Assets held for sale

	31 March 2024	31 March 2023
	£'000	£'000
Cost or valuation		
At 1 April	9,115	6,174
Reclassifications	175	4,464
Disposals	(6,636)	(1,014)
Impairments	-	-
Revaluations	(164)	(509)
At 31 March	2,490	9,115

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 2024	31 March 2023
	£'000	£'000
Industries and farms		
Raw materials	26,190	26,889
Work-in-progress	2,544	2,225
Finished goods	2,166	2,354
	30,900	31,468
Consumables	32,722	33,706
Total inventories	63,622	65,174

10. Trade receivables

	31 March 2024	31 March 2023
	£'000	£'000
Trade receivables	23,903	26,403
Other receivables	40,045	43,877
VAT receivables	51,644	48,235
Intra-departmental receivables	11,702	10,502
Prepayments	11,938	13,056
Accrued income	24,497	23,856
Total trade and other receivables	163,729	165,929

11. Cash and cash equivalents

	31 March 2024	31 March 2023
	£'000	£'000
Balance at 1 April	60,393	29,283
Net change in cash and cash equivalents	915	31,110
Balance at 31 March	61,308	60,393
The following balances at 31 March were held at:		
Government Banking Service	60,015	59,094
Commercial banks and cash in hand	1,293	1,299
Cash at bank and in hand	61,308	60,393

Third party monies

At 31 March 2024, HMPPS held cash of £13.6 million (£14.4 million at 31 March 2023) 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 2024	31 March 2023
	£'000	£'000
Trade payables	75,958	74,040
Taxation and social security	57,441	54,911
Other payables	54,778	53,735
Intra-departmental payables	123,037	109,818
Accruals	503,394	541,789
Deferred income	26,552	30,748
	841,160	865,041

12b. Amounts falling due after more than one year

	31 March 2024	31 March 2023
	£'000	£'000
Local authority loan balances	281	324
	281	324

13. Provisions for liabilities and charges

				31 March 2024	31 March 2023
	Leasehold property dilapidations	Injury benefit scheme	Litigation and other provisions	Total	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	51,093	108,528	60,773	220,394	275,791
Provided in year	4,570	5,297	37,629	47,496	44,932
Provisions not required written back	(1,134)	(2,348)	(15,670)	(19,152)	(68,171)
Provisions utilised in year	816*	(6,592)	(19,730)	(25,506)	(28,770)
Unwinding of discount	-	-	(1,960)	(1,960)	(3,388)
Balance at 31 March	55,345	104,885	61,042	221,272	220,394

* A prior year misclassification between provisions utilised and written back was corrected in the current year resulting in a net positive utilisation figure

Analysis of expected timing of discounted cash flows

				31 March 2024	31 March 2023
	Leasehold property dilapidations	Injury benefit scheme	Litigation and other provisions	Total	Total
	£'000	£'000	£'000	£'000	£'000
Not later than one year	15,592	6,408	11,458	33,458	37,747
Later than one year but not later than five years	7,906	23,121	44,466	75,493	64,540
Later than five years	31,847	75,356	5,118	112,321	118,107
Balance at 31 March	55,345	104,885	61,042	221,272	220,394

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%	1,811	3.27%
- 5%	(1,811)	(3.27%)

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 PCSPS 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 an increase in discount rate prescribed by HM Treasury in 2023-24, from 1.70% to 2.45%, which in turn reduced the annuity rate used in the calculation. This has decreased the provision by £9.5m.

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 2023-24, a one-year decrease in member life expectancy would decrease the liability by £2.7m or 3%.

Litigation and other provisions

Litigation provisions of £61.0 million⁴⁸ (2022-23: £60.8 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.

48 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
PFI Contracts			
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 Agecroft 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
Other service concession arrangements			
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 1,715-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
HMP Lowdham Grange	February 2023	10	Manage and maintain a 920-place category B prison at Lowdham in Nottingham
HMP Fosse Way	May 2023	10	Manage and maintain a 1,715-place category C prison at HMP Fosse Way in Leicester
HMP Altcourse	June 2023	10	Manage and maintain a 1,164-place category B prison located in Liverpool

The contract for HMP Lowdham Grange was concluded in August 2024.

