

Scottish Prison Service

ANNUAL REPORT & ACCOUNTS

2020-21

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PERFORMANCE REPORT – OVERVIEW

The purpose of this section is to provide an overview of the Scottish Prison Service, its purpose and activities. This section also includes information on key risks and issues for the organisation as well as a high level summary of performance in 2020-21.



CHIEF EXECUTIVE'S FOREWORD

I am pleased to introduce our Annual Report and Accounts for 2020-21.

Unprecedented and challenging are words that have become synonymous with the COVID pandemic. But there really are no better words to describe the enormity of what we have, and continue to face. I wanted to take the opportunity, at the start of this year's Annual Report to reflect on the year that has gone, highlight the implications and look forward to what 2021-22 may bring.

Firstly, I want to thank, and pay tribute, to my colleagues at all levels and within all parts of the organisation, for their hard work, flexibility, professionalism and commitment to the SPS during this time. The tremendous efforts that have been made in keeping all those living and working in our prisons safe cannot be overstated. There needs to be recognition for the innovative, agile and compassionate delivery of support and services built around the quality of relationships with those in our care. In the course of the outbreak we have had a total of eight people in our care who have sadly died where COVID has been a factor in their deaths, and we have lost one colleague. Although not prison related, his loss was, and continues to be, felt across the service.

My thanks are also due to those in our care, their families and loved ones for responding with such a high level of cooperation to the restrictions we have had to impose. For those in our care, they have had to endure the uncertainty of outbreaks and infection levels with the limitations this has, by necessity, placed on the activities available to them to support their rehabilitation. Families have had to endure months of restricted access to loved ones in custody. This has been particularly hard on children and I am acutely aware of how difficult this has been so I am grateful for the understanding which has been shown by so many.

Finally, I would also like to record my appreciation and thanks to all of our NHS colleagues who have continued to work closely with us, strengthening our partnership working and providing support for those in our care throughout this pandemic in our prisons. Again, this has demanded a high degree of flexibility and commitment, working alongside NHS health protection colleagues, to deliver safe living and working environments whilst continuing to deliver health interventions for an increasingly complex population.

Without the cooperation, hard work and understanding of those I have mentioned and all our key partners, our task would have been much more difficult. Protecting all of us, really has taken all of us.

This pandemic has had a profound effect upon many aspects of our daily lives, both personally and professionally. There is no doubt that responding to Covid-19 has placed significant demands on our organisation and will continue to do for many months to come as we all continue to recover. The impact on those in our care, some of the most disadvantaged people in our society is yet unknown but understanding this is critical to our recovery journey and in our contribution to the wider recovery agenda. We are also acutely aware that, for the families of those in prison, restricted access to loved ones in custody and the struggles of daily life will not escape the added pressures that life during a pandemic brings.

As we move into the recovery phase, some of the changes we have had to make will remain as they are making a real difference to how we operate and work with those in our care. Who would have thought that in the space of 12 months every individual in our care would have access to a phone in their cell; who would have thought that virtual visits would be in place across the whole

prison estate; and who could have imagined the significant impact that the pandemic would have on the pattern of our daily working lives.

The benefits of enhanced digital capabilities cannot be underestimated and in the months ahead, this will be an area that SPS will be taking forward at pace. For those in our care, the existing digital solutions have provided the ability to maintain the positive and valuable family connections that we all know are a significant factor in successful rehabilitation and we aim to build on the digital capability by providing access to self-directed tools and support.

We've learnt so much in the last 12 months. What has worked and what to avoid – we are not out of this yet but there are positive signs which rightly bring hope and optimism for the future. It is important we begin to look to the future and set out what Scotland's prison system is for as we shift from Recovery to Renewal and Transformation (RRT). Through RRT, a stream of the Criminal Justice Board, we have been working closely, actively and creatively with our partners in community justice – not just Community Justice Scotland but also Parole Board, COSLA, Risk Management Authority, Police, Social Work, the Crown Office and Procurator Fiscal Service, our Courts Service and, particularly, the third sector. A clear consensus is emerging through RRT that moving forward, prison in Scotland should only be used to protect the public and I warmly welcome this consensus.

Looking back, one of the most important things I will take away from the past year is just how important relationships are. I've always known that, the men and women working for the SPS, are the reason for its success. I have no doubt that the strength of the positive relationships that exist between colleagues and with those in our care, is what has enabled us to realise the safety and stability in our prisons so far. We would not have been able to achieve all that we have without those relationships and it is crucial that, in moving forward, we work to maintain and enhance these relationships – they are the foundation for taking our service forward.

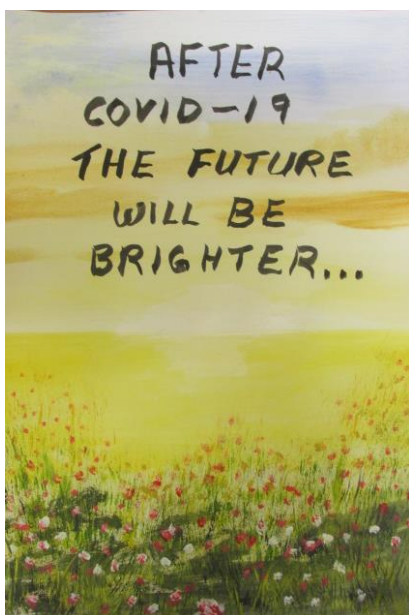
I am immensely proud of the efforts that have been made, the commitment that has been shown and the strength of relationships that have delivered what, at times, seemed impossible. Whilst the rollout of the vaccination programme brings hope, we as a service continue to manage our way through this pandemic and the fragility of the situation we face on a daily basis cannot be underestimated

The Scottish Prison Service performs at its very best when we work together. Our achievements in working side by side with our partners and those in our care towards a common purpose over these last 12 months pay glowing testimony to what it is possible for us to deliver together in the weeks and months ahead – I am determined that we will not lose sight of that when we emerge into the new 'normal'.

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive
16 July 2021

REFLECTIONS ON AN UNPRECEDENTED YEAR



'the staff have been great. We didn't really know what was happening outside, but they really helped and I couldn't fault them at all. They will have been worried about everything too, they have families at home to think about'

(Individual in our Care, September 2020)

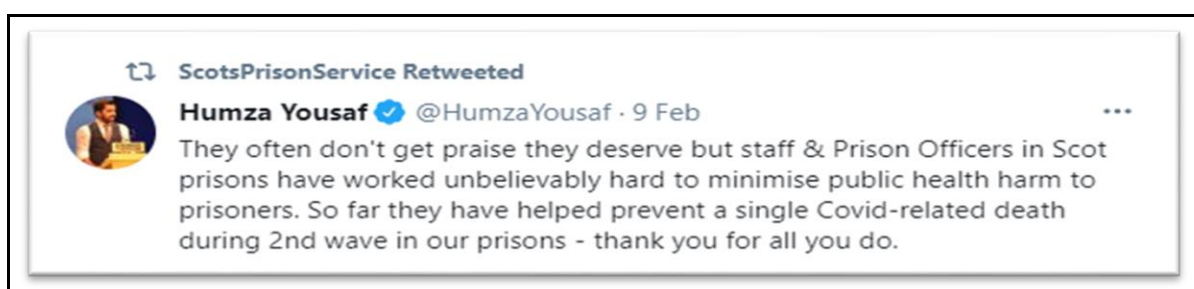
'staff should be commended for their diligence and attention to detail regarding prisoner safety as the responsibility on their shoulders to stop themselves getting COVID 19 is hard enough and they managed to curb it in this prison – Very well done!'

(Individual in our Care, April 2021)

'Don't get me wrong, it's been difficult and I'm tired, but in a weird way this has been one of the best years working for SPS– the way in which we've all come together has got us through it so far – I hope we learn from this' (Staff Member, February 2021)

“HMIPS believes that the restrictions which the SPS were obliged to put in place in response to COVID-19 were only taken after considerable efforts to ensure that any restrictions to the regime and freedoms were justified, necessary and proportionate. The decisive action to minimise risks has meant that there has been no explosion of COVID-19 infections in prisons, as feared, and far fewer deaths than in comparator populations. Prisoners recognised the efforts made by prison staff to keep them safe from COVID infection and prisoners' cooperation with a considerably reduced regime also deserves praise”

HM Chief Inspector Wendy Sinclair-Gieben,
November 2020





CHAIR OF THE ADVISORY BOARD FOREWORD

I have watched with great pride as our Prison Service has coped magnificently with the extraordinary complexity of the Covid pandemic.

I am in no doubt that in March 2020 there were significant risks to both staff and to the people in our care about the virus entering and then spreading across our prisons. Immediate decisions had to be taken to minimise these risks. These decisions, such as suspending family visits, were not easy decisions to make and inevitably caused upset. Other necessary restrictions reduced the opportunities normally available to those in our care to benefit from a range of day-to-day activities.

The care and thought put in to the various action plans to reduce the risks have highlighted how the SPS have worked together as a team, co-operating with those in their care to achieve a common goal of keeping everyone safe. We have seen the positive effects of ‘virtual visits’ to maintain family contact without the risk of spreading the virus. The fact that authorised mobile phones have also been issued throughout prison establishments has also bolstered family contact; as I said in my introduction to last year’s Annual Report, I hope such a change of policy will stand the test of time. I am also delighted to see that ‘virtual courts’ have, at last, started and are working well; there are opportunities here to expand this concept.

Prison staff have performed superbly with the various changes brought in to manage the pandemic in general and particularly when managing the outbreaks we have seen, and continue to see, in our establishments. This is no mean feat given the complexities of the custodial environment. Thankfully in Scotland, our prisons have not seen COVID cause the same levels of unrest as in other parts of the world. But this is not down to luck or chance - our staff and partners have ensured that any outbreaks were sensibly and calmly dealt with and safety and security has been maintained.

Nevertheless, we must remember those who have been badly affected by COVID and our thoughts are with the families of those who have died; an utterly appalling global pandemic has visited us and taken loved ones in the most terrible of circumstances.

The Advisory Board has often commented on how processes and procedures have improved in order to provide more responsive management. The Board has regularly complemented the Chief Executive, her HQ team and Governors-in-Charge and their teams on working together to produce workable and often inspired solutions to the serious threat the virus presents.

As we look to recover, there will be considerable challenges on the road ahead, but on reflecting back over this past year, Scotland should be proud of what the Prison Service has achieved during the period covered by this Annual Report.

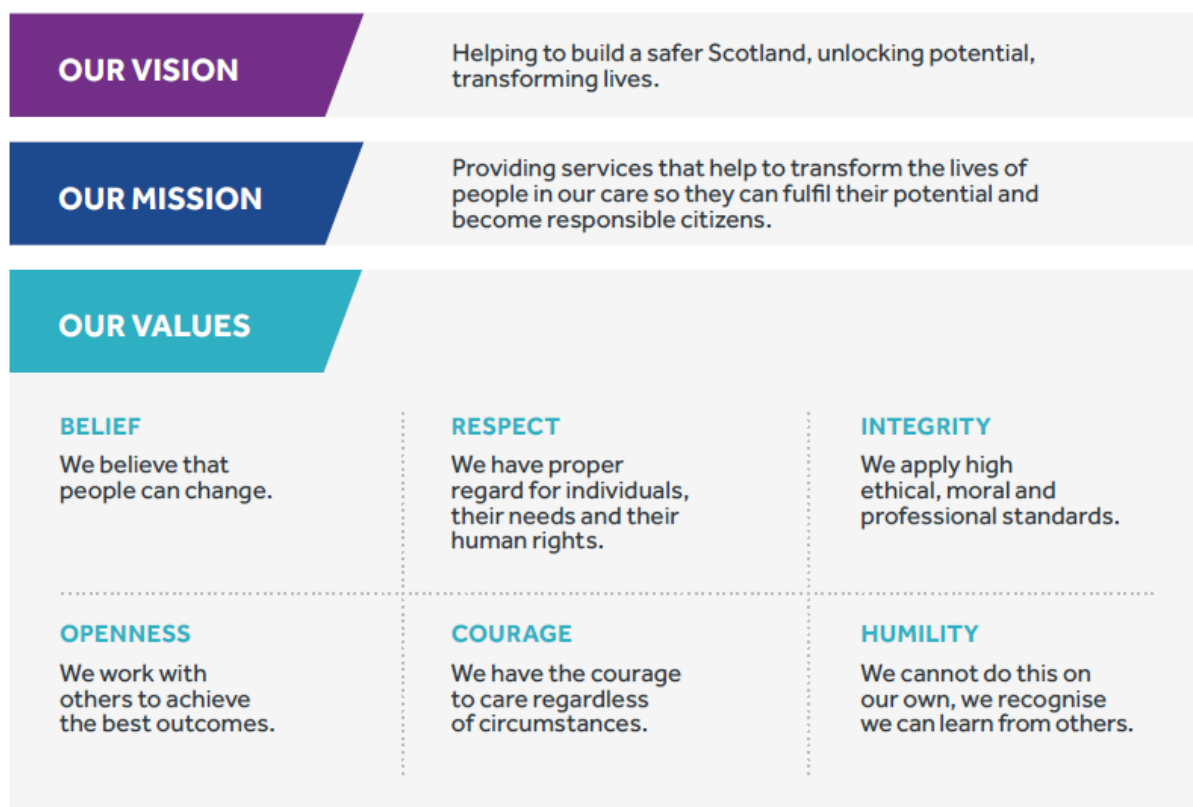
A handwritten signature in black ink, appearing to be 'H Monro', written over a horizontal line.

Brigadier Hugh Monro CBE DL
June 2021

WHO WE ARE AND WHAT WE DO

The Scottish Prison Service (SPS) is an Executive Agency of the Scottish Government and was first established in April 1993. The SPS Framework Document sets out the policy and resources framework set by Scottish Ministers within which the SPS operates. As an Executive Agency, the SPS is funded by the Scottish Government.

The SPS is responsible for those who are committed to its care by the Courts and is accountable to the Scottish Parliament for the delivery of custodial care in accordance with The Prisons and Young Offenders Institutions (Scotland) Rules 2011.



Principal Objectives

Our principal objective is to contribute to making Scotland Safer and Stronger. The SPS has a duty to protect the public by keeping those who have been sentenced in safe and secure custody. Our commitment to public safety is delivered through constructive engagement with those in our care, focusing on recovery and reintegration.

At 31 March 2021, 13 prisons were directly operated by the SPS and a further two were run by private sector operators under contract to the SPS. Appendix 1 shows the location of these prisons.

We directly employ around 4,500 staff and on a daily basis accommodate around 7,300 individuals in our care. Appendix 2 details the current organisational structure in place to effectively manage Scottish Prisons.

We also manage the contract for the Scottish Court Custody and Prisoner Escorting Service (SCCPES), on behalf of multi-agency justice partners, for the provision of safe and secure transport of those in custody to and from courts and hospitals. Appendix 10 shows the core volumes for 2020-21.

National Policy Context

National Performance Framework and Outcomes

As an Executive Agency of the Scottish Government we are committed to contributing to the delivery of Scotland's National Performance Framework. The Framework was launched in June 2018 and comprises 11 National Outcomes and 81 National Indicators. SPS contributes both directly and indirectly to all of the National Outcomes but especially;

- we live in communities that are inclusive, empowered, resilient and safe; and
- we respect, protect and fulfil human rights and live free from discrimination.

Justice in Scotland; Vision and Priorities

The national justice strategy for Scotland; Justice in Scotland; Vision and Priorities (Scottish Government, 2017) envisages a proportionate and person-centred approach to justice, focusing on prevention and protection which delivers better outcomes for individuals and communities. Prisons should be utilised to accommodate only those who have committed the most serious offences to ensure that society is protected from those who pose a serious risk and only "... where necessary to address offending or to protect public safety, focusing on recovery and reintegration."

The national justice strategy asserts the role of prisons in seeking to achieve a reduction in reoffending and in supporting those in custody in their safe reintegration back into their communities.

Legislation

During 2020-21, SPS took forward amendments to The Prisons and Young Offenders Institutions (Scotland) Rules 2011. The Amendments are designed to support our response to the exceptional pressures facing prisons during the current Coronavirus outbreak. The amendments generally provide Governors with flexibility in regards to compliance with timescales and the provision of those services, which although important, are not critical to the security and health of SPS and NHS staff and those in SPS' care. The Amendments to the Rules also provided for the introduction of virtual visits, authorised personal communication devices and in-cell telephony, which have enabled those in our care to maintain contact with family and friends during times when actual physical visits to an establishment are more challenging or not possible, due to the impact of Coronavirus.

Other pieces of legislation that have impacted on our services include The Representation of the People (Scotland) Amendment Regulations 2020 which extended the eligibility criteria for those in custody to include persons detained in a prison in pursuance of a sentence not exceeding 12 months. At a UK level, The Terrorist Offenders (Restriction on Early Release) Act 2020 made a number of changes to the law in Scotland in regards to early release of those convicted of terrorism offences. The Act created a separate early release regime for those convicted of a terrorism, or terrorism-related, offence.

In contributing to the delivery of our principal objectives and national outcomes, SPS has five strategic themes and outcomes.

STRATEGIC THEMES				
DEVELOPMENT	ENGAGEMENT	IMPACT	STANDARDS	COLLABORATION
STRATEGIC OUTCOME:	STRATEGIC OUTCOME:	STRATEGIC OUTCOME:	STRATEGIC OUTCOME:	STRATEGIC OUTCOME:
We will have the right people, with the right skills, in the right place at the right time.	Everyone has a voice and contributes meaningfully to our corporate improvement journey.	Our services are efficient, effective and provide value for money.	Our prisons are safe, healthy and positive places in which to live and work.	Growing and strengthening our stakeholder and partner networks and relationships to achieve better outcomes for those in and leaving our care.

OUR SERVICE TODAY

Impact of COVID-19

The continued nature of the COVID-19 pandemic has presented a period of unprecedented challenge in maintaining service delivery in the face of a constantly changing environment. It is clear that Covid-19 will have an ongoing impact on how we accommodate and provide services to those in our care.

In order to protect those living and working in our prisons during the pandemic, we rapidly implemented new ways of working. We introduced the single shift 'core day' – a truncated regime to allow greater flexibility in the deployment of staff. Work and educational based activities and 'in person' prison visits were temporarily suspended.

To mitigate the impact of Covid-19 we:

- introduced a range of regime changes and operating procedures within prisons. This was supported by an enhanced communications strategy specifically for those in our care as well as the delivery of dedicated wellbeing supports;
- implemented additional governance/ oversight groups to support the continued delivery of service, such as our National Coronavirus Response Group (NCRG);
- put in place a range of Covid-19 specific staff processes and procedures;
- built on our partnership with NHS colleagues locally and nationally to support the delivery of healthcare in prison.
- developed dedicated information and resource pages on the SPS web and intranet sites and, recognising the impact of restrictions on families and friends, we continued our engagement with partners such as Families Outside and our prison Visitor Centres;
- increased our digital capabilities to ensure more staff could, where appropriate, work remotely;
- worked with the Scottish Government and a range of justice partners to put in place arrangements to support Early Release, aimed at reducing the prison population; and
- introduced a number of measures to support those in our care and their families during this challenging time. This included the successful roll out of Virtual Visits, authorised mobile phones, the implementation of a facility to accept online payments to people in our care from family and friends and the SPS Families Helpline.

Our Population

The size and nature of our population has varied over time and is determined by the level and type of crime, Government policy, legislation and policies and practice across the wider justice system.

From 2000-01, the prison population rose from an average of 5,868 to a high of 8,179 in 2011-12. The period between 2011-12 and 2017-18 saw a reversal of this trend, with a steady decline in the average population, falling to 7,464 in 2017-18. Despite a decline of 29% in the number of individuals

receiving custodial sentences over the past decade, 2018 saw the prison population increasing, with a sustained rise during the year. The population surpassed 8,000 in February 2019, reaching a high of 8,274 in November 2019. It remained over 8,000 until March 2020 when the impact of Covid-19 resulted in fewer people being sent to custody due to the suspension of court business.

The overall prison population saw a sharp decline following the first national lockdown. The average weekly population decreased by 15.2% over a period of 11 weeks declining to the lowest level (6,887) since 20 December 2006. However, the resumption of court activity at a higher level saw the population increase again.

Our population has also become more complex as a result of the increasing proportion of those in our care who have to be accommodated separately due to their legal status (remand or convicted), sex, age or offending history, for example, those with a history of sexual offending and individuals with links to Serious and Organised Crime.

This complexity is further illustrated by the increase in demand for health and social care services across the prison estate in recent years. It is important to recognise that, managing this complexity within the limitations of Scotland's prison system capacity, challenges the relationship between prisons and local communities. The short term reduction in population in early to mid-2020 has not reduced this complexity, although the reduction in the volume of the population enabled us to help meet public health expectations through the accommodation of a higher proportion of individuals in single cell accommodation.

At the time of writing, there is real uncertainty about the future numbers of people in prison due to the unpredictability of COVID-19. We must therefore plan for uncertainty. While we may not be able to plan in terms of absolute numbers, evidence suggests that we can make a reasonable planning assumption that the population will continue to increase in numbers and in complexity. Further information on Scotland's prison population can be found on the Scottish Government website [here](#)

To mitigate these risks, we:

- continue to work with the Scottish Government and a range of justice partners in developing an agreed understanding of how to manage the needs of the an increasingly complex prison population;
- contribute to the work of the Health and Justice Collaboration Improvement Board and the Health and Social Care in Prisons Programme Board, aimed at improving the delivery of health and social care provision in prisons;
- utilise intelligence led prison management processes;
- continually monitor the design, maintenance and use of the physical estate; and
- promote a person centred approach to case management.
- play a key role in the Justice sector's Recovery to Renewal and Transformation (RRT) programme of work. Through RRT, a stream of the Criminal Justice Board, we have been working closely, actively and creatively with our partners in community justice – not just Community Justice Scotland but also Parole Board, COSLA, Risk Management Authority, Police, Social Work, the Crown Office and Procurator Fiscal Service and Courts as well as third sector in how we individually and collectively recover and move forward from the pandemic.

Our people

Our staff are our greatest asset and this year, the way in colleagues across the service have pulled together to achieve a common goal, has undoubtedly been key to our response to the pandemic.

In March 2020 we began to see the impact of rising staff absence rates specifically linked to Covid-19. This peaked at 23% in April 2020. By 31 March 2021, this had reduced to around 10%.

The levels of absence within the SPS during the pandemic has continued to be an area which has required a high level of monitoring. This has involved shielding, related illness and isolation.

To maintain service delivery, the SPS continues to incur costs in terms of voluntary, non-contractual (ex-gratia) payments to officers and as noted elsewhere in this report a system of exceptional payments was implemented for a set period of time. At the corporate level the interim nature of senior roles and the capacity of the senior structure has been identified as an area requiring review. This review will be commissioned in early part of the 2021-22 reporting year.

To mitigate the risks associated with staff we:

- monitor trends, themes and patterns of absence;
- have revised and implemented the Absence Management Policy in agreement with our Trade Union Side partners;
- continue to monitor and change the provision of services in prisons as restrictions are eased;
- have ensured access to Covid-19 testing for all staff, recognised as key workers by the Scottish Government;
- have secured sufficient supplies of appropriate PPE to prevent the spread of Covid-19;
- adapted recruitment processes and utilised video interviewing in order to support ongoing recruitment during restrictions; and
- developed a COVID specific resource hub, with access to a range of wellbeing supports, and launched *SPS Connect*, our monthly staff newsletter, and *SPS Connect for Managers*, our newsletter for staff which supports those with line management responsibility.

Our Resources

The Scottish Parliament approved the 2020-21 budget for SPS of £443.4m. Financial sustainability remains a challenge and this has become more evident as SPS has faced the impact of the COVID-19 pandemic. Further work is required to develop the medium term financial strategy to reflect the ongoing impact of COVID-19 alongside the longer term strategies and capital investment plans.

To mitigate this risk, we will:

- Continue to work with colleagues in the Scottish Government on medium/ longer term financial planning.

- Carry out a senior structural review which will aim to address the structure and alignment of the corporate governance arrangements to ensure we are best positioned to meet current and future demands.

PERFORMANCE SUMMARY

This Annual Report is the second in which we report on performance relating to the SPS Corporate Plan 2019-22 (the Plan). The Plan is evidence based, focuses on service development and improvement and describes our continuing journey of transformational change. It defines our contribution to the delivery of National Outcomes and the national strategy: *Justice in Scotland: Vision and Priorities* through Strategic Themes and Outcomes which define the broad areas where we will focus on improving and developing our service; and what we aim to achieve.

The Corporate Plan 2019-22 was developed in order to respond to the unanticipated challenges we faced in 2018-19. We saw an increase in demand for prison places and a population that was becoming more complex along with associated financial challenges as we took our share of the burden of the pressures on the public purse.

For each year of the Plan we would normally develop an Annual Delivery Plan (ADP) which would set out the Essential Actions we would deliver during course of the year in order to deliver our Strategic Outcomes.

However, towards the end of 2019-20 SPS had to address the unprecedented challenge of maintaining service provision in the face of the impact of the COVID-19 pandemic which presented unique challenges.

In order to maintain safe and secure service delivery for those in our care and for those who work in our service, the pandemic incident response was prioritised and resource diverted from non-business critical activities in order to support this. As such, SPS temporarily amended its governance arrangements to respond to the evolving crisis. This included the suspension of our Corporate Planning arrangements and in this context we indicated that we would be developing an Interim Delivery Plan.

The SPS Delivery Plan 2020-22 (DP) captures and sets out our key priorities for the period, aiming to build on positive improvements across the justice and prisons systems in response to COVID-19; and enable SPS to plan for the shifts through national responses to the pandemic by setting recovery and renewal priorities in short “bursts” of six months. Although anticipated delivery quarters are assigned to each Key Element actual delivery dates will vary subject to the pressures on the service.

The DP was noted by the Cabinet Secretary on 24 March 2021. It contains 13 actions, each of which have a number of key elements with delivery scheduled across the lifespan of the Plan. Delayed and re-profiled Actions from the 2019-20 Annual Delivery Plan were reviewed and incorporated into the DP as and where appropriate

PERFORMANCE SUMMARY 2020-21

2020-21 has been dominated by our response to COVID-19. Throughout the pandemic, the health, safety and wellbeing of those who live and work in Scotland’s prisons has been our overriding priority.

In Quarter (Q) 1, Early Release and the reduction in court activity had the effect of reducing the overall prison population from a high of 8,123 to 6,869 by 29 May 2020. However, in of Q2 the population started to rise again and peaked at 7,555 on 28 September 2020. Since then the population has incurred moderate fluctuations and by the end of Q4 was showing a slight decline

with 7,386 in custody at the end of Q4 (31 March 2021). During the course of the pandemic the composition of the population became more complex, mainly driven by an increase in the remand population. The challenges of managing this complexity have been compounded by necessary restrictions in the provision of regimes, activities and movements.

Despite the impact of the pandemic, SPS has continued to deliver high quality custodial care within restricted parameters and succeeded in keeping infection rates low. Significant progress has been made in the delivery of our Strategic Outcomes and this is described in summary below.

STRATEGIC THEME	DEVELOPMENT
STRATEGIC OUTCOME	We will have the right people, with the right skills in the right place at the right time.

This year, more than ever, has again shown that our workforce is our most valuable asset.

There is one Action comprising three Key Elements identified in the Delivery Plan which reflects our continuing commitment to equipping and enabling our staff to take a person-centred and asset based approach to their work. Delivery of the Action and its Key Elements extends over the two-year duration of the Delivery Plan.

STRATEGIC THEME	ENGAGEMENT
STRATEGIC OUTCOME	Everyone has a voice and contributes meaningfully to our corporate improvement journey.

Our Corporate Plan 2019-22 expressed our commitment to engagement with service users and staff.

There are two Actions comprising seven Key Elements identified in the Delivery Plan, all of which extend over the two-year duration of the Delivery Plan. Progress was made in the delivery of each of these.

Throughout the pandemic, staff regularly went ‘above and beyond the call of duty’. Some have been displaced or been asked to take on different roles and high levels of resilience in challenging circumstances continue to be demonstrated by staff.

The greatest impact of the pandemic has been on those in our care and their families. The restrictions on the regime have impacted on all areas of prison regime, including access to work, education and purposeful activities. Family contact has been limited in terms of in-person visits, however the introduction of authorised mobile phones and virtual visits in this reporting year was welcomed, almost universally. Unfortunately, as a result of the necessary restrictions to reduce transmission and keep everyone safe, those in our care have had to spend more time in cells.

STRATEGIC THEME	IMPACT
STRATEGIC OUTCOME	Our services are efficient, effective and provide value for money.

This theme provides a focus for our efforts in the modernisation and redesign of the way our service operates in order to maximise efficiency and effectiveness. Whilst the pandemic has posed some challenges to this agenda, it has also presented some opportunities.

There are four Actions comprising nine Key Elements identified in the Delivery Plan. Seven of these were not scheduled for completion until Q4 2021-22. Progress was made in the delivery of each of these. The two which were scheduled for completion in 2020-2021 have been delivered.

At the onset of the pandemic in order to ensure safe, secure and healthy service delivery, prisons implemented a truncated ‘core day’ regime delivering key services and outputs in accordance with the Coronavirus (Scotland) Act 2020 in order to ensure delivery of key prison services and outputs.

A range of digital solutions were implemented to support those in our care and their families including access to mobile phones and ‘virtual’ visits (both of which required amendment by Parliament to Prison Rules).

STRATEGIC THEME	STANDARDS
STRATEGIC OUTCOME	Our prisons are safe, healthy and positive places in which to live and work.

This theme is designed to capture initiatives aimed at ensuring our compliance with a range of policy and standards requirements.

There are three Actions comprising ten Key Elements identified in the Delivery Plan, none of which were scheduled for completion until Q4 2021-22.

The pandemic impeded work on the Estate maintenance and development programmes, but work resumed with revised timelines. Initial development work was undertaken in respect of Improvement Framework. Good progress was made in respect of the delivery of the Women’s Strategy.

STRATEGIC THEME	COLLABORATION
STRATEGIC OUTCOME	Growing and strengthening our stakeholder and partner networks and relationships to achieve better outcomes for those in and leaving our care.

Partnership working arrangements have been critical during the pandemic and of particular importance was the development and implementation of arrangements for the early release of a limited number of short-term prisoners in accordance with Scottish Coronavirus regulations and in conjunction with partners.

There are three Actions comprising 12 Key Elements identified in the Delivery Plan. Four of these were scheduled for completion in 2020-21. These have been completed and progress was made in the delivery of each the remaining eight.

Managing Operational Performance

We are committed to building a Safer Scotland and the safety and security of our prisons, and those living and working in them, is paramount. As a service, we face many of the same challenges that exist in communities across Scotland. This was evident in managing and responding to the COVID19 pandemic, which has affected us all over the past 12 months and is still affecting us as we progress into the recovery phase.

The restrictions we faced have had a massive effect on everyone in Scotland, including those in our care and their families; our staff; and our partners working across the SPS. In order to reduce

transmission and keep those living and working in prisons safe, many of the restrictions that applied in a community setting were also applied in our custodial settings. These restrictions have included: the temporary closure of learning centres, meeting in much smaller numbers, more time in cell (akin to the staying at home rule), stopping or pausing employment and limiting in person family contact, as well as introducing public health measures such as physical distancing and face masks.

In a custodial setting, these restrictions have unsurprisingly had a significant impact on our ability to deliver against the Key Performance Indicators (KPI's) figures for the reporting year 2020-21. This has been felt most acutely across our Purposeful Activity areas, which typically take place in large, face to face, group settings. The narrative against each KPI outlining the impact should therefore be taken in context of the effect of the COVID19 pandemic.

As a service, we continue to evolve and have introduced a number of initiatives in our determination to reduce violence within our prisons. Our response to the safety and security of our prisons remains robust and we act in an agile manner to both new and existing threats. The Strategic Risk and Threat Group, which was established in 2017, continues to identify emerging risks and trends, which includes the changes in the way violence is perpetrated in our prisons.

The SPS further supported the management of this risk by initiating the Management of Risk in Extreme circumstances (MORE) policy in all cases where it is deemed appropriate i.e. where those prisoners identified of having significantly increased risk of violence to staff or prisoners will be managed under a process which mitigates some of those individually identified threats and risks.

We continue to manage the issues surrounding Serious Organised Crime Groups (SOCG) and Organised Prisoner Networks (OPN) within all Scottish prisons as well as the use of illicit substances and misuse of medication and the subsequent effect these have on both those in our care and staff in establishments. Over the last few years, we have seen a significant increase in the number of people in our care who have been managed under The Management of an Offender at Risk due to any Substance Policy (MORS).

The COVID19 pandemic has impacted on our population during this reporting year. Actions across the justice sector, such the temporary suspension of Courts, combined with the use of the Emergency Release legislation during May 2020, saw a significant reduction in population. We have seen a reduction of 10.5% on the position reported last year, primarily in the number of Short Term Prisoners we are holding in custody.

Please note that for Key Performance Indicators (KPI's) 2a to 2d, the SPS amended the definition and reporting process from 1 October 2019, therefore this is the first reporting year that the full year figures are based on this new definition. The new definition reflects the position that only those incidents that are recorded as having a confirmed Assault, either through an Orderly Room adjudication, and/or a charge that is recorded by Police Scotland will be treated as a KPI.

Additionally, where there is more than one assailant, for example in a fight, only one incident will be recorded, as against the previous definition of two assaults taken place.

KPIs 1a and 1b Escapes from Secure Custody are baseline indicators of SPS's delivery of secure custody.

There have **been no escapes from SPS** custody of a prisoner of any supervision level in the reporting year 2020-21. This is a continuation of the position reported last year and is encouraging considering the effect that the COVID19 pandemic has had within the prison setting as well as the

increase in number of emergency SPS hospital escorts that were required to be completed during the year.

KPI 2a Serious Prisoner on Staff assaults. The number of serious prisoner on staff assaults for 2020-21 has **reduced during this reporting year in comparison to 2019-20 with eight as against 12 incidents.**

Given the potential for heightened frustrations that may emerge within the population as a result of the changes to the regime, and the inevitable reduction of out of cell activity time introduced to combat the spread of the COVID19 virus within a prison setting, this decrease is welcome. The positive relationships between staff and those in our care will no doubt have contributed to this.

The number of people being managed under the influence of unknown substances policy (MORS) which has resulted in reactive violence is also a factor many of the violent incidents being recorded.

Even in the period of restriction and lack of interaction within the prison setting, there are still a number of factors which influence violence against staff, with the higher number of SOCG nominals held in custody, the requirement to manage individuals who present an extreme risk of violence and the ongoing management of people who may present with mental health issues.

We continue to work with our partners, in particular with NHS colleagues to ensure that those who have been identified as having mental health issues are managed appropriately.

Identification of the motivation behind all assaults has improved as a result of SPS introducing violence investigation processes across all prisons, and the additional work carried out to identify all violent incidents that occur in a prison setting

KPI 2b prisoner on staff minor and no injury assaults. The numbers recorded against this measure has **decreased to 290 from 358 incidents, with the number of assaults reducing in all prisons with the exception of HMP & YOI Polmont** for the reporting year 2020-21.

The majority of these incidents occur in the larger closed male establishments with over 80% of all staff assaults occurring in those establishments who receive admissions direct from the courts.

The violence against staff has occurred predominately within the residential areas where individuals are on remand or serving a short term sentence. It is assessed that the increase in prisoner interpersonal violence is a contributing factor with staff being assaulted whilst intervening in these incidents.

KPI 2c Serious prisoner on prisoner assaults. The number of occurrences of serious prisoner on prisoner violence for the **reporting year 2020-21 has reduced again, this year to 67 in comparison to 112 incidents in 2019-20. This is a fall of over 50% over the last two years.**

With the exception of two, all of these incidents occurred in the larger closed male establishments where serious prisoner on prisoner violence is carried out by multiple perpetrators. It is assessed that a number of the serious assaults are linked to SOCG nominals taking action against rival groups and in a number of cases individuals are accepting high value contracts to carry out violence as directed by prominent individuals.

At HMP YOI Cornton Vale, HMP Dumfries and HMP Castle Huntly, there were no assaults of this serious nature.

Additionally, with many of the larger SPS establishments being over capacity, despite the reduction in population, there is limited scope to manage those who perpetrate conflict by keeping them separate from others including those with SOCG links and other OPN and the issues that arise with increased populations within limited places availability.

KPI 2d Minor and No injury prisoner on prisoner assaults. There has been a **decrease in this set of recorded prisoner interpersonal violence for 2020-21 compared to the reporting period 2019-20, from 2,892 to 1,388 incidents, which is a reduction of 52%.**

The majority of these incidents occur in the larger closed male establishments, specifically to those establishments who receive admissions direct from the courts. These incidents occur predominately within the residential areas, with those occurring in cell and out of sight of SPS staff.

There were no incidences of violence recorded at HMP Castle Huntly, our open prison in the reporting year.

A recent analysis of these incidents have attributed a large portion of these as being linked to individuals identified as having links to SOCG. SPS has implemented a number of recommendations to manage the increased risk from OCG's throughout 2020-21.

KPIs 3, 4, 5 & 8 relate to personal development, rehabilitation and progression.

KPI 3a reports on the delivery of Purposeful Activity hours and the time formally recorded being spent on; work and work related employability; learning and education provided by our learning provider; training interventions such as Vocational Training and other positive prison based activities such as access to Physical Education or Spiritual and Pastoral Care.

Attendance at counselling or rehabilitative Programmes is also recorded within this measure. SPS has focussed on the high risk groups in relation to Programme delivery which supports reduction in risk in relation to recidivism, and supports people's progression through their sentence. The necessary regime restrictions and implementation of public health measures throughout 2020-21 meant that Programme delivery was very limited.

Similarly, education and learning delivery was suspended twice during the reporting year, from March 2020 to July 2020 and December 2020 to March 2021 and as such no face to face education took place during these periods. This had a significant impact on the delivery of education, and with no ability to deliver online learning, limited an establishment's ability to deliver a teaching agenda. Opportunities for distance learning were introduced across the estate, where tutors tailored resources to support students remotely through in cell learning.

KPI 3a is the overall reported measure on a quantitative basis and has **reduced by nearly 45% on the delivery of Purposeful Activity hours over the reporting period in comparison to the previous year.**

As already stated, the clear reason for this reduction has been the closure of the vast majority of the purposeful activity areas within each establishment during the periods April to July 2020 and January to March 2021, when communities across Scotland were in 'lockdown' in order to prevent or reduce the risk of transmission highest risk of transmission. Purposeful activity did continue in some very restricted areas, such as critical services required to keep the establishments running, for example Catering, Laundry and Infection Control cleaning parties.

Staff who would normally work in Purposeful Activity delivery areas not deemed critical were redeployed into operational and residential settings to deal with increased staff absence as a result of COVID19 and the management of the restricted regime.

KPI 3b average purposeful activity hours per week per convicted prisoner is the measure used to quantify the public sector establishment's ability to meet the requirement of Rule 80 of the Prison and Young Offenders Institutions (Scotland) Rules 2011, which states that every convicted prisoner is required to work.

The number of average hours per week has **reduced from 19 hours per week to 14 hours per week** over the reporting year 2020-21.

The reduction in Purposeful Activity (PA) availability is due to the COVID19 pandemic outbreak in early March 2020, where all PA was suspended, with exception to those services required to keep the establishments running, such as Catering, Laundry and other critical support services, as well as increased staff absence over the previous 12 months has impacted on the number of PA hours delivered in the reporting year, as staff were required to be redeployed into residential settings to support the management of the restricted regime.

KPIs 4a and b relate to the delivery of literacy and numeracy as a percentage of the number of Prisoner Learning Hours delivered by our Learning, Skills and Education (LSE) provider.

Although the delivery of education was severely impacted by the pandemic, where education was able to be delivered in a prison setting, the measure relating to numeracy skills has increased from 20.8% to 24.5% during the reporting period, and the second measure relating to literacy also increased from 36% to 38.3%. This is an encouraging improvement in an important area of supporting people during their time in our care, and in preparation for the transition back in the community.

KPIs 5a, on vocational and employment related qualifications, demonstrates a significant decrease in **delivery of nearly 75% compared** to the reporting year 2019-20.

This decrease is primarily related to the COVID19 pandemic that resulted in the closure of our education facilities for over half of the reporting year, when the Service provider was unable to deliver the service due to the restrictions.

This does not detract from the improved delivery of a more targeted approach by the Service provider who is working to continue to deliver a more contextualised learning programme in areas providing purposeful activities, for example in gymnasiums and large production work sheds, with further qualifications available.

KPI 5b, covering those vocational and employment related qualifications at SVQ level 5 or above, demonstrates a decreased position of **over 90% compared** to the final reported position last year.

Similar to the community, the impact on further education has been severe. During the height of the restrictions, staff who would normally support the SVQ training were redeployed to support SPS's response to the pandemic and all but critical services were temporarily suspended.

Our LSE provider also supports the delivery of qualifications at SCQF level 5 and above primarily in literacy and numeracy as well as supporting Distance Learning at other attainment providers including the Open University, however due to the requirement to suspend education delivery, this had a material impact on the number of qualifications.

Each qualification attained by those in our care during this challenging year is a success and, for some who have already attained qualifications during their time in prison, they are now securing attainment at higher levels.

KPI 8 - % of ICM case conferences with CJSW in attendance is an indicator which measures the success of collaborative work which takes place between Local Authority Criminal Justice Social Work (CJSW) departments in the area the establishment is located and/or the area the person resides in and is relevant for those serving sentences that are subject to enhanced Integrated Case Management (ICM). This process is central to supporting people's progression, preparation for release and community reintegration.

ICM case conferences with Criminal Justice social workers in attendance increased to 90% for 2020-21 as against 88.1% for the year 2019-20.

As a result of the COVID19 pandemic, and the restrictions imposed on those attending establishments, including some of our partners in a criminal justice setting, many ICM case conferences were postponed or cancelled in the first part of the reporting year.

Where possible, ICM conferences were facilitated online until the easing of restrictions, where an increase in attendance across the board was seen. When the second lockdown began in December 2020, the SPS and our partner agencies were able to overcome many of the issues previously experienced. For those that did go ahead, excellent levels of attendance, primarily through the use of video conferencing facilities were achieved.

Establishments continue to work closely with Criminal Justice Social Work to ensure that attendance levels remain as high as possible with video conferencing often being used to facilitate this important part of the progression and re-integration process.

Financial Performance and Results for the Year

Financial performance is monitored throughout the year and reported to the Advisory Board and Risk Monitoring and Audit Committee on a routine basis. As an Executive Agency of the Scottish Government, SPS' expenditure forms a section within the Scottish Government Justice Portfolio and the results will be recorded in the Scottish Government Consolidated Accounts for 2020-21.

The Scottish Parliament approves funds to the Scottish Government and related bodies at the start of the year and variations to these via the Autumn Budget Revision (ABR) in October and a Spring Budget Revision (SBR) in January. The Scottish Parliament approved a budget for SPS of £443,384k, details of which are contained in the Budget (Scotland) Bill 2020-21 Supporting Document. Details of the ABR and SBR budget revisions made by SPS can be found at <https://www.gov.scot/publications/2020-21-spring-budget-revision/>.

At SBR £17.1m of capital funding was surrendered to the Scottish Government relating to the re-phasing of the development of the prison estate. SPS received an additional £2,827k of resource funding at SBR to relieve forecast cost pressures resulting from Covid-19, and an additional £1,950k to cover forecast Depreciation charges.

As part of the SBR process, SPS are also required to request budget cover for Annually Managed Expenditure (AME)¹ to cover potential increases/decreases of provisions and impairment charges. £1,093k of AME budget cover was requested and received from the Scottish Government.