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 2024	31 March 2023
	£'000	£'000
Rentals due not later than one year	31,758	36,539
Rentals due later than one year but not later than five years	105,055	128,942
Rentals due later than five years	83,921	121,786
	220,734	287,267
Less: interest element	(48,532)	(58,925)
Present value of obligations	172,202	228,342

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 2024	31 March 2023
	£'000	£'000
Rentals due not later than one year	23,536	26,910
Rentals due later than one year and not later than five years	81,363	100,988
Rentals due later than five years	67,303	100,444
Present value of obligations	172,202	228,342

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 2024	31 March 2023 (restated)
	£'000	£'000
Not later than one year	728,773	682,864
Later than one year but not later than five years	2,142,537	2,324,342
Later than five years	608,293	941,751
Total service element	3,479,603	3,948,957

Future commitments are estimates based on assumptions, using the best information available. The commitments figures have been restated to reflect the option to exercise break points in the service concession arrangement contracts.

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 £752.7 million for the year to 31 March 2024 (2022-23: £697.5 million, restated to include amounts paid under Manage and Maintain contracts). Of this total, the service element was £738.9 million (2022-23: £686.6 million) and the interest charges were £ 13.8 million (2022-23: £10.9 million).

14d. Impact of change to measurement of PFI contracts

From 1 April 2023, PPP liabilities, which include PFI loans, are to be measured in accordance with IFRS 16 measurement principles. The only contract impacted by this change is the Prisoner Escort Custody Service contract. The implementation of the new standard resulted in a cumulative remeasurement at 1 April 2023 of £37.5m as shown in the SOCTE.

15. Other financial commitments

HMPPS has entered into non-cancellable contracts for which we have a financial commitment which are not included elsewhere within these accounts.

	31 March 2024	31 March 2023
	£'000	£'000
Not later than one year	78,244	62,393
Later than one year but not later than five years	15,668	25,836
Later than five years	-	-
Total other financial commitments	93,912	88,229

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 2024	31 March 2023
	£'000	£'000
Property, plant and equipment	284,642	525,345
Total capital commitments	284,642	525,345

17. Contingent liabilities

HMPPS faces claims amounting to £49.1 million (2022-23: £45 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 132.

18. Pensions

Staff costs in Note 4(a) include the cost of pension contributions made by HMPPS.

20 individuals retired early on ill health grounds (2022-23: 19). The total additional accrued pension liabilities in the year amounted to £0.2 million (2022-23: £0.2 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 2020. Details can be found at www.civilservicepensionscheme.org.uk.

For the year to 31 March 2024, employer’s contributions of £416.5 million were payable to the PCSPS (2022-23: £371.7 million) at rates in the range of 26.6% to 30.3% (2022-23: 26.6% to 30.3%) of pensionable pay.

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 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners. As a result of the 2020 valuation, the employer contribution rate from 2024-25 until 2026-27 will be 28.97% of pensionable pay.

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 (2022-23: £1.3 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% (2022-23: 8% to 14.75%) of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0.05 million, 0.5% of pensionable pay, (2022-23: £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 2024.

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 (2022-23: £6,240 and £50,270). A minimum pension contribution is not mandatory for pensionable pay below £6,240 (2022-23: £6,240). Minimum contributions for 2023-24 were 8% in total: 3% by employers and 4% by employees, with 1% through tax relief from government (2022-23: 3% by employers and 4% by employees, with 1% through tax relief from government). For the year to 31 March 2024, employer contributions of £0.03 million were paid (2022-23: £0.03 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 2024, HMPPS paid employers' contributions of £181.1 million to GMPF, relating to current probation staff, at 26.5% (2022-23: £174.7 million at 29.6%).