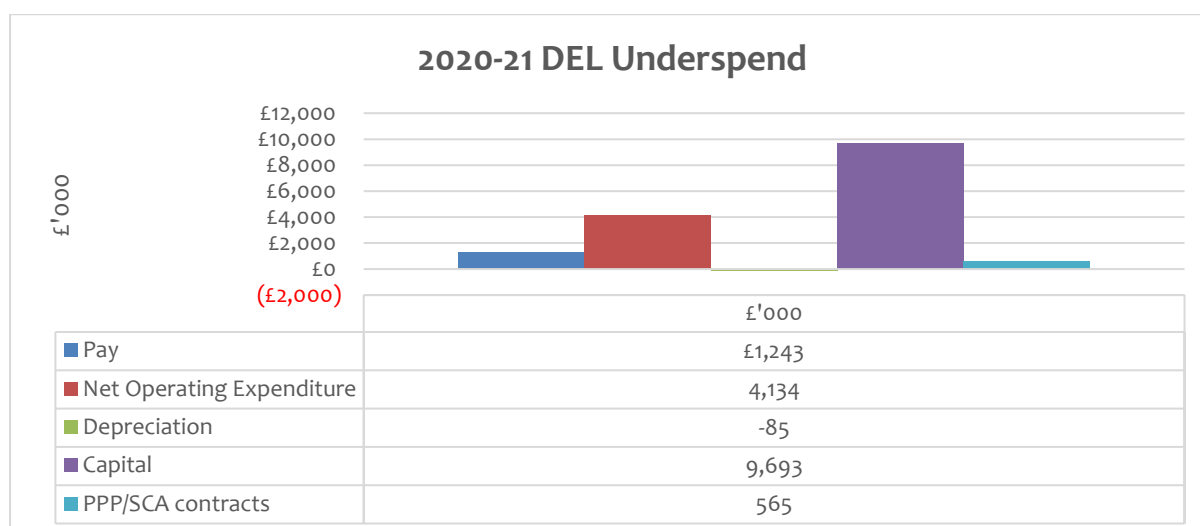
A comparison of the SPS final outturn with the SBR for 2020-21 is detailed below. The table does not include notional charges of £113k (Note 17 in the Notes to the Accounts).

	Actual Outturn £000	Revised Budget £000	Over/ (Underspend) £000
Total Departmental Expenditure Limit (DEL) ²	336,320	351,306	(14,986)
Total Outside DEL Expenditure ³	78,428	78,993	(565)
Annually Managed Expenditure (AME)	1,271	1,093	178
Total Expenditure	416,019	431,392	(15,373)

Total expenditure for the year was £416,019k against the SBR budget position of £431,392k.

The DEL underspend of 3.6% is primarily attributable to capital, pay and estate maintenance underspends, with legal case/staff compensation forecasts also falling short of actual pay-outs. 71% of the total capital underspend (£9,693k) was due to in year project slippage and re-phasing of the Women's Estate (Women's National Facility and CCU's). Pay underspends (c.£1,244k) are predominantly due to a high number of vacant operational posts. The estate maintenance programme experienced significant levels of slippage in the last financial quarter (c£1,950k). Staff compensation and legal case pay-outs are extremely volatile in nature, with actual pay-outs by the year end falling short of final financial quarter forecasts (£c1,000k).

The net DEL underspend is summarised by expenditure type below.



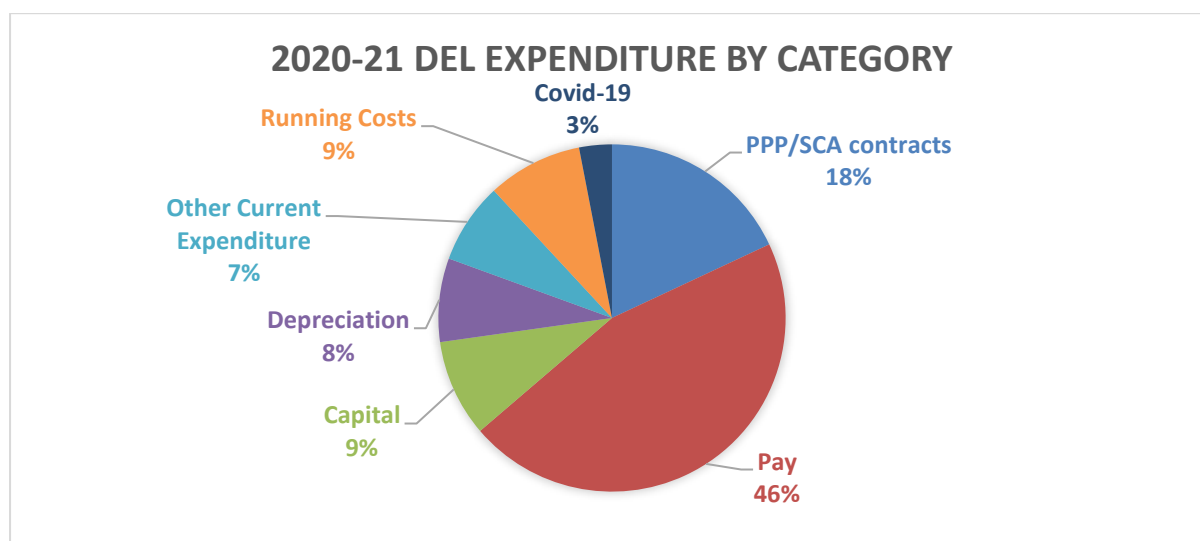
¹ AME budgets are used to manage expenditure which is demand led or exceptionally volatile in a way that could not be controlled and where the expenditure is so large that it could not be absorbed in DEL.

² DEL budget limits are set in the Spending Review.

³ Outside DEL expenditure includes costs associated with PPP/PFI contracts for HMP Addiewell and HMP Kilmarnock and the Court Custody and Prisoner Escort Service Contract.

Analysis of expenditure

The most significant expenditure category for SPS relates to pay (2020-21 45%) followed by committed private sector and prisoner escort services contract expenditure (2020-21 18%).



Covid-19 related expenditure accounted for £12,817k of SPS DEL expenditure in 2020-21 (3%). The most significant cost categories of covid-19 expenditure are summarised in the table below.

SPS Covid-19 Cost Category	£'000	%
Exceptional Staff Payments and Other Pay Costs	2,864	23%
Prisoner Escort Contract	2,420	19%
In-Cell Mobile Phones	3,093	24%
Additional Prisoner Costs	1,285	10%
PPE and Additional Cleaning Materials	1,167	9%
Capital Equipment	456	4%
Virtual Visits	310	2%
PPE Stock Write-off's	932	7%
Other Covid-19 Costs	289	2%
Total 2020-21 DEL Covid-19 Expenditure	12,817	

Net Expenditure for the Year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 67.

SPS has reported net expenditure for the year of £375,116k (2019-20 £363,443k). This is an increase of 3.2% from 2020-21 and is largely as a result of increased staff costs.

The following table shows the reconciliation between the actual outturn and the net operating costs reported in the SoCNE. The reconciliation takes account of non-cash charges and HM Treasury Consolidated Budgeting Guidance.

	£000	£000
Total expenditure		416,019
Add notional charges (Note 17)		<u>113</u>
		416,132
Less net capital expenditure (Note 4 & 5)		
Capital additions	41,018	
Book value on disposal	<u>(2)</u>	
		<u>(41,016)</u>
Net expenditure for the year (SoCNE)		<u>375,116</u>

Statement of Financial Position

The Statement of Financial Position is on page 68.

Changes in property, plant and equipment and intangible assets

As at 31 March 2021, SPS property, plant and equipment and intangible assets have a total net book value of £1,148,154k (2019-20 £1,172,875k). This represents an overall 2% decrease in value from 2019-20. This decrease in value has been masked by a significant increase in additions from 2019-20 to 2020-21 due to high levels of in year spend on the Women's National Facility and two CCU's, which are categorised as Assets Under Construction (AUC). In 2020/21, SPS purchased property, plant and equipment and intangible assets at a cost of £41,018k (2019-20 £11,326k).

As part of the five year rolling programme, 13 establishments and the Central Stores Warehouse were re-valued at 31 March 2021, with indexation applied to all other land and buildings. As at 31 March 2021, SPS Land and Buildings have a net book value of £1,091,457k (2019-20 £1,148,076k), which represents a 5% decrease in value from 2019-20. This decrease in value is reflective of a £29,454k downward valuation and release from the revaluation reserve. The significant downward valuation reflects a 2.4% decrease in the BCIS (all price) Tender Price Index (TPI) adopted for the DRC valuation method and indexation movements. This is predominantly due to the significant economic impact of the Covid-19 pandemic.

Trade and other payables

Included within payables is an amount of £82,374k (2019-20 £86,568k) representing the imputed finance lease for properties at HMP Addiewell and HMP Kilmarnock and for vehicles used in the Scottish Court Custody and Prisoner Escort Contract.

Payment of Creditors

SPS' policy is to pay all invoices, not in dispute, in 30 days or the agreed contractual terms if otherwise specified. SPS aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in these terms.

During the year ended 31 March 2021, SPS paid 99.1% (2019-20 99.1%) of all invoices received within the terms of its payment policy.

SPS has sought to achieve the Scottish Government's aspiration to pay suppliers within 10 days. Payment performance on this basis was 91.4% (2019-20 90.5%).

PERFORMANCE REPORT – PERFORMANCE ANALYSIS

The purpose of this section is to provide a detailed analysis of the development and performance of the organisation in 2020-21.

Performance Analysis 2020-21

STRATEGIC THEME	DEVELOPMENT
STRATEGIC OUTCOME	We will have the right people, with the right skills in the right place at the right time.
ACTION	
1	Enhance the ability for our staff to access and engage in appropriate learning and development opportunities through structured continuous professional development, further education and training.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Implementation of CPD pathways for those working with Women and Young People.	CS	Q1 20/21 Q4 20/22	In progress
Launch revised approaches for talent management of middle managers including new development approaches.	CS	Q1 20/21 Q4 20/22	In progress
Revise early career pathways including continued development of operational foundation training and new non-operational pathways including apprenticeships.	CS	Q1 20/21 Q4 20/22	In progress

With regard to the development of Continued Professional Development (CPD) pathways for those working with women and young people, the Learning and Development Strategy for the Young People's estate was issued and extensive work undertaken with the Women's Strategy Team.

Five-day training for staff working with women and young people (separate products) were piloted at HMP & YOIs Cornton Vale and Polmont in Q4 with small recruit groups from Residential Officer Foundation Programme (ROFP) 2. This included commencing a job role specific training needs assessment based on the Women's National Facility (WNF) and Community Custody (CCU) profiles. The SPS College worked to collate a unified draft timeline that encompasses the following four areas – workforce planning, staff training, management development, training delivery.

In respect of talent management, SPS introduced external recruitment to Residential Officers roles. To support continued recruitment a virtual interview platform was procured and Safe Systems of Working (SSOW) for medical and fitness testing were implemented. These measures ensured continued recruitment to these critical roles throughout the pandemic period.

Furthermore, the SPS Executive Management Group approved the development of apprenticeships across SPS. This approach supports the Scottish Government agenda to tackle the disproportionate economic impact of COVID-19 impact on youth opportunity and employment. The intended strategic approach will look to provide apprenticeship opportunities across various areas of the business. A full procurement process to appoint a suitable training provider and establish value for money is required and this work will be taken forward during 2021/22.

Work in relation to the revision of early career pathways was delayed by COVID-19 although recruitment to Operations and Residential Prison Officer roles continued. A further cohort of 42

Operations Officers was successfully delivered in Q4 of 2020-21.

Work was also undertaken to support those already within Middle Management roles in the development of their career paths.

STRATEGIC THEME	ENGAGEMENT
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STRATEGIC OUTCOME	Everyone has a voice and contributes meaningfully to our corporate improvement journey.
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ACTION	
2	Develop a framework for engagement with Service Users as part of a more transparent and balanced evidence base for organisational improvement.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Mainstream user voice across all strands of Improvement Framework.	SSE	Q1 21/22 Q4 21/22	In progress
A programme of user voice/qualitative research based on organisational priorities.	SSE	Q1 21/22 Q4 21/22	In progress
Pilot and test quality indicators for engagement with service users.	SSE	Q1 21/22 Q4 21/22	In progress

ACTION	
3	Develop a strategy which promotes employee voice, opportunity, wellbeing, equalities and respect, fulfilment, employment security and benefits.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Mainstream employee voice within policy and process development.	CS	Q1 20/21 Q4 20/22	In progress
Co-ordinate a wide range of employee Wellbeing activities.	CS	Q1 20/21 Q4 20/22	In progress
Achieve our published Equality Outcomes.	CS	Q1 20/21 Q4 20/22	In progress
Develop an approach which will promote the Fair Work principles of Effective Voice, Respect, Opportunity, Security and Fulfilment.	CS	Q1 20/21 Q4 20/22	In progress

Positive and regular engagement with those in our care throughout the pandemic has been critical in securing and maintaining continued co-operation, thus ensuring operational stability.

This has been achieved via frequent communication and constructive engagement between staff and those in our care which has taken place on a one to one basis, in group settings and through representative fora. In addition, a range of media have been utilised to disseminate information across prisons including information leaflets, posters, display screens and the use of prison radio. We have also used feedback from local prisoner focus groups to develop Frequently Asked Questions (FAQs) and tailor communications to address issues being highlighted. A number of important communications have also been translated into foreign languages.

During the course of 2020-21 we started thinking about what a Framework for Engagement with Service Users might look like. This work will continue throughout 2021/22 and include research into the future shape of the Prisons Survey and potential Quality Indicators.

Positive engagement with our staff has been critical to our effective response and to managing and mitigating the risks presented by the pandemic and we implemented a range of measures underpinned by the development of a Covid-19 Communications Plan.

The wellbeing newsletter, 'Connect', was developed to support staff through the period. This provides Information on SPS's response to the COVID-19 pandemic to reinforce messages sent out through formal channels; and provide information on internal wellbeing support routes and opportunities.

A range of support measures for staff including special arrangements for managing staff absence were introduced during the year. An Operational Recovery Plan was published aimed at supporting staff to return to the workplace and contingency planning arrangements put in place to ensure the continuing functioning of the payroll system.

An Interim Home Working Policy and Guidance was introduced to support staff in the shift to the Scottish Government's default position of home working wherever possible (a substantive policy is being developed). 'Keyworker' status for our staff was agreed with the Scottish Government.

An Exceptional Payments Scheme (EPS1) was implemented which recognised the extra demands placed on certain key members of staff throughout the organisation.

'Keyworker' status for our staff was agreed with the Scottish Government and continues to remain in place. An interim homeworking policy was developed and work is continuing to agree in partnership with TUS, a formal substantive homeworking policy.

Further to this a scoping exercise was undertaken to determine what a corporate Staff Engagement strategy would look like. A proposal based on the principles of 'Fair Work' was agreed by the Executive Management Group (EMG). A range of work streams and activities will fall under this umbrella including the launch of the new Attendance Management policy and the development of a Wellbeing Plan for staff will be further progressed in 2021-22.

In August 2020 as a direct impact of COVID-19, the EMG agreed to extend the lifespan of the SPS Equality Outcomes 2017-20 to allow time for evaluation to be undertaken. Analysis of this set of equality outcomes was undertaken and utilised to produce our new outcomes for 2020-22 which are referred to later in this report.

STRATEGIC THEME	IMPACT
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STRATEGIC OUTCOME	Our services are efficient, effective and provide value for money.
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ACTION	
4	Revise and update our medium term financial plan to ensure alignment with revised strategic priorities further to the impact of COVID-19 in order to ensure value for money.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
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Embed financial planning and management across all aspects of the Delivery Plan.	OCE	Q1 20/21 Q4 20/22	In progress
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ACTION	
5	Implement a range of digital solutions to support those in our care and their families and facilitate smarter working opportunities for our people.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Develop New case management platform.	OCE	Q1 21/22 Q4 21/22	In progress
Develop Network upgrades (cloud hosting transition plan).	OCE	Q1 21/22 Q4 21/22	In progress
Development of 'KIOSK' modular services to support the delivery of in-cell digital services.	OCE	Q1 21/22 Q4 21/22	In progress

ACTION	
6	Mainstream delivery of our Equality and Diversity commitments in order to reflect the areas of equality that require the greatest focus, set against our commitments and obligations under the Justice Strategy and National Performance Framework alongside other requirements placed upon us as a public sector employer and service deliverer.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Publish and progress a new set of Equality Outcomes.	CS	Q1 20/21 Q2 20/21	Completed
Publish a Diversity Action Plan.	CS	Q1 20/21 Q2 20/21	Completed
Undertake a consultation process regarding the existing SPS corporate position on transgender people in our care.	SSE	Q3 20/21 Q4 20/21	In progress

ACTION	
7	Improve the design and delivery of prison services, drawing on the lessons learned from the COVID-19.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Develop the evidence base in support of any changes to service delivery.	OD/S SE/CS	Q1 21/22 Q4 21/22	In progress
Develop and deliver a programme of service improvement.	OD/S SE/CS	Q1 21/22 Q4 21/22	In progress

During 2020-21 the scope of the Medium Term Financial Strategy (MTFS) was considered and it was anticipated that this could include the impact of a range of factors including recovery from the pandemic (taking into account wider Justice System recovery), workforce planning, service redesign, population numbers and complexity and infrastructure considerations.

In response to the pandemic we successfully implemented a range of digital solutions to support those in our care and their families including access to mobile phones and 'virtual' visits, (both of which required amendment by Parliament to Prison Rules). We developed, implemented and operated a facility to accept online payments to people in our care from family and friends.

Digital resources were made available to staff to support home working in line with the Scottish Government default position where possible.

Although these areas took precedence, preparation work continued with towards the procurement of a new case management platform, network upgrades and in-cell digital capacity.

The electronic Purchase to Pay (eP2P) project which had been paused in order to focus all resources on the pandemic response was restarted in the later part of the year, with a revised project plan and timeline agreed.

Work was also undertaken to map out what a ‘future-state’ digital HR service will look like.

Our new Equality Outcomes for the period 2020-22 and a revised Diversity Action Plan, were published in 2020-21. The Equality Outcomes will focus on diversifying our workforce to be more reflective of the wider Scottish society and will continue to promote and support the health and wellbeing of our staff, those in our care and those who come in to contact with the SPS. They will also ensure that our staff and those in our care understand why we collect diversity monitoring information and the positive impact that this can have on delivering our business.

Progress is monitored through the SPS Equality and Diversity (E&D) Steering Group which is chaired by the Interim Chief Executive, which reflects our continued commitment in this area.

SPS is committed to reviewing our Gender Identity and Gender Reassignment Policy. An oversight group has been established and will continue taking forward this work in 2021-22.

In response to the unprecedented challenges brought on by the pandemic, prisons introduced a truncated ‘core day’ regime, delivering essential critical services. Initially this included the suspension of all education and vocational training, non-essential prison work, behavioural programmes, temporary absence, and prison gyms. In line with public health advice, restrictions were also placed on the number of people who could attend exercise, or recreation, at any one time. Restrictions were eased in Q2 in line with public health advice and establishments recommenced Education services. This continued through Q3 until restrictions were reintroduced across Scotland during a second national lockdown. These significant restrictions have resulted in reduced session times and establishments are operating with reduced attendance numbers in order to observe physical distancing and safe working practices.

Despite the challenges, these working arrangements have afforded opportunities and provided evidence in relation to the impacts and effects of changing established working practices and patterns. These will be reflected upon in 2021-22 as part of our recovery and help to inform our thinking about the way we design and deliver custodial care in the future.

STRATEGIC THEME	STANDARDS
STRATEGIC OUTCOME	Our prisons are safe, healthy and positive places in which to live and work.
ACTION	
8	Deliver our priority commitments within the Estate maintenance and development programmes.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Targeted refurbishment in HMP Barlinnie.	CS	Q1 20/21 Q4 20/22	In progress
Advanced stage of construction of Women's National Facility and Community Custody Units.	CS	Q1 20/21 Q4 20/22	In progress
Pre-construction phases for HMP Highland and HMP Glasgow.	CS	Q1 20/21 Q4 20/22	In progress

ACTION	
9	Develop and implement a SPS Improvement Framework linked to the relational role of prisons, as set out in Scotland's Justice Strategy. The Improvement Framework will connect with HMIPS reporting, be underpinned by self-evaluation and quality indicators and be supported by a set of outcomes, indicators and Management Information.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Pilot a structured approach to self-evaluation.	SSE	Q3 21/22 Q4 21/22	In progress
Develop a new set of outcomes and indicators.	SSE	Q4 20/21 Q4 21/22	In progress
Develop a Management Information improvement plan.	SSE	Q4 20/21 Q4 21/22	In progress

ACTION	
10	Deliver the Women's Strategy in order to give effect to the Scottish government's vision for women in custody.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Implement a revised case management approach for women.	SSE	Q1 20/21 Q3 21/22	In progress
Agree services and a collaborative service delivery model for women, in partnership with key stakeholders.	SSE	Q1 20/21 Q3 21/22	In progress
Design and deliver staff training packages which support trauma informed practice.	SSE	Q1 20/21 Q3 21/22	In progress
Introduce new approaches which embed trauma informed practice in all aspects of service delivery.	SSE	Q1 20/21 Q3 21/22	In progress

A contractor was appointed in November 2020 to develop the design of the improvement works at HMP Barlinnie. Work to upgrade the healthcare provision within the accommodation halls is planned to be completed first, with the refurbishment of the existing health centre and prisoner reception to follow, with completion anticipated in the later part of 2022.

Progress continues with the construction of the Women's National Facility at the existing Cornton Vale site. Construction was subject to delays as a result of COVID-19 restrictions and the need to undertake key elements of construction throughout the winter months.

Construction work at both CCU sites continues. The Glasgow CCU is forecast for completion in Spring 2022, with the Dundee CCU later that same year.

Work has continued to progress with pre-construction activity for HMP Highland and HMP Glasgow projects. Both projects feature within the Scottish Government's 'Infrastructure

Investment Plan for Scotland 2021-22 to 2025-26’.

With regard to the Women’s Strategy, in addition to the work noted in other parts of this Performance analysis relating to recruitment and training and estate construction, from a practice point of view new Standard Operating Procedures are being developed which will underpin the delivery of trauma informed practice. These will be tested and assured across the women’s estate during 2021.

Developmental work across was undertaken with regard to the design of proposed SPS Improvement Framework and this involved engagement work at senior level across the organisation. Consultation and engagement also took place in respect of the design of the Management Information Improvement Plan (MIIP) with a view to identifying key product. This will be implemented in 2021-22

The SPS Delivery Plan 2020-22 was noted by the Cabinet Secretary on 24 March 2021. This formalised our Delivery Plan for the period across 6-month planning bursts which will allow for flexibility in the context of the continuing pandemic.

STRATEGIC THEME	COLLABORATION
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STRATEGIC OUTCOME	Growing and strengthening our stakeholder and partner networks and relationships to achieve better outcomes for those in and leaving our care.
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ACTION	
11	Develop a health and wellbeing strategy for those in our care that recognises the changing and more complex prison population and includes a specific focus on children and young people.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Deliver against recommendations of the Expert Review of Mental Health (EROMH).	SSE	Q1 20/21 Q4 20/22	In progress
Undertake an analysis of how SPS will be affected by the introduction of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill and develop and implement a cross SPS action plan.	SSE	Q1 20/21 Q4 20/22	In progress
Complete the redesign of the Control and Restraint policy and training manual and achieve approval from the dedicated steering group.	SSE	Q1 20/21 Q2 20/21	Completed
Undertake outline discovery work for phase 2 of the control and restraint review, this will include determining the scope and developing a terms of reference.	SSE	Q3 20/21 Q4 20/21	Completed

ACTION	
12	Manage the prison population effectively, in accordance with the role of prisons in the Justice Strategy and aligned to the pandemic plan.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
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Implement early release arrangements in accordance with the Coronavirus (Scotland) Act 2020.	SSE	Q1 20/21 Q2 20/21	Completed
Develop a Home Detention Curfew (HDC) process which maximises the opportunity for individuals in custody to be managed under HDC licence; providing a managed return to their communities.	OD	Q3 20/21 Q4 20/21	Completed
Develop and embed a culture, shared by our partners, that allows for risk reduction to be demonstrated by a range of different means during an individual's progression journey.	OD	Q4 20/21 Q4 21/22	In progress
Develop and embed a revised framework for Risk, enhancing SPS wide understanding and application of: The Guiding Principles, The Language of Risk and The Practice Standards (RMA FRAME 2011).	SSE	Q4 20/21 Q4 21/22	In progress
Develop policy and tactical responses to Scotland's increasingly complex prison population.	OD	Q1 20/21 Q4 20/22	In progress

ACTION	
13	Work intensively with Justice and other partners, including third sector, to identify, develop and implement a range of policy and other solutions in order to achieve a sustainable prison population.

KEY ELEMENTS	BY	WHEN	PERFORMANCE
Support the development of alternatives to remand and imprisonment, including Electronic Monitoring.	SSE	Q1 20/21 Q4 20/22	In progress
Remove barriers to reintegration, including the expedition of warrants and homelessness as part of HDC.	SSE	Q1 20/21 Q4 20/22	In progress
Improve data sharing arrangements with key partners.	SSE	Q1 20/21 Q4 20/22	In progress

Collaborative working arrangements with Justice partners and other statutory agencies and the Third Sector have been critical to the safe delivery of custodial care during the pandemic.

A final update on progress against recommendations in relation to the Expert Review on Mental Health (EROMH) was completed and provided to the Scottish Government in Q4, which allowed them to provide an update to Her Majesty's Chief Inspector of Prisons (Scotland), Dr Helen Smith, Parliamentary Committees and the bereaved families. SPS EROMH group, including NHS Forth Valley, will continue take forward the work in this area.

A policy analysis of how SPS will be affected by the introduction of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill was undertaken and recommendations on potential design and delivery options in order to meet statutory obligations have been identified.

The redesign of the Control and Restraint manual was completed. To support Phase 2 of the review, a monthly Delivery Group and quarterly Steering Group were established. Initial scoping exercises relating to available techniques, establishment needs through data analysis, engagement with other jurisdictions and literature review were commenced. International contacts were contacted for advice on their process, culture and techniques employed.

Arrangements for the early release of a limited number of short-term prisoners in accordance with Scottish Coronavirus regulations were developed in collaboration with partners. It was agreed that an internal process evaluation would be undertaken to ensure that the lessons

learned from Early Release were understood and could inform the future design and delivery of wider release management arrangements.

During the year there was a particular focus on developing policy solutions for alternatives to remand, preventing breaches across the system resulting in imprisonment, removing barriers to Home Detention Curfew (HDC) such as warrants and homelessness. SPS is also working closely with other Justice partners on analytical modelling.

With regard to the development of a shared vision and action plan for prisons demand and capacity, a workshop involving senior SPS leaders and the Scottish government took place and the development of an Action Plan was agreed. This will be taken forward in 2021/22. In this context, we developed a shared scenario planner against justice reform to enable the resource implications for SPS to be analysed and understood.

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive
16 July 2021

ACCOUNTABILITY REPORT – CORPORATE GOVERNANCE

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

Directors' Report

Teresa Medhurst was appointed Interim Chief Executive of the Scottish Prison Service on 30 March 2020.

The Chief Executive

The Chief Executive establishes the strategic direction of the SPS in conjunction with the Scottish Government; ensures public accountability; assures probity/integrity; allocates resources and monitors performance; reviews and manages risks facing the SPS; and develops capability and performance while ensuring sound corporate governance.

The SPS operates a three directorate model; Operations, Strategy and Stakeholder Engagement and Corporate Services.

SPS Advisory Board

The SPS Advisory Board's role is to support the Chief Executive in providing leadership and in directing and controlling the organisation in the public interest.

The Advisory Board is chaired by Non-Executive Director Brigadier Hugh Monro CBE and comprises SPS Executive Directors and Non-Executive Directors, who collectively act in an advisory capacity. In 2020-21, the board met formally on six occasions; with a number of other 'catch up' calls also held virtually due to Covid-19 restrictions. Minutes of these meetings are published on the SPS website. www.sps.gov.uk/Corporate/Publications/Publications.aspx

A Register of Interests of Advisory Board members is held by the SPS and is reviewed twice a year. The register is also published on our website at [What Governs the Scottish Prison Service \(sps.gov.uk\)](http://www.sps.gov.uk/What-Governs-the-Scottish-Prison-Service)

Risk Monitoring and Audit Committee (RMAC)

The Risk Monitoring and Audit Committee supports the Chief Executive and the Advisory Board by advising on the effectiveness of SPS corporate governance arrangements including risk management, performance management, systems of internal control; and assurance arrangements.

The committee comprises two Non-Executive Directors in addition to SPS staff and is independently chaired by Gavin Scott. The committee met on six occasions during 2020-21.

Information Security

The SPS takes Information Security very seriously and, at Board level, is the responsibility of the Senior Information Risk Owner. An Information Governance forum meets throughout the year.

There is an Information Security Unit based in HQ and a network of trained Information Security Officers throughout SPS. Robust information security policies are in place and staff are made aware of these policies through leaflets and presentations. All staff undertake the compulsory Cabinet Office e-learning course on protecting information.

An internal process for reporting and investigating information security and personal data related incidents is in place. During 2020-21, the SPS had no personal data related incidents that were reported to the Information Commissioner.

Appointed Auditors

The accounts are audited by our auditors appointed by the Auditor General for Scotland. Under section 21 of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General has determined that Azets will be the appointed auditor for SPS for the financial years 2016-17 to 2021-22.

Azets carried out the audit of SPS' accounts for the financial year ending 31 March 2021. Azets determined that the notional fee for this service was £113,278 (2019-20 £113,278).

Statement of Accountable Officer's Responsibilities

Under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 the Scottish Ministers have directed the Scottish Prison Service to prepare for each financial year a statement of accounts in the form and, on the basis, set out in the Accounts Direction on page 95. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SPS 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 the Scottish Ministers, 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; and
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer of the Scottish Government has appointed the Chief Executive as Accountable Officer of the SPS. The responsibilities of an Accountable 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 SPS' assets, are set out in Managing Public Money published by the HM Treasury.

Statement of the Disclosure of Information to Auditors

As the Accountable 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 the Scottish Prison Service auditors are aware of that information.

So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Scope of responsibilities

I was appointed Interim Chief Executive on 30 March 2020 and therefore the Accountable Officer (AO) for this 2020-21 reporting year.

The AO has responsibility for maintaining a sound system of internal control that supports achievement of the Scottish Prison Service's (SPS) policies, aims and objectives set by Scottish Ministers whilst safeguarding the public funds and departmental assets for which they are personally responsible in accordance with the responsibilities assigned to them.

The AO is accountable to Scottish Ministers for the operation of the SPS; for providing advice and evidence on delivery to inform policy; for the management of SPS; and for planning its future development.

Governance Framework

The SPS is an Executive Agency of the Scottish Government and is required to comply with the Scottish Public Finance Manual. The SPS Framework Document (last produced in March 2016) sets out the policy and resources within which SPS operates, including delegated financial limits. The Framework Document requires refresh and this will be progressed early in the next reporting year. The existing document can be found on SPS's web site at the following link

<http://www.sps.gov.uk/Corporate/Publications/Publication-3925.aspx>

The Advisory Board role and function is consistent with the remit detailed in the Framework Document. The board is chaired by Non-Executive Director Brigadier Hugh Monro to provide support and challenge to the SPS. Non-executive and Executive Directors form the Advisory Board to enable the Chief Executive to effectively lead the organisation and ensure implementation of the policies and priorities of Ministers and the Scottish Government. During the year 2020-21 the Advisory Board met on six occasions with additional 'catch up' briefings throughout the year. Additional briefings focused on the operational response to the COVID-19 pandemic. This enhanced level of assurance was appropriate due to the significance of the pandemic and the dynamic environment within which the organisation operated.

The role of the Advisory Board includes:

- Strategy – constructively challenging and contributing to the development of strategy, suggesting ambitious targets and innovative approaches for delivery.
- Performance – scrutinising the performance of management in meeting goals and objectives and monitoring the reporting of performance.
- Risk – satisfying themselves of the reliability and integrity of risk management and internal control arrangements. Providing assurance that the framework for organisational governance is operating effectively.

The Advisory Board has, throughout this year, reflected on its role and development within SPS. An initial workshop was undertaken with all members to consider opportunities to capitalise on the expertise of non-executive Directors aligned to major areas of development within SPS. Early engagement and support from Advisory Board members has been sought throughout the pandemic and in relation to key areas such as: governance structures, risk and policy development (e.g. women's

estate). As part of a developing plan, the Advisory Board is committed to taking part in an overall improvement focus.

The Advisory Board is supported in its work by the Risk Monitoring and Audit Committee (RMAC), which is chaired by an Independent Member of the Committee. The RMAC is responsible for overseeing risk, control and governance arrangements in place throughout the SPS and considers SPS exposure to financial risks including fraud and corruption as well as operational risk and its capacity to respond. The RMAC met on six occasions during 2020-21.

The meetings were attended by myself as Interim Chief Executive, two Non-Executive Directors and both internal and external auditors.

Covid-19 Governance Arrangements

Due to the continuing nature of the Pandemic, enhanced governance arrangements have been maintained. To ensure the expedition of urgent decision making in a dynamic and reactive operating environment the SPS National Corona Virus Response Group (NCRG), chaired by the Director of Operations, continued to run. The NCRG provides the link between strategic direction and the SPS' operational estate, communicating with both internal and external stakeholders to translate change into operational policy, practice and procedure.

A Clinical Advisory Group was formed to provide a direct and clear link to emerging and changing public health and infection control advice. This group, led by Public Health, is attended by a range of stakeholders including health colleagues, Public Health Scotland representatives and relevant Scottish Government departments with the aim of ensuring consistency of practice and quick operational response to support SPS' understanding of how to manage our prisons safely in light of COVID-19. Enhanced reporting to Ministers on the SPS operational response to COVID-19 has continued throughout the year.

The Local Corona Virus Response Groups (LCRG) have continued at each establishment to co-ordinate local response and to ensure, where restrictions have been specific to geographical regions, that practice is in line with national guidance.

Risk Management

The SPS operates a governance framework including a risk management strategy and formal systems of internal control. The risk management strategy aligns with the transformational vision, mission and values of SPS, whilst also supporting the operational delivery of its core business and contributing to the wider Strategy for Justice in Scotland set out by the Scottish Government. SPS is committed to operating a risk management strategy that underpins and supports the delivery of SPS objectives set out in the Corporate Plan for 2019-22.

The strategy is compliant with the Scottish Public Finance Manual requirements and relevant guidance issued by Scottish Ministers.

SPS considers governance and risk management as a critical component of effective business management. Throughout the 2020-21 year the operational response to COVID-19 has been effective. However, we have continued to focus on longer term priorities ensuring that we review and consider actions to ensure that governance arrangements and risk management are robustly working in practice. A commissioned internal audit of governance, our first such review, and assessment of the audit activity throughout identified a number of factors and areas of required development. It is of

note that some of these factors were pre-existing and identified, with mitigating actions having been paused due to the pandemic and the recruitment process of the Chief Executive role. They include:

- The requirement to ensure the Framework Document is current;
- Recommendations provided by external review of the internal audit function;
- The interim nature of the senior leadership team and possible gaps in structure relevant to the key issues facing the organisation; and
- Resource gaps in key areas of audit and risk (due to retirement and resignation).

As Accountable Officer I recognise that whilst the operational response to COVID-19 has been a priority and requirement of our focus throughout the 2020-21 year, we are committed to continuous improvement and self-assessment. I have taken a number of key actions which are both transparent in approach and reflect the drive of the organisation to ensure we practice good governance and risk. This has included the commission of an external review of our internal audit function and consequently, interim arrangements have been put in place to ensure expertise and leadership of Internal Audit activity supported by the Scottish Government Directorate for Internal Audit and Assurance (DIAA). I have also initiated a plan to review the senior leadership structure to address the portfolio and alignment of work across directorates with a view to ensuring that our structure reflects the areas of estate and digital infrastructure alongside organisational development. As the organisation moves forward to a period significant capital investment this structural review and the development of a major projects governance structure will provide assurance and address the highlighted issues resulting in limited assurance.

I accept the recommendations arising from the internal governance review and am content that the actions being undertaken both in governance and the SPS risk management strategy will address this. The systems of governance, management and risk control in place in the SPS throughout the year ended 31 March 2021 and up to the date of the approval of the Annual Report and Account accords with Scottish Government guidance. In highlighting the issues noted above by means of these systems, the process is operating effectively in all material respects.

Internal Audit

As noted above, an external review of our internal audit function was completed and resulted in a number of recommendations that will be considered and progressed. Interim arrangements were put in place, supported by the Scottish Government DIAA to provide the overall annual assurance opinion level provided to me, RMAC and the Advisory Board. This was a limited annual assurance opinion for 2021-22. This in summary reflected weaknesses in the current risk, governance and/or control procedures that either do, or could, affect the delivery of any related objectives. Exposure to the weaknesses identified was assessed as moderate and are being mitigated.

In relation to the operational work undertaken, which forms assurance to me on compliance with delivery standards at an operational level, a Reasonable Assurance level has been noted by the team.

Review of Effectiveness

As accountable Officer, I have responsibility for reviewing the effectiveness of the systems of internal control and corporate governance. My review is informed by:

- The work of the Audit and Assurance Unit, which provided an overall limited annual assurance opinion. Weaknesses identified, described in the above section, are being addressed to ensure action is taken to improve and address this.

- Meetings of the Advisory Board within the financial year;
- Meetings of the Executive Management Group to deal with operational and other issues;
- Monitoring and reporting of performance against key performance indicators;
- A refined and improved Statement of Assurance process which has been introduced and provided by every Executive Director to myself. The effectiveness of this process is reported to RMAC;
- Reports and assurance to EMG, the Advisory Board and RMAC regarding Information Management;
- Annual report to the SPS Advisory Board from the Chairman of the RMAC concerning corporate governance and the control environment;
- Attendance of the Chairman of the RMAC at Advisory Board meetings, where RMAC minutes are received and a verbal update of RMAC business is provided;
- Reports from internal assurance providers (i.e. Head of Health and Safety, Head of Fire Safety and Divisional Head of Operational Support) on the adequacy and effectiveness of the arrangements, together with recommendations for improvements and the action management proposes taking to implement these;
- External Audit who report to the RMAC on SPS controls through management letters and other reports;
- Progression of management action from internal and external audit reports;
- Regular reviews of progress on the Annual Delivery Plan by the Advisory Board;
- Implementing measures for SPS to ensure information security and standardise and enhance the management of information risk. Information from the internal process for reporting and investigating information security and personal data related incidents. Developing cyber resilience planning which is benchmarking itself against the Scottish Government Cyber Resiliency Framework;
- The use of Project Management (with a developing major project structure) and gateway review processes to manage major projects and a review of key projects by internal audit;
- The Fraud Response Group (FRG) chaired by the Chief Executive and attended by a Non-Executive Director focusing on fraudulent activity within the organisation at an early stage. This group reviews lessons learnt, promotes awareness of fraudulent activity and influences policy development. The group's policy and terms of references will be reviewed and, where required, updated in the next reporting year;
- The SPS Financial Policy Guidance Manual provides standard authority for establishments, SPS College, Central Stores and Headquarters Directorates. Compliance with its contents is mandatory and maintains propriety in the control of Government expenditure and income. It

ensures assets are properly safeguarded, that proper accounting records and maintained and ensures compliance with current legislation and Government financial procedures.

As part of our ongoing work and as part of the assurance process we continue to identify areas for improvement in our governance and internal control frameworks. I am content that my review, informed by all of the items detailed above has provided me with a clear understanding of the specific areas requiring action that contributed to the overall limited assurance. These areas are ones which I have in place actions to ensure we move to a position of enhanced assurance of the effectiveness of the systems of governance and internal control within the SPS.

External Audit

The Auditor General for Scotland (Auditor General) has appointed Azets as the SPS' external auditors. The Auditor General prepared a report to the Public Audit and Post Legislative Scrutiny (PAPLS) committee under Section 22 of the Public Finance and Accountability (Scotland) Act 2000 after the audit of the 2018-19 Annual Report and Accounts. The report identified multiple pressures facing SPS, including Financial Sustainability, Prisoner Population, Staffing, Performance and the Prison Estate. The PAPLS committee took evidence from the Auditor General, SPS and Scottish Government during 2019-20 and published a report on their findings and conclusions in February 2020. A response to the PAPLS committee was provided by Scottish Government on 24 June 2020. Actions have continued to be taken during the year to address some of these pressures, however it is recognised that some of the issues identified in the report have been overtaken, or in some cases exacerbated, by the actions SPS had to take in response to the COVID-19 pandemic.

Significant Matters

There have been significant issues identified during the year in relation to the overall governance framework. These were:

Resourcing:

The levels of absence within the SPS during the pandemic has continued to be an area which has required a high level of monitoring. This has involved shielding, related illness and isolation. To maintain service delivery, the SPS continues to incur costs in terms of voluntary, non-contractual (ex-gratia) payments to officers and as noted elsewhere in this report a system of exceptional payments was implemented for a set period of time. At the corporate level the interim nature of senior roles and the capacity of the senior structure has been identified as an area requiring review. This review has been identified and will be commissioned in early part of the 2021-22 reporting year.

Population management:

Details of how the SPS manages the prison population are included in the 'Our Service Today' section. The impact of the Pandemic on related justice structures such as the Court system has led to difficulties in trend analysis and uncertainty in the population make up. Whilst it is still expected that the resumption and increasing Court business will lead to increasing numbers of people in custody the ability to accurately predict is reduced. Added to this is a clear drive to adhere to measures such as physical distancing requirements and ensuring that our service delivery is consistent with national advice.

Financial sustainability:

The Scottish Parliament approved the 2020-21 budget for SPS of £443.4m. During the year, changes to the budget were made at the budget revision stages, with SPS receiving an increase in resource funding to relieve forecast cost pressures resulting from COVID-19. Capital funding was surrendered to Scottish Government relating to the re-phasing of the development of the prison estate. Further information on the financial performance for the year can be found in the Performance Analysis and in the Financial Statements and Notes to the Accounts sections of this report.

Financial sustainability remains a challenge and further work is required to develop the medium term financial strategy to reflect the impact of COVID-19 alongside the longer term strategies and capital investment plans. As noted, the senior structural review aims to address the structure and alignment of the corporate portfolio to ensure we work effectively.

Governance:

SPS is committed to developing its people and senior leaders and is committed to providing secondment opportunities which benefit individual staff, the SPS and the broader civil service cadre. As a result of this commitment and the retirement of the previous Chief Executive, the Chief Executive and Directors are all interim. A recruitment campaign for Chief Executive role did not conclude with appointment and therefore this continues to be interim. As noted, this has been identified as an area of risk and actions are being undertaken to address the limitations of current governance arrangements and structure. Throughout this period, the willingness to tackle governance issues, some of which have been long-standing arrangements, provides assurance of the commitment to make required changes.

Covid-19:

The continued nature of the COVID-19 pandemic has been a period of unprecedented challenge in maintaining a service delivery in the face of a constantly changing environment.

The SPS has adapted and adheres to required measures designed to limit the spread of the virus however, as with the rest of our community, this has not been without challenge. The required focus on COVID-19 has drawn resource in a way that we have not previously experienced and, although restrictions are now being eased, we as a service continue to manage our way through this pandemic and the fragility of the situation we face on daily basis cannot be underestimated. Ongoing public health measures mean that even as we recover, our 'normal' will look considerably different to the service pre-COVID.

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive
16 July 2021

ACCOUNTABILITY REPORT – REMUNERATION AND STAFF REPORT

The purpose of this section is to provide information on the remuneration and pension arrangements of SPS' Advisory Board members. It also provides information on staff numbers and related costs for the year.

Remuneration Report

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 Commission can be found at www.civilservicecommission.independent.gov.uk/

Remuneration Policy

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code available at www.civilservice.gov.uk and with independent advice from the Senior Salaries Review Body (SSRB).

In reaching its recommendations, the Review Body has 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 can be found at www.ome.uk.com.

The remuneration of the Advisory Board members is determined under the Civil Service Management Code. The remuneration of Non-Executive Board members is agreed with them on appointment.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the SPS Senior Officials.

Remuneration (salary and pensions)

Single total figure of remuneration	Salary £000		Benefits in kind (to nearest £100)		Pension benefits to nearest £000 ⁴		Total to nearest £000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
T Medhurst ⁵ Interim Chief Executive	85-90 plus Acting Up Allowance 10-15	25-30 (85-90 Full Year Equivalent) plus Acting Up Allowance 0-5 (5-10 Full Year Equivalent)	-	-	103	29	200-205	60-65
C McConnell ⁶ Chief Executive	-	115-120	-	-	-	17	-	135-140
C Johnston ⁷ Interim Director of Corporate Services	75-80 plus RRA 5-10	70-75 Plus RRA 5-10	-	-	33	32	115-120	115-120
A Purdie ⁸ Interim Director of Operations	75-80 plus RRA of 5-10	0-5 (70-75 Full Year Equivalent) plus RRA of 0-5 (5-10 Full Year Equivalent)	-	-	35	1	120-125	0-5
S Brookes ⁹ Interim Director of Strategy & Stakeholder Engagement	75-80 plus RRA of 5-10	0-5 (70-75 Full Year Equivalent) plus RRA of 0-5 (5-10 Full Year Equivalent)	-	-	50	1	135-140	0-5
K Hudson ¹⁰ Interim Director of Strategy & Stakeholder Engagement	-	30-35 (60-65 Full Year Equivalent) plus Acting Up Allowance 5-10	-	-	-	16	-	55-60

⁴ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

⁵ T Medhurst outward secondment from 5 November 2018. Returned to SPS on 28 November 2019 as Interim Chief Executive until 9 February 2020, Deputy Chief Executive from 10 February 2020 and resumed as Interim Chief Executive from 30 March 2020.