Following the 2019 Triennial Valuation, the Probation Service employer contribution rates for 2022-23 were 29.6%. Under the 2022 Triennial Valuation, the probation employer contribution rates for 2023-24 to 2025-26 are 26.5%.

The pension position as at 31 March 2024, 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.

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 2024 are used for accounting purposes as required under IAS 19.

Risks associated with the fund in relation to accounting

The net pension position for 2023-24 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 small increase in the discount rate compared to last year has resulted in a further 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 2024 of 6.7% 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 2023-24 the CMI 2022 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 \(www.gov.uk\)](#). The actuary has advised that no further adjustment to the cost in the pension obligation is required for 2022-23 or 2023-24. 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 2024 was a net surplus of £831m, before any adjustment for the asset ceiling restriction (2022-23: £456.3m) 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 2024 is slightly

higher compared to the previous year, reflecting a higher yield on high-quality corporate bonds and significantly reducing the pension obligation.

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 (2023-24: 18.1%, 2022-23: 18.1%) and those related to ill health retirements (2023-24: 4.3%, 2022-23: 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, or 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 the two years remaining until the next valuation
- We do not consider that the economic benefit available as a reduction in future contributions can be meaningfully used if negative. This figure will therefore be taken as the maximum of the calculated figure and nil in the calculation of the asset ceiling.

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. This assessment is based on a rolling 20-year period and therefore the period will not decrease year on year between valuations as the ill health retirement element does.

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.

We consider it appropriate to restrict the net asset relative to funding obligations by use of the asset ceiling. This means that the asset ceiling is applied to the net surplus excluding the unfunded liabilities figure of £29.6m. These unfunded liabilities are then added back to the closing liability position.

Having applied IFRIC 14 in line with the above facts and judgements, based on the present value of expected reductions in future contributions to the plan, the IAS 19 funded surplus of £861m was reduced to a liability of £500m. The closing position including unfunded liabilities is therefore £530m.

The major assumptions used by the LGPS actuary were:

	31 March 2024	31 March 2023
	%	%
Rate of increase in salaries	3.55	3.75
Rate of increase for pensions in payment and deferred pensions	2.75	2.95
Discount rate	4.85	4.75

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 and 0% weighting on 2021 and 2020 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% pa. for both males and females. (2022-23: Life expectancy was based on

the Fund's VitaCurves with improvements in line with the 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% pa). Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female
Current pensioners	21.1 years	23.8 years
Future pensioners*	21.7 years	25.3 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 2024				31 March 2023			
	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Plan assets	5,198,010	-	-	5,198,010	5,143,874	-	-	5,143,874
Funded liabilities	-	(4,710,429)	-	(4,710,429)	-	(6,737,883)	-	(6,737,883)
Unfunded liabilities	-	(31,270)	-	(31,270)	-	(36,834)	-	(36,834)
Effect of the asset ceiling	-	-	(257,329)	(257,329)	-	-	-	-
Opening balance at 1 April	5,198,010	(4,741,699)	(257,329)	198,982	5,143,874	(6,774,717)	-	(1,630,843)
Current service costs	-	(132,946)	-	(132,946)	-	(252,798)	-	(252,798)
Past service costs (including curtailments)	-	(2,039)	-	(2,039)	-	(4,695)	-	(4,695)
Total current and past service costs	-	(134,985)	-	(134,985)	-	(257,493)	-	(257,493)
Net interest (cost) income	247,632	(224,797)	(12,223)	10,612	139,246	(184,516)	-	(45,270)
Remeasurements								
Gain/(loss) from change in financial assumptions	-	281,261	-	281,261	-	2,603,910	-	2,603,910
Gain/(loss) from change in demographic assumptions	-	31,557	-	31,557	-	149,141	-	149,141
Experience gains/(losses)	-	(151,933)	-	(151,933)	(70,674)	(406,774)	-	(477,448)
Returns on plan assets, excluding amounts included in interest expense/(income)	141,667	-	-	141,667	(48,610)	-	-	(48,610)