⁶ C McConnell took a Senior Advisory opportunity with the Scottish Government from 30 March 2020 and retired on 31 July 2020 (salary costs of £40-45K, Full Year Equivalent banding of £120-125K, were fully recovered from Scottish Government).

⁷ C Johnston Interim Director of Strategy & Stakeholder Engagement from 3 January 2019 and then Interim Director of Corporate Services from 23 September 2019. RRA and benefit in Kind restated for 2019-20.

⁸ A Purdie Interim Director of Operations from 17 March 2020.

⁹ S Brookes Interim Director of Strategy & Stakeholder Engagement from 23 March 2020.

¹⁰ K Hudson Interim Director of Strategy & Stakeholder Engagement from 23 September 2019 to 31 March 2020.

		(10-15 Full Year Equivalent)						
J Kerr ¹¹ Director of Operations	-	80-85 (80-85 Full Year Equivalent)	-	-	-	26	-	105-110
R Sutherland ¹² Interim Director of Corporate Services	-	30-35 (60-65 Full Year Equivalent) plus Acting Up Allowance 5-10 (10-15 Full Year Equivalent)	-	-	-	2	-	40-45
H Monro Non-Exec Director	0-5	0-5	-	-	-	-	0-5	0-5
R Molan Non-Exec Director	0-5	5-10	-	-	-	-	0-5	5-10
K Hampton Non-Exec Director	0-5	5-10	-	-	-	-	0-5	5-10
GC Stillie Non-Exec Director	0-5	5-10	-	-	-	-	0-5	5-10
G Scott Chair of the Risk Monitoring and Audit Committee	5-10	0-5	-	-	-	-	5-10	0-5

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. There were no benefits in kind paid during 2020-21 (2019-20 – nil).

Bonuses

¹¹ J Kerr outward secondment to Scottish Government from 16 March 2020 (salary costs in the banding of £85-90K were fully recovered from Scottish Government). Total restated for 2019-20.

¹² R Sutherland Interim Director of Corporate Services from 5 March 2018, retired on 30 September 2019.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid during the year (2020-21 – nil).

Pay multiples

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

The banded remuneration of the highest-paid director in SPS in the financial year 2020-21 was £95,000 - £100,000 (2019-20, £115,000-£120,000). This was three times (2019-20, four) the median remuneration of the workforce, which was £33,651 (2019-20, £32,356).

The value of the highest paid director in 2020-21 is less than that of 2019-20 due to the previous highest paid director leaving the SPS earlier in the year.

In 2020-21, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,234 to banded remuneration of £95,000-£100,000 (full time equivalents) (2019-20, £18,245 to banded remuneration of £115,000-£120,000 (full time equivalents)).

The minimum remuneration in 2020-21 was less than that of 2019-20 due to the SPS employing Apprentices who attract a salary below that of the B band.

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.

Pension Benefits

Officials	Accrued pension at pension age as at 31/3/2021 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/21 £000	CETV at 31/3/20 £000	Real increase in CETV £000
T Medhurst ¹³ Interim Chief Executive	40-45 plus lump sum of 125-130	2.5-5 plus lump sum of 12.5-15	1,006	868	105
C McConnell Chief ¹⁴ Executive	-	-	-	1,326	-
C Johnston Interim Director of Corporate Services	20-25	0-2.5	306	268	20
A Purdie Interim Director of Operations	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 5-7.5	823	759	36
S Brookes Interim Director of Strategy & Stakeholder Engagement	35-40 plus lump sum of 95-100	2.5-5 plus lump sum of 0-2.5	829	764	36

¹³ T Medhurst - CETV as at 31 March 2020 restated (from 865) due to Retrospective update to salary data.

¹⁴ C McConnell - CETV is as at 29 March 2020.

K Hudson Interim Director of Strategy & Stakeholder Engagement	-	-	-	63	-
J Kerr ¹⁵ Director of Operations	-	-	-	728	-
R Sutherland ¹⁶ Interim Director of Corporate Services	-	-	-	718	-
H Monro Non-Exec Director	No Pension Entitlement				
R Molan Non-Exec Director	No Pension Entitlement				
K Hampton Non-Exec Director	No Pension Entitlement				
GC Stillie Non-Exec Director	No Pension Entitlement				
G Scott Chair of the Risk Monitoring and Audit Committee	No Pension Entitlement				

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may

¹⁵ J Kerr - CETV is as at 15 March 2020.

¹⁶ R Sutherland - CETV is as at 30 September 2020.

opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is 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).

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

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

Cash Equivalent Transfer Values

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

The 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 their buying 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 to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. Real increase in CETV.

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 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.

Compensation for loss of office

There were no SPS Senior Officials that left on Voluntary Exit, Voluntary Redundancy or Compulsory Redundancy terms.

Staff Report

As at 31 March 2021 there were 4,507 staff in post including four Non-Executive Directors and the Independent Chair of the RMAC. The split across grade and gender is detailed in the table below.

	2020-21			2019-20		
	Male	Female	Total	Male	Female	Total
Senior Civil Servants*	0	1	1	0	1	1
Directors	1	2	3	1	2	3
Non-Executive Directors	3	2	5	2	2	4
Employees	2,978	1,520	4,498	2,962	1,467	4,429
Total	2,982	1,525	4,507	2,965	1,472	4,437

* SPS has one female Senior Civil Servant inwardly seconded to SPS, one female Senior Civil Servant outwardly seconded to Scottish Canals and one male Senior Civil Servant outwardly seconded to Scottish Government. These individuals have been included within the Average Number of Persons Employed table on page 55, but do not show in the table above.

Staff Numbers and Related costs

The following sections have been subject to audit by SPS' auditors.

The table below shows the staff costs for the year ended 31 March 2021 along with the prior year comparisons.

	2020-21	2020-21	2020-21	2019-20
	Permanently employed staff	Others	Total	Total
Staff Costs	£000	£000	£000	£000
Wages and salaries	142,518	2,213	144,731	138,050
Social security costs	14,528	27	14,555	13,801
Other pension costs	36,479	63	36,542	35,145
Sub Total	193,525	2,303	195,828	186,996
less recoveries in respect of outward secondments	(402)	0	(402)	(344)
Total net costs	193,123	2,303	195,426	186,652

Permanently employed staff includes staff employed on fixed term contracts. Others includes costs associated with agency staff and inward secondees.

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 but Scottish Prison Service is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation

<https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>.

For 2020-21, employers' contributions of £36,227k were payable to the PCSPS (2019-20 £34,969) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

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 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £229k were paid to the appointed stakeholder pension provider, Legal & General. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £7k, 0.5% of pensionable pay, 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.

Contributions due to the **partnership** pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

During the reporting year four individuals (2019-20; 13 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £24k (2019-20 £11k).

Average number of persons employed

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

	2020-21	2019-20
Directly employed	4,182	4,145
Other	4	6
Total	4,186	4,151

Directly employed includes non-permanent staff.

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	5 (11)	5 (11)
£10,000 - £25,000	-	6 (9)	6 (9)
£25,000 - £50,000	-	13 (20)	13 (20)
£50,000 - £100,000	-	21 (26)	21 (26)
Total number of exit packages	-	45 (66)	45 (66)
Total resource cost/£	-	£2,089,467 (£2,609,040)	£2,089,467 (£2,609,040)

Comparative data is shown (in brackets) for previous year

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2020-21. £2,089k exit costs were paid in 2020-21, the year of departure (2019-20 £2,609k). Where the agency has agreed early retirements, the additional costs are met by the agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. There were no Voluntary Exit Schemes (VES) approved by Cabinet Office.

Attendance and Wellbeing

The SPS is committed to fostering a positive working environment that proactively promotes and protects the physical and mental wellbeing of our workforce. Therefore, the high levels of sick absence within SPS remain a concern.

Sick absence is measured in Average Working Days Lost (AWDL) per employee over the previous 12-month period. AWDL for 2020-21 was 15.2 days. This is a reduction from 15.4 days in 2019-20 and 16.3 days in 2018-19. Further, when Covid-19 sick absence is removed from these figures, AWDL in 2020-21 was 13.3 AWDL.

In addition to sick absence, SPS incurred further significant absence in 2020-21 due to the pandemic. The majority of this further absence was in three categories:

- Staff shielding/following strict social distancing rules;
- Self-isolation through Test and Protect;
- Staff who were asked to stay at home as they were not carrying out work critical to the pandemic response and could not work from home.

During 2020-21, our focus has been on supporting those who were absent due to the COVID-19 pandemic and assisting these individuals making their full return to work. We have made additional efforts to keep in contact with staff, make the workplace safe for their return and use Occupational Health and other support services as required to assist this process.

Due to the COVID-19 pandemic, SPS took the decision to postpone the introduction of the new Attendance Management Policy, which was published in 2020 and will now be launched in April 2021.

The new policy has been developed to support a person centred and proactive approach to managing absence, taking account of all circumstances and providing opportunities to allow colleagues, as far as possible, to maintain attendance at work. What this means in practice is that the employee and line manager are expected to be far more active in considering what steps can be taken to maintain a healthy environment and discuss these at the earliest opportunity.

As we continue to support those affected by the pandemic, and also look more broadly to the future, we have committed as part of our Equality Outcomes for 2020-22 to carry out activities which are designed and implemented to improve the Mental Health and Wellbeing of our employees. These activities will be informed by the needs of our workforce and guided by professionals including our Occupational Health service provider.

Employee Engagement Levels

Employee engagement levels for staff are measured through the annual Civil Service People Survey. The overall SPS engagement index increased from 53% in 2019 to 59% in 2020. The area with the most significant improvement is Leadership and Change which increased by 9%. SPS continues to identify ways in which we can further improve our employee engagement and sense of loyalty and pride in working for the service and we do this in partnership with our recognised trade unions.

Employment Relations and Reward

As a Fair Work employer, SPS works in partnership with trade unions when reviewing and updating policies and procedures and partnership working has been at the heart of our response to the pandemic.

SPS established a National Coronavirus Response Group which includes trade union representatives, as well as other stakeholders, to ensure that our response is informed by the most up to date information and includes employee voice. Each prison has in place a Local Coronavirus Response Group, which also includes trade union partners, to work alongside the national group.

In response to the pandemic, SPS implemented a number of key policy changes aimed at maintaining service delivery. For example, streamlining our existing performance management and probation policies to reduce bureaucracy as well as implementing contingency plans in respect of payroll. In addition, the pandemic significantly increased the number of staff working remotely, in line with Scottish Government advice and SPS responded by implementing interim Homeworking guidance. In recognition of the extenuating circumstances we found ourselves working in as a result of the coronavirus pandemic, SPS also implemented an exceptional payment scheme which incentivised staff to work additional hours.

The SPS is proud to be an equal pay and Living Wage employer and 2020-21 represented year two of the previously agreed three-year pay offer. In addition to pay, a Cycle to Work Scheme was launched during 2020, where over 70 employees participated and several marketing campaigns were launched to promote employee benefits and recognition schemes across SPS, including celebrating Hidden Heroes day on 29 September 2020 to recognise the efforts of prison service staff in delivering a critical public service and in particular during the pandemic.

Equality and Diversity

We are committed to ensuring our people, and everyone we work with, are treated fairly, with dignity, and with respect for their human rights. We are committed to fulfilling and, where possible, going

beyond our obligations as both an employer and as a public sector provider under the relevant Equality and Human Rights legislation.

Our Equality Outcomes (the Outcomes) reflect the areas of equality that require the greatest focus, set against our commitments and obligations under the Justice Strategy and National Performance Framework, alongside other requirements placed on us as a public sector employer and service deliverer. In 2020 we published our final 2017-20 Outcomes report, detailing the progress in delivering the actions outlined within the report, and published our new 2020-2022 Outcomes. We have recognised improving diversity across an organisation takes time, and those from diverse backgrounds need to have the confidence that they have the access to the same opportunities, and to support our Outcomes and Mainstreaming diversity activities we have committed to addressing potential barriers through our 2020-23 Diversity Action plan.

We have developed equality monitoring data pertaining to applications, including data to capture socio-economic background information of candidates. This will support the analysis of the application pool to measure progress against our continued aim of having a workforce that reflects the diversity of the wider Scottish society and aligns to the Civil Service Commission's stated priority of enhancing diversity within the Civil service.

To ensure our recruitment processes do not pose any unintentional barriers we continue to review our practices. SPS now externally recruits Prison Officers at two levels (Operations and Residential) which allows staffing levels to be increased in a shorter timeframe and ensures that individuals with the right skills can be employed in the right roles at the right time, thereby increasing SPS capacity to recruit additional Prison Officers in the roles that they are most needed.

In early 2020, the SPS removed minimum qualification requirements from Prison Officer person specifications to support our diversity aims and the social mobility agenda – this is something that has continued throughout this reporting year. The focus of recruitment to Prison Officer roles is values based which increases accessibility to Civil Service jobs regardless of attainment levels, thus increasing diversity of the applicant group and subsequently, the staff group. SPS continues to participate in the Disability Confident Scheme and in 2020-21 there were 22 individuals who applied and were progressed to the final interview/assessment stages of the recruitment process under the Scheme.

We continue to be committed to developing policies and procedures with full consideration of equality issues and we recognise that Equality and Human Rights Impact assessments (EHRIA's) are an important mainstreaming tool. We continue to carry out EHRIA's as part of our approach to our policy review and development, allowing us to consider how our policies may impact, positively or negatively, on groups or individuals in relation to one or more of the protected characteristics. In line with our equality duty, all ERHIA's are published on our external website.

Trade Union Regulations

As a public sector employer with more than one trade union representative and more than 50 employees, SPS is required to publish a report outlining the "facility time", (agreed time off) for employees to carry out trade union roles.

Currently, SPS has four recognised trade unions, the Prison Officer's Association (Scotland) POA(S), the Public & Commercial Services Union (PCS), Prospect and the Prison Governors Association (Scotland) (PGA(S)). Schedule 2 of the Trade Union (Facility Time Publication Requirements) Regulations 2017 sets out what information should be published, which to the year end 31 March 2021, is as follows:

Number of Relevant Trade Unions Representatives	Full Time Equivalent
108	104.57
Of Whom:	Percentage of Time Spent on Facility Time
55	0%
29	1-50%
4	51-99%
20	100%
Total Facility Time Hours	Percentage of FT on paid TU Activities
54,654	11.9%
Percentage of pay bill spent on FT	0.7%
Total Cost of FT	£1,362,194
Total Bill	£195,425,811

Workforce Planning

The SPS Workforce Plan sets out the plan to support the organisation to build and retain the capacity and capability needed to deliver high quality services now and in the future.

This year has seen a focus on maintaining operational stability throughout the pandemic, supported by the continued recruitment and development of Prison Officers. This has included revision to recruitment methodologies including the rapid introduction of virtual assessments. Turnover slowed in 2020-21 at 6% across all staff groups (3% reduction on previous year) which has largely been attributed to the impact of the pandemic. The reduction in turnover combined with efforts to maintain recruitment has resulted in SPS being within 1% of operational complement at the end of the financial year. 2021-22 will see on-going progress against the ambitious recruitment plan for Prison Officers which will directly support the development of the Women's Estate in the coming year including a significant increase in the number of operational staff.

The development of leadership capacity and capability has been progressed and includes external routes into the organisation at middle management level, underpinned by internal development pathways. This approach maintains a focus on values based recruitment and aims to support the organisation in becoming a more diverse and inclusive employer. Additionally, the development of youth employment opportunities including an Apprenticeship Framework forms one part of a wider Talent Management Strategy for the organisation, aligned to the Scottish Government's Youth Employment Agenda, and is a priority for the year ahead.

ACCOUNTABILITY REPORT – PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

The purpose of this section is to provide details of any losses incurred by SPS during the year. It also contains the Independent Auditor's report.

Accountability Report – Parliamentary Accountability and Audit Report

Parliamentary Accountability

Losses and special payments

The following losses and special payments have been included in the accounts:

	2020-21		2019-20	
	Cases	£000	Cases	£000
Losses Statement				
Cash losses	167	23	180	43
Losses of accountable stores	285	30	271	31
Fruitless payments	9	101	6	1
Total	<u>461</u>	<u>154</u>	<u>457</u>	<u>75</u>
Special Payments				
Special payments	<u>277</u>	<u>3,758</u>	<u>368</u>	<u>3,775</u>

Special payments include amounts paid out relating to Civil Service and other compensation schemes. Also included in Special payments are amounts settled for prisoner compensation and their related costs (see notes to the accounts 12 and 16).

Other Notes

In response to the COVID-19 pandemic, a significant amount of Personal Protective Equipment (PPE) was purchased and is being held as Inventory. A review of slow moving items was carried out at the end of the financial year and in accordance with IAS2 Inventories, the stock was revalued to its net realisable value. This resulted in a provision for obsolete stock relating to these items being recorded as an expense in year of £932k (see notes to the accounts 8).

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive
16 July 2021

Independent auditor's report to Scottish Prison Service, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Prison Service for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is five years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

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

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gary Devlin

Gary Devlin (for and on behalf of Azets Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL
16 July 2021

FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Income			
Income from sale of goods/services	2	(6,631)	(7,304)
Non-cash revenue grant	2	(737)	
Other operating income	2	(176)	(152)
Total operating income		(7,544)	(7,456)
Expenditure			
Staff costs	3	195,433	186,676
Other expenditure	3	180,896	177,594
Total operating expenditure		376,329	364,270
Net operating expenditure		368,785	356,814
Finance expense	3	6,331	6,628
Net expenditure for the year		375,116	363,442
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs:			
Net loss / (gain) on revaluation of property, plant and equipment		27,873	(53,076)
Comprehensive net expenditure for the year		402,989	310,366

The notes on pages 71 to 94 form part of these accounts.

Statement of Financial Position as at 31 March 2021

	Note	2020-21 £000	2019-20 £000
Non-current assets			
Property, plant and equipment	4	1,145,397	1,171,786
Intangible assets	5	2,757	1,089
Other receivables	9	48	61
Total non-current assets		1,148,202	1,172,936
Current assets			
Inventories	8	4,231	3,506
Trade and other receivables	9	5,798	5,170
Cash and cash equivalents	10	769	708
Total current assets		10,798	9,384
Total assets		1,159,000	1,182,320
Current liabilities			
Trade and other payables	11	(39,942)	(35,259)
Provisions	12	(3,543)	(3,256)
Total current liabilities		(43,485)	(38,515)
Total assets less current liabilities		1,115,515	1,143,805
Non-current liabilities			
Other payables	11	(77,895)	(82,681)
Provisions	12	(14,312)	(13,880)
Total non-current liabilities		(92,207)	(96,561)
Total assets less total liabilities		1,023,308	1,047,244
Taxpayers' equity and other reserves			
General Fund	SoCTE	690,541	674,431
Revaluation Reserve	SoCTE	332,767	372,813
Total equity		1,023,308	1,047,244

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive
16 July 2021

The Interim Chief Executive authorised these financial statements for issue on 16 July 2021.

The notes on pages 71 to 94 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating expenditure	SOCNE	(375,116)	(363,442)
Adjustments for non-cash transactions:			
Depreciation	4/5	37,362	36,375
Impairment	7	502	0
Notional charges	17	113	113
Loss on sale of tangible assets	3	0	25
Interest payable in net operating cost for financing		6,274	6,564
(Increase) in inventories		(725)	(179)
(Increase)/Decrease in trade receivables		(615)	1,912
Increase in trade payables		9,526	9,752
Increase in provisions	12	719	1,292
Net cash outflow from operating activities		(321,960)	(307,588)
Cash flows from investing activities			
Purchase of property, plant and equipment		(39,342)	(12,016)
Purchase of intangible assets		(1,902)	(704)
Proceeds of disposal of property, plant and equipment		2	23
Net cash outflow from investing activities		(41,242)	(12,697)
Cash flows from financing activities			
From the Consolidated Fund		378,940	335,481
Capital element of payments in respect of finance leases and on balance sheet PFI/PPP contracts		(9,403)	(8,713)
Interest element of finance leases and on balance sheet PFI/PPP contracts		(6,274)	(6,564)
Net financing		363,263	320,204
Net increase/(decrease) in cash and cash equivalents in the period		61	(81)
Cash and cash equivalents at the beginning of the period	10	708	789
Cash and cash equivalents at the end of the period	10	769	708

The notes on pages 71 to 94 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

	Note	General Fund £000	Revaluation Reserve £000	Total Equity £000
Balance at 1 April 2019		691,699	330,317	1,022,016
Net funding from Scottish Government		335,481	0	335,481
Comprehensive Net Expenditure for the year	SoCNE	(363,442)	53,076	(310,366)
Auditors' remuneration	17	113	0	113
Transfer between reserves		10,580	(10,580)	0
Balance at 31 March 2020		674,431	372,813	1,047,244
Net funding from Scottish Government		378,940		378,940
Comprehensive Net Expenditure for the year	SoCNE	(375,116)	(27,873)	(402,989)
Auditors' remuneration	17	113		113
Transfers between reserves		12,173	(12,173)	0
Balance at 31 March 2021		690,541	332,767	1,023,308

The notes on pages 71 to 94 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury and the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of SPS for the purpose of giving a true and fair view has been selected. The particular policies adopted by SPS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in *International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting policies which do not give rise to prior year adjustments are reported in the relevant note.

Going Concern

SPS is an Executive Agency of the Scottish Government and is funded by Scottish Government. The Accountable Officer has considered the budget allocation for 2021-22 and considers that SPS will continue to operate. The accounts are therefore prepared on a going concern basis.

Accounting Convention

The accounts have been prepared under the historic cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Agency makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Agency makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below within the individual accounting policies and notes to the accounts.

The most significant estimates made by the Agency relate to the valuation of SPS properties and the sums recorded in provisions and contingent liabilities for staff and prisoner claims at 31 March. To assist the Agency with the estimates in valuing property in accordance with the FReM, the SPS commission a professionally qualified Royal Institute of Chartered Surveyors (RICS) accredited firm to undertake a five year rolling programme of valuations, with annual indexation considerations for the years in between. The valuations are prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National

Supplement, commonly known together as the Red Book. UK VPGA 5 addresses the valuation of central government assets for accounting purposes.

The SPS engage the services of the Scottish Government Legal Directorate, the Department of Work and Pensions and other legal firms to assist in preparing estimates of potential liabilities for staff and prisoner claims. The SPS also engage the services of professional accountancy firms to assist in the estimates for PFI/PPP Contracts and other Service Concession Arrangements.

Change in Accounting Estimate

Indexation

The indexation adjustment recorded in the 2020-21 accounts is calculated as the movement between the opening index as at 31 March 2020 and the closing index as at 31 March 2021. The index applied to buildings is based on a quarterly forecast which may be subject to change.

Property, Plant and Equipment

Title to the freehold land and buildings shown in the accounts is held in the name of the Scottish Ministers.

Land

Land is shown at fair value in accordance with the FReM and IFRS13 Fair Value Measurement.

Dwellings and other buildings

Non-Specialised dwellings and other buildings are shown at fair value less subsequent depreciation in accordance with the FReM and IFRS13 Fair Value Measurement.

Specialised Operational dwellings and other buildings are valued using the Depreciated Replacement Cost (DRC) method in accordance with the FReM.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Valuation and useful life estimates in respect of SPS land and buildings have been supplied by the District Valuer Services (DVS), a division of the Valuation Office Agency. Valuations are carried out by a Royal Institute of Chartered Surveyors (RICS) Registered Valuer, and have been conducted in accordance with the professional standards of the RICS Valuation – Global Standards 2017 and the RICS Valuation – Professional Standards UK Edition (January 2014, revised April 2015).

The Valuer has regard to the RICS UK GN titled ‘Depreciated Replacement Cost (DRC) Method of Valuation for Financial Reporting’, as supplemented by Treasury guidance.

A full revaluation of land, dwellings and other buildings is carried out as part of a five year rolling programme in accordance with the FReM. Appropriate indices provided by the Valuer are used to restate values in the intervening years between full valuations. The normal threshold for capitalisation of land and buildings is £1,000.

Plant and Equipment, Fixtures and Fittings, Motor Vehicles and Information Technology

Depreciated historic cost has been used as a proxy for the fair value of plant and equipment, fixtures and fittings, motor vehicles and information technology. All of the assets in these categories have low values and short useful economic lives which realistically reflect the life of the asset and a depreciation charge which provides a realistic reflection of consumption. The normal threshold for capitalisation of assets in these categories is £1,000.

Assets under construction

Assets under construction are carried at the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets under construction are transferred to either the appropriate category of property, plant and equipment or intangible assets when completed and ready for use.

Revaluation reserve

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve in taxpayers' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases, including permanent diminutions as a result of a clear consumption of economic benefits or service potential, are charged to the statement of comprehensive net expenditure.

Depreciation is charged to expenditure on the revalued amount of assets. An element of the depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on revaluation and is transferred from the revaluation reserve to the general fund.

Depreciation

Land held under freehold is not depreciated.

Assets under construction are not depreciated until the asset under construction is capable of operating in the manner intended by management.

Depreciation and amortisation is provided on all other tangible and intangible non current assets at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life. Asset lives are assessed on an asset by asset basis as follows:

Freehold buildings	Not exceeding 80 years
Buildings held under PFI/PPP contracts	Not exceeding 80 years
Fixed Plant	Not exceeding 40 years
Fixtures and Fittings	3 - 20 years
Plant and Equipment	3 - 20 years
Motor Vehicles held under Scottish Court Custody and Prisoner Escort Service	unexpired lease term
Other Motor Vehicles	5 - 10 years
Information Technology - Software	3 - 10 years
Information Technology – Licences	unexpired lease term

Depreciation and amortisation is not charged in the month of acquisition but is charged over the useful economic life and in the month of disposal.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive net expenditure.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the general fund.

Assets Held for Sale

A property is derecognised and held for sale under IFRS5, Non-Current Assets Held for Sale and Discontinued Operations when all of the following requirements are met:

- It is available for immediate sale;
- A plan is in place, supported by management and steps have been taken to conclude the sale; and
- It is actively marketed and there is an expectation that the sale will be made in less than 12 months.

Assets held for sale include assets where SPS intends and expects to sell within one year from the date of classification of held for sale. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

Donated Assets

In Accordance with IAS16 Property, Plant and Equipment and the HM Treasury Financial Reporting Manual, Donated Assets are capitalised at their fair value on receipt and this value is recognised as income and taken to the Statement of Comprehensive Net Expenditure. The donated assets are revalued, depreciated and subject to impairment review in the same way as non-current assets. Subsequent revaluations are taken to the revaluation reserve. Where the donor has imposed a condition that the future economic benefits embodied in the donation are consumed as specified by the donor, or returned to them, then the receipt is treated as deferred income.

Intangible Assets

Intangible assets are valued on a historic cost basis.

Future economic benefit has been used as the criteria on assessing whether an intangible asset meets the definition and recognition criteria of IAS38 Intangible Assets where assets do not generate income. IAS38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Amortisation is applied at rates calculated to write off the cost by equal instalments over the estimated useful life.

Financial Instruments

The SPS does not hold any complex financial instruments. The only financial instruments included in the accounts are trade and other receivables, cash and cash equivalents, trade and other payables and PFI/Other Service Concession Arrangements. Trade and other receivables are recognised at fair value less any impairment for any amounts assessed as irrecoverable. An impairment of debt for irrecoverable amounts is made where there is evidence that the SPS will be unable to collect an amount due in accordance with agreed terms. Liabilities including trade and other payables and PFI/Other Service Concession Arrangements are recognised at fair value. Where the effect is material, estimated cash flows of financial liabilities are discounted.

The SPS has considered its exposure to the following risks from the use of financial instruments:-

Liquidity risk

Liquidity risk is the funding risk to SPS that liabilities cannot be met when they fall due or can only be met at an uneconomic price. SPS has no borrowings and relies primarily on funding from the Scottish Government for its cash requirements. SPS is therefore, not exposed to liquidity risks.

Credit risk

Credit risk is the risk of financial loss to SPS if a debtor or counter party fails to meet its contractual obligations and arises from the trade receivables and other debtors.

SPS carries out appropriate credit checks on potential customers before significant sales transactions are entered into in order to mitigate the credit risk from any single counterparty. The maximum exposure to credit risk is represented by the carrying value of trade receivables on the statement of financial position.

Market risk

Market risk is the risk to SPS that the value of an investment will decrease due to moves in market factors. SPS has no material deposits and all material assets and liabilities are denominated in sterling. SPS is not, therefore, exposed to interest rate or currency risk.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Government Banking Service and other short-term highly liquid investments with original maturities of three months or less.

Inventories

Inventories are assets in the form of materials or supplies which are consumed or distributed in the course of SPS operations. Inventories include equipment, uniforms, locks and other operational consumables and are included in the Statement of Financial Position (SOFPP).

Stock and work in progress are valued as follows:

- Finished goods are valued at the lower of cost or, where materially different, current replacement cost and net realisable value;
- Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

Due to Covid-19, one inventory count was unable to be performed as at 31 March 2021, however we do not consider this to have a material impact our inventory valuation as at 31 March.

Service Concessions and Private Finance Contracts

SPS assesses the contracts that utilise assets to determine if the contract represents a service concession arrangement under the conditions of IFRIC 12, Service Concession Arrangements. Contracts which meet the recognition criteria are recognised in the statement of financial position.

PFI/PPP Contracts

PFI/PPP transactions are accounted for in accordance with IFRIC 12, as adapted for the public sector context by the FReM.

The SPS has awarded Public Private Partnership (PPP) contracts, to design, construct, manage and finance prisons at HMP Kilmarnock and HMP Addiewell. Both contracts were let for 25 year operating periods, commencing in March 1999 for HMP Kilmarnock and in December 2008 for HMP Addiewell.

Assets and liabilities that are assessed to be on balance sheet are measured as follows:

- Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset will be measured in accordance with IAS 17 Leases, with the service element and the interest charge recognised as incurred over the term of the concession arrangement.
- Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques including obtaining information from the operator or using the fair value approach.

The SPS recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually through the statement of comprehensive net expenditure.

Assets are subsequently measured consistently with other assets in their class using IAS16, Property, Plant and Equipment, adopting an appropriate asset revaluation approach. Liabilities are measured using the appropriate discount rate, taking account of the reduction arising from capital payments included in the unitary payment stream. Any revenue received by SPS is recognised in line with IFRS 15, Revenue from Contracts with Customers.

In both of the projects, the financial models supplied by each project operators do not separately identify a costed lifecycle maintenance programme. SPS has therefore opted not to set aside amounts from the unitary payment as payment for lifecycle maintenance. Instead, when the project operators replace a capital asset, the fair value of this replacement item is recognised as property, plant and equipment, balanced by a credit to the revaluation reserve. The replaced asset's existing value is written out of property, plant and equipment and either impaired or debited to the revaluation reserve.

In accordance with IAS 17 Leases, contingent rentals are defined as the 'portion of the lease payments that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time'. Examples of contingent rents include payments governed by movements in future price indices. Both financial models calculate contingent rent as follows:

- The change in cash unitary charge arising from indexation is offset against the impact of applying the same indexation factor to the real terms operating and lifecycle costs; and
- Any remaining cash difference between the change in unitary charge and the indexation factor's effect on operating costs is charged to contingent rent.

Other Service Concession Arrangements

The Scottish Court Custody and Prisoner Escort Service Contract meets the requirements of IFRIC 12 and are recognised in these accounts as a service concession arrangement.

The infrastructure assets related to this contract are recognised as non-current assets. These assets are accounted for in the same manner as other assets within the same class.

The useful economic life was determined as the duration of the contract. The interest rate used was derived by comparing the total payments under the contract to the element which constitutes capital repayment.

Where the SPS meets the controls test under IFRIC 12, the underlying assets are recognised on the statement of financial position. For leased assets, the finance lease is treated according to IAS17 Leases, and the asset and corresponding liability is capitalised. This includes the deferred residual interest which is recognised as a long term liability and reflects the liability to make future capital payments.

Income

SPS accounts for income in accordance with the recognition criteria set out in IFRS15 Revenue from contracts with customers. SPS revenue contracts do not span across financial years. The main sources of income for SPS include sales from prisoner's canteen, sale of goods produced by prison industries and income from the prisoner telephone system. Income is recognised when the amounts can be reliably measured and services have been rendered and/or goods dispatched. Income is stated net of VAT.

All revenue grants are matched with the expenditure to which they relate.

Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

Pension Costs and other post-retirement benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS), which are unfunded multi-employer defined benefit schemes but the SPS is unable to identify its share of the underlying assets and liabilities. The schemes are accounted for as a defined contribution schemes under the multi-employer exemption permitted in IAS19 Employee Benefits. The SPS recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS/CSOPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS/CSOPS.

In respect of the defined contribution schemes, the SPS recognises the contribution payable for the year. Early severance payment obligations are expensed in the year in which the decision of the departure is agreed. Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill health. The full amount of the liability for the additional costs is charged to the outturn statement at the time the SPS commits itself to the retirement, regardless of the method of payment.

In previous years, the SPS met the additional costs in respect of employees who retired early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The SPS provided for this in full when the early retirement programme became binding by establishing a provision for the estimated payments.

Termination Benefits

SPS accounts for termination benefits in accordance with IAS 19 Employee benefits. Termination benefits are payable as a result of a decision to terminate an employee's employment before the normal retirement date, and the liability is recognised when the offer of the benefits can no longer be withdrawn at the earlier of i) acceptance of the offer by the employee or ii) when a legal, regulatory or contractual restriction on the ability to withdraw the offer takes effect.

Leases

Operating leases

Other leases, that are not finance leases, are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

Provisions and Contingent Liabilities

In accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets, provisions for staff and prisoner claims, are recognised in the statement of financial position when the SPS has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are

determined by discounting the expected, risk adjusted and future cash flows using the discount rate prescribed by HM Treasury.

Related Party Transactions

Material related party transactions are disclosed in the notes to the accounts in line with the requirements of IAS24 Related party disclosures.

Value Added Tax

The majority of services provided by the SPS fall outwith the scope of Value Added Tax (VAT). However, the manufacturing and sale of goods to external bodies is subject to VAT on both inputs and outputs. The SPS can recover this input VAT as well as VAT on certain contracted-out services. Income is shown in the accounts net of recoverable VAT.

Insurance

With the exception of Public Private Partnership contracts, no outside insurance is affected against fire, explosion, common law, third party and similar risks, except where there is a statutory requirement to do so.

Third Party Assets

SPS holds as custodian monies belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within the notes to the accounts.

Segmental Reporting

The SPS currently operates three segments, namely;

- Public Prisons
- Private Prisons; and
- Scottish Court Custody and Prisoner Escort Services (SCCPES)

IFRS 8 Segmental Reporting requires operating segments to be identified on the basis of internal reports about components of the SPS that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and assess their performance. The SPS reports segmental information within its consolidated operating cost statements which are prepared on the basis of its portfolios.

Events after the Reporting Period

Events after the Reporting Period are events that occur between the end of the reporting year and the date of the Annual Report and Accounts being authorised for issue. In accordance with IAS10 Events after the Reporting Period, events are either adjusting or non-adjusting.

Adjusting events are those that provide evidence of conditions that existed at the end of the reporting year. Non-adjusting events are those that are indicative of conditions arising after the reporting year.

No events have occurred after the reporting period which have had an effect on the Annual Report & Accounts for 2020-21.

Accounting standards issued but not yet effective

All International Financial Reporting Standards, Interpretations and Amendments to published standards effective at 31 March 2020 have been adopted where applicable to SPS.

There is a new accounting standard which has been issued but not yet applied. This standard is considered relevant to SPS and the anticipated impact on the annual accounts is as follows:

- IFRS 16 – Leases
In light of COVID-19 pressures, HM Treasury and the Financial Reporting Advisory Board (FRAB) have decided that IFRS 16 implementation in the public sector will be deferred for a further year, to January 2021.

This standard will now be mandatory in the public sector for accounting periods commencing on or after 1 January 2021. The adoption of this standard will affect SPS as a lessee of the SPS Headquarters Building, Motor Vehicles and Equipment. The new standard provides a single lessee accounting model, eliminating the distinction between operating and finance leases. The impact on the 2021-22 annual accounts has not yet been determined.

- IFRS 17 – Insurance Contracts
The implementation date for IFRS 17 is not yet confirmed and the impact has not yet been determined. The Financial Reporting Advisory Board are considering implementation of the standard in the public sector.

2. Income

	2020-21 £000	2019-20 £000
Income from sales of goods/services		
Income from prisoner's canteen	4,858	4,933
Sales of prison industries	883	846
Prisoner telephone system income	844	1,098
Profit on Sale of Assets	9	0
Other income	37	427
	<u>6,631</u>	<u>7,304</u>
Non-cash revenue grant	737	0
Other operating income	176	152
Total operating income	<u>7,544</u>	<u>7,456</u>

Income from the sale of goods and services includes sales of goods produced by prison industries, income from the prisoner telephone system and sales to prisoners through the prison canteen.

Non-cash revenue grant relates to PPE donated from NHS National Services Scotland.

3. Other Expenditure

	2020-21	2019-20
	£000	£000
Staff costs		
Wages & salaries	144,449	137,806
Social security costs	14,520	13,773
Other pension costs	36,464	35,097
PFI service charges	35,169	36,356
Court custody and prisoner escort service	27,231	26,016
Repairs and maintenance	11,726	10,131
Victualling and other supplies	15,581	15,297
Other current expenditure	16,405	15,105
Heat, light, telephone etc.	10,438	11,937
Interest charges	6,279	6,569
Rates	6,438	6,417
Other staff related costs	5,766	6,311
General expenditure	3,411	3,416
Prisoner earnings	3,154	3,020
PPP/PFI contingent rent	5,208	4,741
Rentals under operating leases		
- Land and buildings	726	848
- Other	260	252
Finance lease	2	1
Non-cash items		
Depreciation and impairment	37,864	36,375
Loss on sale of assets	0	25
Auditors' remuneration	113	113
Provisions provided for in year	667	1,233
Use of non-cash revenue grant	737	0
Borrowing costs of provisions (unwinding of discount on provisions)	52	59
	382,660	370,898

Staff costs shown in this table differ from those included in the Staff Report as they include costs for non-permanent staff and are net of recharges for outward secondees. Pension costs have also been adjusted for the movement in the provision for early retirements (£7k) which is included in the provisions figure in the table above. Further analysis of staff costs is located in the Staff Report on page 54 in the Accountability Section.

Interest charges £6,279k and borrowing costs of provisions £52k represent the Finance expense in the SoCNE. Other expenditure in the SOCNE is the balance remaining after staff costs and finance expenses have been deducted (£180,896k).

Depreciation is applied to tangible, donated and intangible fixed assets. There were impairment charges of £502k in 2020-21 (2019-20 NIL).

Other current expenditure includes fees paid for education contracts, £4,107k (2019-20 £4,527k) and social work costs £4,976k (2019-20 £4,917).

Use of non-cash revenue grant relates to PPE donated from NHS National Services Scotland.

4. Property, Plant and Equipment

Including Donated Assets Cost or Valuation	Land £000	Buildings £000	Dwellings £000	Motor Vehicles £000	Plant & Equip £000	Comp Equip £000	Fixtures & Fittings £000	AUC £000	Total £000
At 1 April 2020	74,992	448,354	682,430	10,426	25,556	9,081	628	11,888	1,263,355
Additions	2,553	52	87	83	1,818	873	96	33,554	39,116
Completed Assets under Construction	0	1,768	1,947	0	107	1,120	0	(4,942)	0
Revaluation	(2,352)	(39,957)	(57,591)	0	0	0	0	0	(99,900)
Impairment	(425)	0	0	0	0	0	0	(9)	(434)
Reclassification	0	446	(446)	0	0	0	0	4	4
Disposals	0	0	0	(139)	(1,360)	(71)	(2)	0	(1,572)
At 31 March 2021	74,768	410,663	626,427	10,370	26,121	11,003	722	40,495	1,200,569
Depreciation									
At 1 April 2020	0	23,040	34,660	4,037	21,241	7,988	603	0	91,569
Charge	0	13,718	21,009	949	1,130	390	4	0	37,200
Revaluation	0	(28,536)	(43,491)	0	0	0	0	0	(72,027)
Reclassification	0	81	(81)	0	0	0	0	0	0
Disposals	0	0	0	(139)	(1,358)	(71)	(2)	0	(1,570)
At 31 March 2021	0	8,303	12,097	4,847	21,013	8,307	605	0	55,172
Carrying Value at 31 March 2021	74,768	402,360	614,330	5,523	5,108	2,696	117	40,495	1,145,397
Carrying Value at 31 March 2020	74,992	425,314	647,770	6,389	4,315	1,093	25	11,888	1,171,786
Asset financing:									
Owned	74,768	354,193	531,052	399	5,108	2,696	117	40,495	1,008,828
Finance Leased	0	0	0	5,124	0	0	0	0	5,124
On-balance sheet PFI contracts	0	48,167	83,278	0	0	0	0	0	131,445
Carrying Value at 31 March 2021	74,768	402,360	614,330	5,523	5,108	2,696	117	40,495	1,145,397

4. Property, Plant and Equipment (Continued)

Including Donated Assets	Land	Buildings	Dwellings	Motor Vehicles	Plant & Equip	Comp Equip	Fixtures & Fittings	AUC	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019	73,666	437,302	664,209	8,214	26,757	8,714	475	4,780	1,224,117
Additions	250	146	104	0	1,761	224	2	8,135	10,622
Completed Assets under Construction	0	0	0	0	855	0	0	(855)	0
Revaluation	1,076	12,276	17,006	0	0	0	0	0	30,358
Reclassification	0	(1,212)	1,111	2,287	(2,915)	386	343	(150)	(150)
Disposals	0	(158)	0	(75)	(902)	(243)	(192)	(22)	(1,592)
At 31 March 2020	74,992	448,354	682,430	10,426	25,556	9,081	628	11,888	1,263,355
Depreciation									
At 1 April 2019	0	18,329	28,784	1,095	23,647	7,315	449	0	79,619
Charge	0	13,114	20,450	949	1,121	585	10	0	36,229
Revaluation	0	(7,916)	(14,802)	0	0	0	0	0	(22,718)
Reclassification	0	(329)	228	2,068	(2,634)	331	336	0	0
Disposals	0	(158)	0	(75)	(893)	(243)	(192)	0	(1,561)
At 31 March 2020	0	23,040	34,660	4,037	21,241	7,988	603	0	91,569
Carrying Value at 31 March 2020	74,992	425,314	647,770	6,389	4,315	1,093	25	11,888	1,171,786
Carrying Value at 31 March 2019	73,666	418,973	635,425	7,119	3,110	1,399	26	4,780	1,144,498
Asset financing:									
Owned	74,992	377,168	557,598	387	4,315	1,093	25	11,888	1,027,466
Finance Leased	0	0	0	6,002	0	0	0	0	6,002
On-balance sheet PFI contracts	0	48,146	90,172	0	0	0	0	0	138,318
Carrying Value at 31 March 2020	74,992	425,314	647,770	6,389	4,315	1,093	25	11,888	1,171,786

As part of the five year rolling programme, HMP Barlinnie, HMP & YOI Cornton Vale, HMP Greenock, HMP Edinburgh (including the HMP Edinburgh Visitors Centre), HMP Glenochil, HMP & YOI Grampian, HMP Low Moss, HMP Shotts, the SPS Training College and the SPS Fauldhouse Training Facility were re-valued at 31 March 2021. Formal inspections and valuations were carried out by the District Valuer Services (DVS), a division of the Valuations Office Agency. The valuations have been carried out by a Royal Institute of Chartered Surveyors (RICS) Registered Valuer, and have been conducted in accordance with the RICS Valuation – Professional Standards 2014 UK Edition (revised April 2015).

Specialised Operational Buildings (Establishments) have been valued using the Depreciated Replacement Cost (DRC) approach in accordance with the FReM. The NBV of these buildings as at 31 March 2021 is £1,010,080k. Land associated with Establishments valued to DRC have been assessed at fair value in accordance with IFRS 13. The NBV of this land as at 31 March 2021 is £60,920k.