	31 March 2024				31 March 2023			
	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position	Fair value of plan assets	Present value of obligation	Impact of asset ceiling adjustment	Net pension position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gain/(loss) from change in the effect of asset ceiling under IFRIC 14	-	-	(1,091,086)	(1,091,086)	-	-	(257,329)	(257,329)
Total remeasurements	141,667	160,885	(1,091,086)	(788,534)	(119,284)	2,346,277	(257,329)	1,969,664
Cashflows								
Participants' contributions	43,173	(43,173)	-	-	34,391	(34,391)	-	-
Employer contributions	181,099	-	-	181,099	159,765	-	-	159,765
Contributions in respect of unfunded benefits	3,321	-	-	3,321	3,159	-	-	3,159
Benefit payments	(193,317)	193,317	-	-	(159,982)	159,982	-	-
Unfunded benefit paid	(3,321)	3,321	-	-	(3,159)	3,159	-	-
Closing balance at 31 March	5,618,264	(4,787,131)	(1,360,638)	(529,505)	5,198,010	(4,741,699)	(257,329)	198,982
Plan assets	5,618,264	-	-	5,618,264	5,198,010	-	-	5,198,010
Funded liabilities	-	(4,757,518)	-	(4,757,518)	-	(4,710,429)	-	(4,710,429)
Unfunded liabilities	-	(29,613)	-	(29,613)	-	(31,270)	-	(31,270)
Effect of the asset ceiling	-	-	(1,360,638)	(1,360,638)	-	-	(257,329)	(257,329)
Closing balance at 31 March	5,618,264	(4,787,131)	(1,360,638)	(529,505)	5,198,010	(4,741,699)	(257,329)	198,982

The plan assets in the LGPS were:

	Quoted price (in active markets)	Quoted price (not in active markets)	Value at 31 March 2024	Value as a percentage of total scheme assets at 31 March 2024	Value at 31 March 2023	Value as a percentage of total scheme assets at 31 March 2023
	£'000	£'000	£'000	%	£'000	%
Equity Securities	2,175,921	-	2,175,921	39	1,986,070	38
Debt Securities	518,861	-	518,861	9	486,096	9
Private Equity	-	382,588	382,588	7	388,815	7
Property	-	247,549	247,549	4	202,234	4
Investment Funds and Unit Trusts	937,505	1,231,975	2,169,480	39	2,002,934	39
Cash and cash equivalents	123,865	-	123,865	2	131,861	3
Total plan assets	3,756,152	1,862,112	5,618,264	100	5,198,010	100

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 2023 and subsequently adjusted for transactions undertaken between 1 January and 31 March 2024. 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 2024		31 March 2023	
	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	89,570	2	85,500	2
0.1% increase in the salary increase rate	3,735	-	10,681	-
0.1% increase in the pension increase rate	87,483	2	76,044	2

The principal demographic assumption is the mortality assumption (ie 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 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (ie improvements to survival rates predominantly apply at younger or older ages). For 2023-24, a one-year increase in member life expectancy would increase the liability by 4% or £191.5 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 £0.2 million (2022-23: £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.

On 1 August 2024 management chose to completely decant all prisoners from HMP Dartmoor on receipt of readings showing high radon levels in open landings and atrium areas of the wings, in addition to earlier readings from cells within the prison. The prison is held on a finance lease from the Duchy of Cornwall and is recognised in the accounts as a right of use asset and liability under IFRS 16. The property was still in use at the balance sheet date and this event is non-adjusting under IAS 10, therefore the valuation of the asset and liability are unaffected.

On 20 September 2024, ISG Construction Limited (ISG) filed for administration. ISG were one of our construction contractors and were involved in a number of active projects for the agency. At the time of ISG filing for administration these projects were in various phases of completion including pre-construction, active construction and near completion. MoJ, in partnership with other government bodies, was monitoring the financial position of ISG at the balance sheet date and at that time considered there to be a prospect of them overcoming their difficulties through their own contingency planning. We therefore assess this to be a non-adjusting post balance sheet event under IAS 10.

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978-1-5286-5063-2