Land, Buildings and Dwellings include properties for the Public Private Partnerships (PPPs) at HMP Kilmarnock and HMP Addiewell. The tenure of the contracts is 25 years, at which time the assets revert to SPS at nil cost.

The Scottish Government's Infrastructure and Investment Plan (IIP) 2021-22 to 2025-26 was published on 4 February 2021 <http://www.gov.scot/Topics/Government/Finance/18232/IIP>, which details prison development plans in 2021 and beyond.

Included within the carrying values of buildings is the Visitors' Reception Centre at HMP Edinburgh, donated in March 2000. Covenants of the donation required that the building is leased to the developer, for a peppercorn rent for a period of 35 years, to be used solely as a Visitors' Reception Centre. The net book value at 31 March 2021 was £1,159k.

5. Intangible Assets

	Information			
	Technology	Software	AUC	Total
Cost	£000	£000	£000	£000
At 1 April 2020	1,437	2,462	586	4,485
Additions	0	90	1,812	1,902
Completed AUC	0	171	(171)	0
Impairment	0	(27)	(48)	(75)
Reclassifications	0	0	(4)	(4)
Disposals	0	(4)	0	(4)
At 31 March 2021	1,437	2,692	2,175	6,304
Amortisation				
At 1 April 2020	1,173	2,223	0	3,396
Charge	1	161	0	162
Impairment	0	(7)	0	(7)
Disposals	0	(4)	0	(4)
At 31 March 2021	1,174	2,373	0	3,547
Carrying Value as at 31 March 2021	263	319	2,175	2,757
Carrying Value as at 31 March 2020	264	239	586	1,089
Asset financing: Owned	263	319	2,175	2,757

	Information Technology	Software	AUC	Total
Cost	£000	£000	£000	£000
At 1 April 2019	1,131	2,462	115	3,708
Additions	91	0	613	704
Completed AUC	292	0	(292)	0
Reclassifications	0	0	150	150
Disposals	(77)	0	0	(77)
At 31 March 2020	1,437	2,462	586	4,485
Amortisation				
At 1 April 2019	1,086	2,223	0	3,309
Charge	146	0	0	146
Reclassification	0	0	0	0
Disposals	(59)	0	0	(59)
At 31 March 2020	1,173	2,223	0	3,396
Carrying Value as at 31 March 2020	264	239	586	1,089
Carrying Value as at 31 March 2019	45	239	115	399
Asset financing: Owned	264	239	586	1,089

6. Financial Instruments

As the cash requirements of the SPS are met through the spending review process, financial instruments play a more limited role in creating and managing risk than in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the SPS' expected purchase and usage requirements and the SPS is therefore exposed to little credit, liquidity or market risk.

7. Impairment Analysis

	2020-21 £000	2019-20 £000
Property, Plant and Equipment		
Impairment charge	502	0
Impairment reversal	0	0
Revaluation reserve	29,454	866
Total	29,956	866

The net impairment as at the 31 March 2021 was £29,956k.

Impairment charges to the Statement of Comprehensive Net Expenditure (SOCNE) of £502k relate to a £425k impairment of the HMP Glasgow land purchased in 20-21, and a £77k impairment on capitalised Digital projects no longer progressing as originally planned. The HMP Glasgow land was purchased in December 2020 for £2,553k including VAT. As the seller opted to tax the land, and SPS as a public agency body cannot recover the VAT or opt to tax upon selling, the recoverable amount to SPS as at 31 March 2021 is £2,128k (purchase price excluding VAT of £425k). As a result, SPS has impaired the value of the VAT as at 31 March 2021.

Impairment charges of £29,454k taken through the revaluation reserve, are reflective of downward valuations of land and buildings relating to 13 Establishments and the Central Stores Warehouse. The significant downward valuations are reflective of a 2.38% decrease in the BCIS (all price) Tender Price Index (TPI) figure adopted for the DRC valuation method and indexation movements. This is predominantly due to the impact of the Covid-19 pandemic on the market.

8. Inventories

The main categories of stock held are:	2020-21	2019-20
	£000	£000
Consumables	3,362	1,312
Works, estates and locks	1,081	1,052
Industries raw materials, work in progress and finished goods for resale	732	1,154
Provision for obsolete stock – specific	(944)	(12)
	4,231	3,506

Increase in consumables relates to Personal Protective Equipment (PPE) required for use across the prison estate in response to the COVID19 Pandemic. Provision for obsolete stock has been increased to account for items of Personal Protective Equipment (PPE) stock deemed to have a Net Realisable value of NIL.

9. Trade Receivables and Other Current Assets

Analysis by type	2020-21	2019-20
	£000	£000
Amounts due within one year:		
Recoverable VAT	4,612	4,426
Trade receivables	49	134
Other receivables	334	251
Prepayments and accrued income	803	359
	5,798	5,170
Amounts due after more than one year:		
Other receivables	48	61

10. Cash and Cash Equivalents

	2020-21 £000	2019-20 £000
Balance as at 1 April	708	789
Net change in cash and cash equivalents	61	(81)
Balance as at 31 March	<u>769</u>	<u>708</u>

The following balances at 31 March were held at:

Government Banking Service	569	510
Commercial banks	165	150
Cash in hand	35	48
Balance at 31 March	<u>769</u>	<u>708</u>

11. Trade Payables and Other Current Liabilities

Analysis by type:

	2020-21 £000	2019-20 £000
Amounts due within one year:		
Other taxation and social security	3,497	3,455
Trade payables	2,261	5,844
Accruals and deferred income	25,104	17,341
Other payables	3,811	3,717
Amounts due to Justice Department	769	708
PFI/PPP and other service concession arrangements <1 year	4,500	4,194
	<u>39,942</u>	<u>35,259</u>

Amounts due after more than one year:

PFI/PPP and other service concession arrangements >1 year	77,874	82,374
Other accruals	21	307
	<u>77,895</u>	<u>82,681</u>

12. Provisions for Liabilities and Charges

	2020-21 £000	2020-21 £000	2020-21 £000	2020-21 £000	2020-21 £000	2020-21 £000	2019-20 £000
	Prisoner Claims	Injury Benefit	Dilapidation Costs	Demolition Costs	Other Charges	Total	Total
Balance at 1 April	1,429	11,764	2,099	525	1,319	17,136	15,844
Provided in the year	246	1,606	0	0	945	2,797	3,911
Provisions utilised in the year	(623)	(515)	0	0	(392)	(1,530)	(1,379)
Unwinding of discount	0	(5)	50	7		52	60
Provisions not required written back	(193)	(76)	(64)	(16)	(251)	(600)	(1,300)
Balance at 31 March	859	12,774	2,085	516	1,621	17,855	17,136

Analysis of expected timing of discounted flows

	2020-21 £000	2020-21 £000	2020-21 £000	2020-21 £000	2020-21 £000	2020-21 £000	2019-20 £000
	Prisoner Claims	Injury Benefit	Dilapidation Costs	Demolition Costs	Other Charges	Total	Total
Not later than one year	859	547	0	516	1,621	3,543	3,256
Later than one year and not later than five years	0	2,239	2,085	0	0	4,324	4,686
Later than five years	0	9,988	0	0	0	9,988	9,194
Balance at 31 March	859	12,774	2,085	516	1,621	17,855	17,136

Prisoner Claims

A number of historical claims brought by prisoners which concerned prison conditions remain in the courts. There are various reasons for this including the withdrawal of the Solicitors acting for the offender. These have been reported in previous Annual Reports. A number of other recent convention rights claims have been lodged in court and provision has been made for these. These challenges relate to Articles 3, 6, 8 and 9 of the European Convention of Human Rights.

Section 14 of the Scotland Act 2012 repealed the Convention Rights Proceedings (Amendment) (Scotland) Act 2009 and amended the Scotland Act 1998 to provide a one year time limit for convention rights claims similar to that contained in the Human Rights Act 1998. This means that a convention rights claim brought against Scottish Ministers must be brought against Scottish Ministers within one year unless a court or tribunal considers it 'equitable having regard to all circumstances' to allow a claim out with this time limit.

Dilapidation Costs

Dilapidation costs are in respect of Calton House which become payable on expiry of the lease in October 2022.

Injury Benefits

Injury Benefits include estimates of amounts payable to former employees for loss of earnings under the Civil Service Injury Benefit Scheme.

Demolition Costs

Also included within provisions are amounts for demolition works on the site of HMP & YOI Cornton Vale associated with the development of the Women's National Facility.

Other Charges

Other charges include estimates of amounts payable for staff compensation and related costs.

13. Commitments under Leases

Operating leases

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

Obligations under operating leases for the following periods comprise:

	2020-21 £000	2019-20 £000
Land		
Not later than one year	41	41
Later than one year and not later than five years	20	57
	<u>61</u>	<u>98</u>
Buildings		
Not later than one year	864	864
Later than one year and not later than five years	422	1,201
	<u>1286</u>	<u>2,065</u>
Other		
Not later than one year	1,795	888
Later than one year and not later than five years	4,432	1,520
	<u>6,227</u>	<u>2,408</u>

14. Commitments under PFI contracts and Other Service Concession Arrangements

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI and other service concession transactions was £67,608k (2019-20 £67,113k). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

Minimum lease payments:

	2020-21	2019-20
	£000	£000
Due within one year	64,072	63,514
Due later than one year and not later than five years	241,085	251,178
Due later than five years	384,182	438,510
	<u>689,339</u>	<u>753,202</u>
Less interest element	(45,251)	(51,526)
Present value	<u>644,088</u>	<u>701,676</u>

Service elements due in future periods, included above, are:

	2020-21	2019-20
	£000	£000
Due within one year	53,603	53,046
Due later than one year and not later than five years	199,144	209,237
Due later than five years	308,967	352,825
Total service elements due in future periods	<u>561,714</u>	<u>615,108</u>

PFI Contracts

The SPS has awarded Public Private Partnership (PPP) contracts, to design, construct, manage and finance prisons at HMP Kilmarnock and HMP Addiewell. Both contracts were let for 25 year operating periods, commencing in March 1999 for HMP Kilmarnock and in December 2008 for HMP Addiewell. Both contracts are treated as on balance sheet in accordance with IFRIC 12, Service Concession Arrangements. The minimum lease payments that SPS is committed to make over the remainder of the respective contract periods are included in the above table in respect of HMP Kilmarnock and HMP Addiewell. The annual payments will vary over the remaining life of each contract in accordance with the specified indexation and unitary charge mechanisms. The capital liability for HMP Kilmarnock is now nil, however, payments for the service element continue to the end of the contract.

Other Service Concession Arrangements

In March 2018, the SPS awarded a contract for Scottish Court Custody and Prisoner Escort services to GEOAmev PECS. The contract was let for an eight year period with an option to extend for a further four years. The service commenced in January 2019 and expires in January 2027. The vehicles provided with the service are treated as on balance sheet in accordance with IFRIC 12, Service Concession Arrangements. The minimum lease payments that SPS is committed to make over the remainder of the respective contract periods are included in the above table. The annual payments will vary over the remaining life of the contract in accordance with the specified indexation and unitary charge mechanisms.

In the event of termination of these contracts, in accordance with Scottish Government guidance, the SPS has committed to pay certain amounts to the contractor according to defined formulae in the respective contracts. The specific value of the termination sum would depend on the reason for termination and the timing in relation to the contract expiry date.

A copy of the contracts for HMP Kilmarnock, HMP Addiewell and Scottish Court Custody and Prisoner Escort Services are available on the SPS website www.sps.gov.uk.

15. Capital Commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

	2020-21	2019-20
	£000	£000
Property, plant and equipment	959	318

16. Contingent Liabilities

The Agency has the following contingent liabilities:

	2020-21	2019-20
	£000	£000
Prisoner claims	347	156
Other charges	582	898
	929	1,054

Other contingent liabilities include amounts in respect of claims by staff for potential liability in cases where challenges have been made against SPS but which await legal consideration or court decisions. Also included are amounts relating to staff relocation where the outcome of a future events gives rise to a potential liability.

Prisoner compensation includes amounts for potential liability in cases where challenges have been made against SPS but which await court consideration.

17. Notional Charges

The following notional charge has been included in the accounts:

	2020-21	2019-20
	£000	£000
Statutory audit services	113	113
Total auditor's remuneration	113	113

The audit fee is a notional charge, as notified to us by our auditors, Azets.

18. Key Financial Target

The annual average cost per prisoner place, which excludes capital charges, exceptional payments and the cost of the Court Custody and Prisoner Escort contracts, was £39,350 (2019-20 £38,213).

For information purposes, the actual annual average cost per prisoner place, calculated on a resource accounting basis (including depreciation and impairment charges), in 2020-21 was £44,150 (2019-20 £42,763).

The actual annual average cost per prisoner place including exceptional payments in 2020-21 was £39,343 (2019-20 £38,151). Exceptional payments include charges/release of provisions for prisoner compensation and related costs.

19. Related Party Transactions

The SPS is an Executive Agency of the Scottish Government. The Scottish Government is regarded as a related party with which the SPS has various material transactions during the year. In 2020-21, none of the Board Members, members of key management staff or other related parties has undertaken any material transactions with the SPS.

20. Third Party Assets

At 31 March 2021 the SPS operated bank accounts holding funds in respect of prisoners monies and common good funds. The balances on these accounts are held on behalf of prisoners and are therefore not included in the financial statements. The value of the funds held in these accounts are set out in the tables below.

20.1 Prisoners Funds

	2020-21	2019-20
	£000	£000
Balance as at 1 April	962	953
Funds paid in during the year	9,325	11,976
Funds paid out during the year	(9,154)	(11,967)
Balance as at 31 March	<u>1,133</u>	<u>962</u>

20.2 Common Good Fund

	2020-21	2019-20
	£000	£000
Balance as at 1 April	267	247
Funds paid in during the year	416	418
Funds paid out during the year	(454)	(398)
Balance as at 31 March	<u>229</u>	<u>267</u>

The Common Good Fund in each establishment exists for the benefit of the prisoners in custody at that establishment.

21. Analysis of Net Expenditure by Segment

The SPS currently operates three segments, namely;

- Public Prisons
- Private Prisons; and
- Scottish Court Custody and Prisoner Escort Services (SCCPES)

The SPS is legally required to deliver custodial services for all those sent to it by the courts. During 2020-21 there were thirteen publicly managed prisons and two privately-managed prisons. The location of each of the establishments is listed in Appendix 1. SPS agrees a service framework with each public sector prison and manages private sector providers of prisons and custodial services under contract arrangements. Copies of the services agreements with the publicly managed prisons and

contracts with the privately managed providers of custodial services are available on the SPS website www.sps.gov.uk.

	2020-21				2019-20			
	Public Prisons £000	Private Prisons £000	SCCPES £000	Total £000	Public Prisons £000	Private Prisons £000	SCCPES £000	Total £000
Operating income	(7,544)	0	0	(7,544)	(7,456)	0	0	(7,456)
Expenditure	308,778	46,292	27,590	382,660	297,221	47,259	26,418	370,898
Net expenditure	301,234	46,292	27,590	375,116	289,765	47,259	26,418	363,442
Non-current assets	1,011,633	131,445	5,124	1,148,202	1,028,616	138,318	6,002	1,172,936

APPENDIX TO THE ACCOUNTS



SCOTTISH PRISON SERVICE

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 29 March 2001 is hereby revoked.

A handwritten signature in blue ink, appearing to read 'Nyson', followed by a large, stylized flourish or signature.

Signed by the authority of the Scottish Ministers

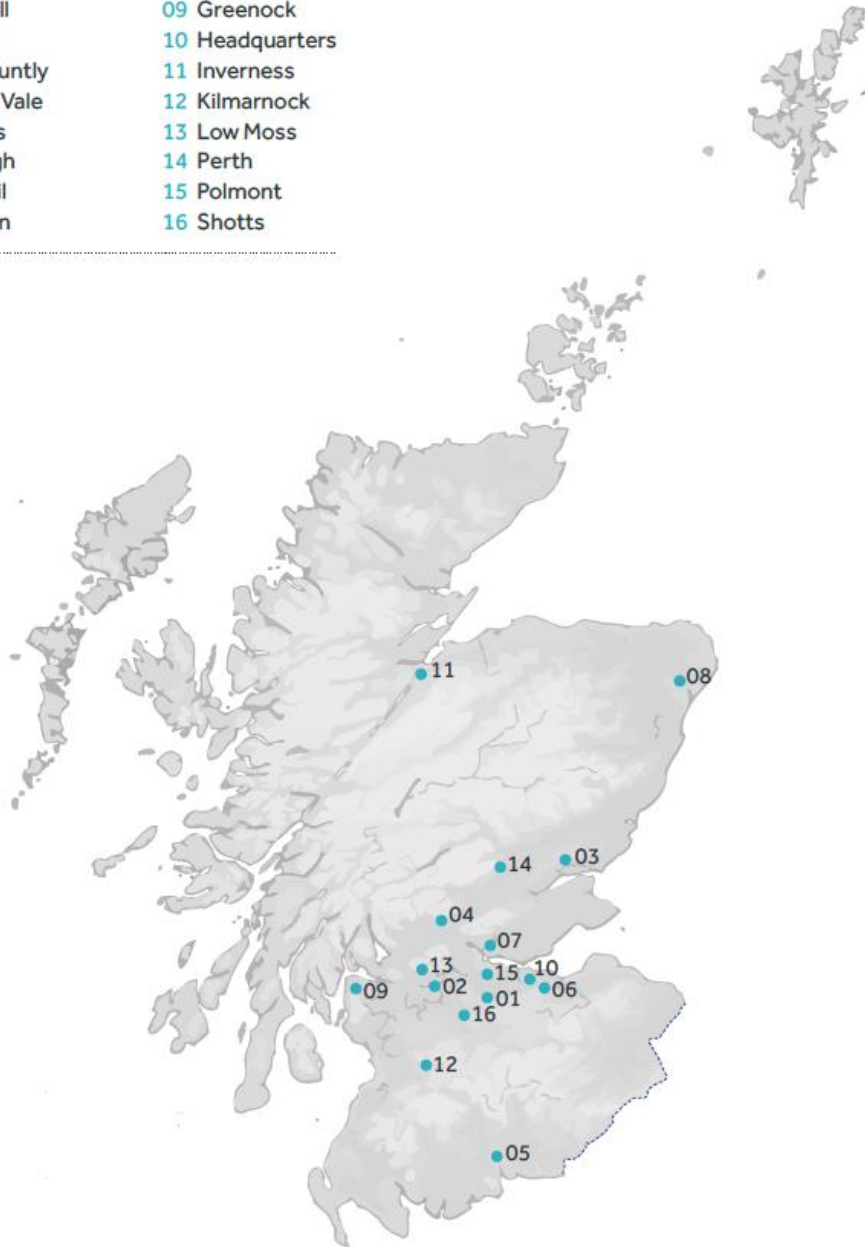
Dated 17 January 2006

APPENDIX 1

LOCATION OF ESTABLISHMENTS

Scotland's Prisons

01 Addiewell	09 Greenock
02 Barlinnie	10 Headquarters
03 Castle Huntly	11 Inverness
04 Cornton Vale	12 Kilmarnock
05 Dumfries	13 Low Moss
06 Edinburgh	14 Perth
07 Glenochil	15 Polmont
08 Grampian	16 Shotts



APPENDIX 2

ORGANISATIONAL STRUCTURE

OFFICE OF THE CHIEF EXECUTIVE		
<ul style="list-style-type: none"> • Audit and Assurance • Legal Services • Financial Policy & Services • Communications and branding • Executive Secretariat • Digital Services 		
CHIEF EXECUTIVE		
DIRECTORATE OF STRATEGY AND STAKEHOLDER ENGAGEMENT	DIRECTORATE OF OPERATIONS	DIRECTORATE OF CORPORATE SERVICES
<ul style="list-style-type: none"> • Policy and Strategy • Offender Outcomes and Services • Health and Wellbeing • Research • Stakeholder Engagement • Corporate Planning and Performance • Women’s Strategy Team • Young Peoples Strategy 	<ul style="list-style-type: none"> • Governors in Charge of Operational Delivery (Prisons and YOI) • Public Protection • Prison Services and Contracts • Operational Planning and Policy • Performance and Improvement 	<ul style="list-style-type: none"> • Human Resource Management • Organisational Development • Procurement Policy and Services • Estates and Technical Services • SPS College

APPENDIX 3

AVERAGE DAILY POPULATION AND MAXIMUM NUMBER BY ESTABLISHMENT 2020-21

	Average Population			Maximum Population		
	Male	Female	Total	Male	Female	Total
Establishment						
Adults						
Addiewell	704	-	704	748	-	748
Barlinnie	1,183	1	1,184	1,273	2	1,275
Cornton Vale	-	62	62	-	69	69
Dumfries	177	-	177	187	-	187
Edinburgh	781	76	858	822	92	904
Glenochil	647	-	647	711	-	711
Grampian	387	36	423	419	42	458
Greenock	144	45	189	153	54	202
Inverness	100	-	100	120	-	120
Kilmarnock	529	-	529	569	-	569
Low Moss	787	-	787	847	-	847
Open Estate	136	-	136	154	-	154
Perth	633	-	633	684	-	684
Polmont	71	72	143	80	87	152
Shotts	544	-	544	548	-	548
Young Adults						
Cornton Vale	-	1	1	-	5	5
Grampian	-	-	-	1	4	4
Polmont	215	6	221	253	9	262
Total	7,038	300	7,338	7,285	353	7,638

Source: Data are based on the Scottish Prison Service PR2 information management system archived aggregate tables. Figures published prior to 2012-13 were from datasets managed by Scottish Government Justice Analytical Services, but it has not been possible to replicate this analysis since 2011-12 due to on-going technical issues. The most notable difference between the two data sources is that the figures shown in this annual report do not include prisoners classified as unlawfully at large.

Notes:

1. Components may not add to totals due to rounding.
2. The figures in these columns cannot be added to produce a total maximum number as the individual establishment figures relate to different days during the year.

APPENDIX 4

AVERAGE DAILY POPULATION IN ESTABLISHMENT BY TYPE OF CUSTODY 2020-21

			2019-20	%age increase/decrease
Remand: Sub Total		1,788	1,670	7.07%
Persons under sentence: Sub Total				
	Under four years	2,326	3,343	-30.42%
	Four Years and over (including life sentence and lifer recalls)	3,324	3,185	1.22%
	Total	7,338	8,198	-10.49%

Source: Data are based on the Scottish Prison Service PR2 information management system archived aggregate tables. Figures published in annual reports prior to 2012-13 were based on datasets managed by Scottish Government Justice Analytical Services, but it has not been possible to replicate this analysis since 2011-12 due to on-going technical issues. The most notable difference between the two data sources is that the figures shown in this annual report do not include prisoners classified as unlawfully at large. The classification of long-term determinate prisoners recalled from licence is also different between the two data sources: these are classified as long-termers in the Scottish Government statistics as they are still subject to parole procedures. On PR2, these prisoners will be classified as short-termers if the recalculated sentence on recall is less than four years.

Notes: Components may not add to totals due to rounding. Remand figures include a small number of persons awaiting deportation as these are classified as untried on PR2. The way the data are held on the PR2 aggregate tables does not allow an accurate breakdown by sentence and age.

APPENDIX 5

ABSCONDS AND FAILURES TO RETURN 2020-21

Absconds and Failures to Return – 2020-21								
		Barlinnie	Cornton Vale	Grampian	Greenock	Open Estate	Polmont	Total
Abscond		0	0	0	0	3	0	3
Failure to Return		0	0	0	0	0	0	0

APPENDIX 6

BREACHES OF DISCIPLINE AND OUTCOME IN PENAL ESTABLISHMENTS BY SEX AND AGE 2020-21

Average Daily Population	6,823	293	215	7	7,038	300	7,338
Breach of Discipline	Male Adults	Female Adults	Male YA's	Female YA's	Total Males	Total Females	Number of Cases
Possessing an unauthorised/prohibited article/quantity of an article	4,145	141	298	0	4,443	141	4,584
Breaches on using an authorised Mobile phone in a prison setting	1,952	75	228	0	2,180	75	2,255
has in his or her possession, or uses, an authorised personal communication device which was not provided by the Governor for use by that prisoner;	292	7	24	0	316	7	323
disobeys any lawful order;	2,226	80	119	6	2,345	86	2,431
using threatening/abusive/insulting words or behaviour	1,937	89	117	2	2,054	91	2,145
Consuming / taking /injecting /inhaling or concealing an unauthorised or prohibited article	1,814	20	8	0	1,822	20	1,842
fighting with any person;	1,422	28	359	1	1,781	29	1,810
destroys or damages property	1,646	30	424	4	2,070	34	2,104
Intentionally or recklessly endangering the health or personal safety of others	2,381	108	621	0	3,002	108	3,110
Assault	1,226	42	308	12	1,534	54	1,588
Unauthorised absence or presence in any part of the establishment	67	1	9	0	76	1	77

Disobeying a rule or direction	346	23	44	0	390	23	413
intentionally refusing to work or failing to work properly	35	6	2	0	37	6	43
sale or delivery of an article allowed only for prisoners own use	276	16	28	0	304	16	320
takes improperly any article	83	4	5	0	88	4	92
intentionally obstructs any person, other than a prisoner, in the performance of that person's work at the prison;	124	6	7	2	131	8	139
Smoking in an area where smoking is not permitted	23	2	1	0	24	2	26
commits any indecent or obscene act;	77	2	4	1	81	3	84
Arson	35	1	12	0	47	1	48
disrespectful to any officer, worker or visitor	33	1	2	0	35	1	36
Failing to return from temporary release or comply with a condition of such release	3	0	1	0	4	0	4
fails, without reasonable excuse, to open his or her mouth for the purpose of enabling a visual examination	5	0	0	0	5	0	5
detains any person against his or her will;	1	1	0	0	1	1	2
escapes or absconds from prison or from legal custody;	3	0	0	0	3	0	3
attempts/incites/assists another prisoner to commit or attempt to commit, any of the above	189	8	27	0	216	8	224
Total:	20,341	691	2,648	28	22,989	719	23,708

Punishments Awarded	Male Adults	Female Adult	Male YA's	Female YA's	Total Males	Total Females	Number of Cases
Forfeiture of privileges	18,382	358	2,144	3	20,526	361	20,887
Stoppage or deduction from earnings or other cash	18,446	387	2037	3	20,483	390	20,873
Caution	1,503	87	215	1	1,718	88	1,806
Confinement to Cell	1,830	69	141	0	1,971	69	2,040
Forfeiture of other entitlements	425	4	16	0	441	4	445
Total:	40,586	905	4,553	7	45,139	912	46,051
Breaches of discipline per head of average prison population	3	2	12	4	3	2	3

Source: Data are derived from the Scottish Prison Service PR2 information management system archived aggregate tables.

Notes: It is possible for more than one punishment to be awarded for one breach of discipline, and conversely one punishment may be given for several breaches of discipline. Components may not add to total due to rounding. Changes to prison rules were implemented during 2012, headings may therefore differ slightly from previous years. Headings have been reordered and some have been combined in the interests of clarity.

APPENDIX 6a -

**BREACHES OF DISCIPLINE AND OUTCOME IN PENAL ESTABLISHMENTS BY SEX AND AGE:
RESTATED DATA FOR 2019-20**

In compiling the data for this reporting year, it became clear that had been an administrative error where the sub-totals and totals in each area were added together.

The table for 2019-20 has been reproduced with the correct data.

Average Daily Population	7,438	402	358	15	7,796	402	8,198
Breach of Discipline	Male Adults	Female Adults	Male YA's	Female YA's	Total Males	Total Females	Number of Cases
Possessing an unauthorised/prohibited article/quantity of an article	5,581	425	291	4	5,872	429	6,301
Breaches on using an authorised Mobile phone in a prison setting. <i>N/A – did not come into force until 2020-21</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
has in his or her possession, or uses, an authorised personal communication device which was not provided by the Governor for use by that prisoner; <i>N/A – did not come into force until 2020-21</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
disobeys any lawful order;	4,839	238	296	8	5,135	246	5,381
using threatening/abusive/insulting words or behaviour	2,639	208	172	3	2,811	211	3,022
Consuming / taking /injecting /inhaling or concealing an unauthorised or prohibited article	2,128	74	7	1	2,135	75	2,210
fighting with any person;	2,268	117	452	0	2,720	117	2,837
destroys or damages property	1,980	84	763	13	2,743	97	2,840

Intentionally or recklessly endangering the health or personal safety of others	1,706	122	430	1	2,136	123	2,259
Assault	1,787	58	266	3	2,053	61	2,114
Unauthorised absence or presence in any part of the establishment	1,329	16	31	0	1,360	16	1,376
Disobeying a rule or direction	497	95	71	1	568	96	664
intentionally refusing to work or failing to work properly	280	13	47	0	327	13	340
sale or delivery of an article allowed only for prisoners own use	241	21	23	0	264	21	285
takes improperly any article	181	10	14	0	195	10	205
intentionally obstructs any person, other than a prisoner, in the performance of that person's work at the prison;	167	11	15	0	182	11	193
Smoking in an area where smoking is not permitted	79	34	5	0	84	34	118
commits any indecent or obscene act;	74	3	2	0	76	3	79
Arson	48	0	24	0	72	0	72
disrespectful to any officer, worker or visitor	46	12	6	1	52	13	65
Failing to return from temporary release or comply with a condition of such release	21	8	1	0	22	8	30
fails, without reasonable excuse, to open his or her mouth for the purpose of enabling a visual examination	10	1	0	0	10	1	11
detains any person against his or her will;	2	0	0	0	2	0	2
escapes or absconds from prison or from legal custody;	0	0	1	0	1	0	1

attempts/incites/assists another prisoner to commit or attempt to commit, any of the above	189	24	36	1	225	25	250
Total:	26,092	1,574	2,953	36	29,045	1,610	30,655

Punishments Awarded	Male Adults	Female Adult	Male YA's	Female YA's	Total Males	Total Females	Number of Cases
Forfeiture of privileges	25,530	1,050	3,239	14	28,769	1,064	29,833
Stoppage or deduction from earnings or other cash	21,669	866	3,129	2	24,798	868	25,666
Caution	2,144	164	136	5	2,280	169	2,449
Confinement to Cell	2,041	142	181	4	2,222	146	2,368
Forfeiture of other entitlements	564	38	5	0	569	38	607
Total:	51,948	2,260	6,690	25	58,638	2,285	60,923
Breaches of discipline per head of average prison population	4	4	8	2	4	4	4

Source: Data are derived from the Scottish Prison Service PR2 information management system archived aggregate tables.

Notes: It is possible for more than one punishment to be awarded for one breach of discipline, and conversely one punishment may be given for several breaches of discipline. Components may not add to total due to rounding. Changes to prison rules were implemented during 2012, headings may therefore differ slightly from previous years. Headings have been reordered and some have been combined in the interests of clarity.

APPENDIX 7

STAFF IN POST

Staff in Post

As at 31 March 2021 there were 4,507 staff in post

Staff in Post Table – This table details the gender, employment type and disability spilt for the organisation.

Employees in Post - As at March 2021	Total	Full Time	Part Time	Full Time Equivalent (FTE)	Disabled (Self Declared)
Female	1,525	1,297	228	1,438	118
Male	2,982	2,591	391	2,784	257

SPS Board (Which includes all senior civil servants within SPS)

SPS Board – This table reflects the gender spilt for SPS Board Members as at 31/03/2021.

As at March 2021	Chief Executive	Directors	Non - Executive Directors	Total
Female	1	2	2	5
Male	0	1	3	4

Staff in Post: Age Groups

Staff in Post: Age Groups – This table details the gender split by age group for the organisation.

As at March 2021	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	Over 65	Total
Female	99	554	361	329	176	6	1,525
Male	89	555	474	855	945	64	2,982

Staff in Post: Ethnicity

Staff in Post: Ethnicity – This table details the ethnicity indicated by the staff within SPS. Where the ethnicity group has less than 5 members this has been shown as “<5” to ensure compliance with the Data Protection Act.

Employees in Post - As at March 2021	
Ethnicity	Total
Asian Other	<5
Black African	<5
Black Caribbean	<5
Black Other	<5
British African	<5
British Asian Other	<5
British Pakistani	<5
Indian	<5
Mixed Other	<5
Mixed White and Asian	<5
Not Advised	2453
Other Ethnic Group	<5
Pakistani	<5
Prefer not to Disclose	390
Scottish Pakistani	<5
White	465
White English	89
White Gypsy Traveller	<5
White Irish	11
White Northern Irish	11
White Other	12
White Polish	<5
White Scottish	1047
White Southern Irish	<5
White Welsh	<5

Leavers: Age Groups

Leavers: Age Groups - This table details the gender split by age group for the organisation for all employees who have left the organisation in the 12 month period 01/04/2020 to 31/03/2021.

As at March 2021	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	Over 65	Total
Female	6	21	14	16	13	5	75
Male	4	24	17	20	73	19	157

Recruitment

Recruitment - This table details the gender split, ethnic group, disability declarations and non-full time employments types for all employees who have joined the organisation in the 12 month period 01/04/2020 to 31/03/2021.

Appointments 2020 - 2021	Male	Female	Ethnic Minority Group		Disabled (Self Declared)	Part Time / Job Share
290	166	124	Mixed Other	<5	1	14
			Not Advised	267		
			Prefer not to Disclose	<5		
			White	5		
			White English	<5		
			White Other	<5		
			White Polish	<5		
			White Scottish	13		

Recruitment: Age Groups

Recruitment: Age Groups - This table details the gender split by age group for the organisation for all employees who have joined the organisation in the 12 month period 01/04/2020 to 31/03/2021.

As at March 2021	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	Total
Female	30	53	28	10	3	124
Male	28	76	27	25	10	166

Exceptions

Exceptions – This table details all appointments of staff which fell outside our standard recruitment process. That is they were classified as not being appointed under open and fair competition.

Temporary Appointments	Re-appointment of Formal Civil Servants
7	10

There were no exceptions in the following Categories:

Schemes for Unemployed and Disabled People; Organisations transferred in (Non-TUPE)
 Extended Ministerial Offices; Organisations transferred in (TUPE), Secondments
 Northern Ireland Civil Servants; Conversion to Permanency
 Staff from other Public Bodies

Promotion

Promotion - This table details the gender split, ethnic group, disability declarations and non-full time employments types for all employees who were promoted within the organisation in the 12 month period 01/04/2020 to 31/03/2021.

The following personnel were promoted:

Promoted 2020 - 2021	Male	Female	Ethnic Minority Group		Disabled (Self Declared)	Part Time / Job Share
218	128	90	British Pakistani	<5	9	2
			Mixed White and Asian	<5		
			Not Advised	125		
			Prefer not to Disclose	10		
			White	20		
			White English	6		
			White Gypsy Traveller	<5		
			White Irish	<5		
			White Northern Irish	<5		
			White Scottish	52		

APPENDIX 8

PARLIAMENTARY ACCOUNTABILITY 2020-21

Category of Response	No. Received	No. of Replies issued within 15* working days	No. of Replies issued out with target date
MSP's Letters for Ministerial Reply	0	0	0
MSP's Letters for Chief Executive Reply	135	94	41
Total (2020-21)	135	94 (70%)	41 (30%)
Total (2019-20)	80	63 (79%)	17 (21%)

*Since April 2020 due to the Covid-19 pandemic it was agreed that the timescale for replies to be issued for Ministerial Correspondence would be 20 working days instead of 15 days (as per 2019-20).

Scottish Parliamentary Questions			
Year	Total	Ministerial Replies	Chief Executive's Replies
Year ended 31 March 2021	87	9	78
Year ended 31 March 2020	83	0	83

APPENDIX 9a

KEY PERFORMANCE INDICATORS*

		2020-21	2019-20	2018-19
KPI1a	Extreme Risk Escapes	-	-	-
KPI1b	Escapes at other supervision level	-	-	-
KPI2a	Serious Prisoner on Staff Assaults **	8	12 (12)	10
KPI2b	Minor & No Injury Prisoner on Staff Assaults **	290	358 (401)	410
KPI2c	Serious Prisoner on Prisoner Assaults **	67	112 (125)	135
KPI2d	Minor & No Injury Prisoner on Prisoner Assaults **	1,388	2,892 (3,629)	2,994
KPI 3a	Purposeful Activity Hours	3,410,103	6,082,903	6,258,125
KPI 3b	Average Purposeful activity Hours per week per Convicted prisoner	14	19	20
KPI4a	% of education classes spent delivering literacy skills	35.8%	38.3%	36.0%
KPI4b	% of education classes spent delivering numeracy skills	27.9%	24.5%	20.8%
KPI5a	Vocational & Employment Related Qualifications	6,411	24,569	26,883
KPI5b	Vocational & Employment Related Qualifications at SCQF level 5 or above	143	1,526	1,781
KPI6	Employability Prospects Increased	-	-	-
KPI7	Reduced Substance Abuse***	-	-	45%
KPI8	% of ICM Case Conferences with CJSW in attendance	91.0%	88.1%	86.7%
KPI9	Average Annual Cost Per Prisoner Place****	£39,350	38,213	35,601
KPI10	Reducing Carbon Emissions*****	-	-	-

* An explanation of Operational Performance Indicators is shown at Appendix 9b.

** The data in brackets would have been reported if the SPS had not changed the definition of the KPI Assaults from 1 October 2019. This change was agreed by the EMG, and the Cabinet Secretary is aware of the change in definition. The new figures are recorded by the number of incidents and not by the numbers of people involved, unless it is a serious assault, where it is clearly defined, then it will be reported as more than 1. Also, perpetrator has to be found Guilty in Orderly Room, and/or incident reported to Police.

*** Annual Prevalence Testing did not take place in 2019-20 or 2020-21.

****The average cost per prisoner place excludes capital charges, exceptional payments and the cost of the Court Custody and Prisoner Escort Contract. SPS publishes cost and performance information on the latter separately on its website.

*****A separate report is published on our website.

APPENDIX 9b

WHAT DO THE OPERATIONAL PERFORMANCE INDICATORS MEAN?

Key Outcomes	KPI	Definition	Related National Outcomes	Related National Indicators
SPS maintains secure custody and good order				
We live our lives safe from crime, disorder and danger.	1. Escapes	a) Extreme risk. b) All other supervision levels. c) Absconds. d) Incidents of failure to return.		Reduce re-conviction rates
Our public services are high quality, continually improving, efficient and responsive to local people's needs.	2. Assaults	a) Serious prisoner on staff assaults. b) Serious prisoner on prisoner assaults. c) Other prisoner on staff assaults. d) Other prisoner on prisoner assaults.		Reduce re-conviction rates
SPS cares for prisoners with humanity and offers them appropriate opportunities				
We live our lives safe from crime, disorder and danger.	3. Purposeful Activity Hours	Any supervised and/or structured activity that contributes to reducing re-offending.	We realise our full economic potential with more and better employment opportunities for our people. We are better educated, more skilled and successful, renowned for our research and innovation.	Reduce reconviction rates. Improve levels of Educational attainment. Increase Physical Activity
Our public services are high quality, continually improving, efficient and responsive to local people's needs.	4. Increase in Literacy and Numeracy	a) The percentage of prisoner learning hours delivered with a primary aim of developing literacy skills. b) The percentage of prisoner learning hours delivered with a primary aim of developing numeracy skills.	Our young people are successful learners, confident individuals, effective contributors and responsible citizens. We live longer, healthier lives. We have improved the life chances for children, young people and families at risk.	Reduce reconviction rates. Improve levels of Educational attainment.
SPS maintains secure custody and good order				
We live our lives safe from crime, disorder and danger.	5. Vocational qualifications	a) Number of vocational and employment-related qualifications. b) Number of vocational and employment-related qualifications at SCQF level 5 or above.	We realise our full economic potential with more and better employment opportunities for our people.	Reduce reconviction rates. Improve levels of Educational attainment. Improving the skill profile of the population.
Our public services are high quality, continually improving, efficient and responsive to local people's needs	6. Increase in employability	The percentage of prisoners accessing JobCentre Plus' pre-release service who move into employment, education or training within 13 weeks of release.	We are better educated, more skilled and successful, renowned for our research and innovation.	Reduce reconviction rates. Improving the skill profile of the population.
	7. Reduced or stabilised drug misuse	The number of prisoners testing positive on entry compared with the number testing positive on exit.	Our young people are successful learners, confident individuals, effective contributors and responsible citizens.	Reduce reconviction rates. Reducing the number of individuals with problem drug use.
	8. Integrated Case Management case conferences with social work contributions	The percentage of case conferences held for prisoners to be released to Scotland where the community Criminal Justice Social Worker attended.	We live longer, healthier lives. We have improved the life chances for children, young people and families at risk.	Reduce reconviction rates. Reducing crime victimisation rates.
SPS offers value for money to the taxpayer				
Our public services are high quality, continually improving, efficient and responsive to local people's needs.	9. Average annual cost per prisoner place			Improve people's perceptions of the quality of public services.
We value and enjoy our built and natural <u>environment</u> and protect it and enhance it for future generations.	10. Reducing Carbon Emissions	From 2010, a 20% reduction in carbon emissions by 2015 with anticipated savings over the 5 year plan equating to 45,335 tonnes of CO2, and £8.1m.	We reduce the local and global environmental impact of our consumption and production.	Reduce Scotland's Carbon Footprint. Reduce waste generated.

APPENDIX 10

NATIONAL PERFORMANCE FRAMEWORK

National Policy Framework with SPS Strategic Themes and Outcomes

NATIONAL OUTCOMES		We live in communities that are inclusive, empowered, resilient and safe			We respect, protect and fulfil human rights and live free from discrimination				
NATIONAL STRATEGY - JUSTICE IN SCOTLAND: VISION AND PRIORITIES	VISION	A safe, just and resilient Scotland.							
	OUTCOMES	We live in safe, cohesive and resilient communities.		Prevention and early intervention improve wellbeing and life chances.		Our systems and interventions are proportionate, fair and effective.		We deliver person-centred, modern and affordable public services.	
	PRIORITIES	We will enable our communities to be safe and supportive, where individuals exercise their rights and responsibilities.	We will enable our people, economy and infrastructure to respond to major risk, recover from emergencies and adapt to emerging threats.	We will modernise civil and criminal law and the justice system to meet the needs of people in Scotland in the 21st Century.	We will work with others to improve health and wellbeing in justice settings, focusing on mental health and substance use.	We will work to quickly identify offenders and ensure responses are proportionate, just, effective and promote rehabilitation.	We will improve the experience of victims and witnesses, minimising court attendance and supporting them to give best evidence.	We will use prison only where necessary to address offending or to protect public safety, focusing on recovery and reintegration.	
SPS VISION		Help build a safer Scotland – Unlocking Potential – Transforming Lives.							
MISSION		Providing services that help to transform the lives of people in our care so that they can fulfil their potential and become responsible citizens.							
STRATEGIC THEME	DEVELOPMENT	ENGAGEMENT	IMPACT	STANDARDS	COLLABORATION				
STRATEGIC OUTCOME	We will have the right people, with the right skills, in the right place, at the right time.	Everyone has a voice and contributes meaningfully to our corporate improvement journey.	Our services are efficient, effective and provide value for money.	Our prisons are safe, healthy and positive places in which to work.	Growing and strengthening our stakeholder and partner networks and relationships to achieve better outcomes for those in and leaving our care.				

APPENDIX 11

COURT CUSTODY AND PRISONER ESCORT SERVICE

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec -20	Jan-21	Feb-21	Mar-21	2020-21 Total	2019-20 Total
Geoamey														
Number of Court Arrivals	1,722	2,658	3,784	4,268	4,835	4,790	4,107	4,127	4,018	3,230	3,112	3,893	44,544	103,123
% arrived on time	98.3	96.2	93.0	90.98	88.96	88.0	88.34	87.98	81.43	89.57	87.69	88.0	89.9	80.5
Non Court Escorts	270	355	581	640	822	1,160	1,126	1,291	1,123	788	681	907	9,744	34,340
Court Cell Areas Operated	220	230	422	630	669	840	842	856	874	804	846	981	8,214	8,933
Court Docks Staffed	291	313	574	1,015	1,289	1,503	1,592	1,664	1,565	1,405	1,545	2,020	14,776	25,704
Number of Prisoners Unlawfully at Large	0	0	0	0	1	1	0	0	0	0	0	0	2	6
Total Secure Journeys	893	1,059	1,506	1,824	2,102	2,459	2,408	2,429	2,439	2,011	1,945	2,457	23,532	46,137
Total Community Journeys	7	4	9	6	14	166	186	277	73	33	33	36	844	6,488