

Scottish Prison Service

ANNUAL REPORT & ACCOUNTS

2019-20

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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 2019-20.

CHIEF EXECUTIVE'S FOREWORD

I am pleased to introduce our Annual Report and Accounts for 2019-20.

At the time of writing, we are several weeks into our response to a global health pandemic. Covid-19 has affected every aspect of our society but the impact on our prisons is unique. Prisons by their very nature, confine groups of people into relatively small spaces therefore the challenge to achieve physical distancing has been complex. The safety and wellbeing of those living and working in our prisons is our priority but in order to achieve this we have had to change long established working practices and implement innovative new ways of delivering our business, often at rapid pace. This has only been made possible by the dedication, professionalism and flexibility of our staff, whose ability to pull together in such difficult circumstances has been extraordinary.

There is no doubt that responding to Covid-19 has placed significant demands on our organisation in recent weeks and will continue to for many months to come. I would therefore like to pay tribute to staff, at all levels of the organisation, for your hard work and commitment to the Scottish Prison Service (SPS) during this time. I would also like to express my sincere thanks to all the NHS staff in our prisons, who continue to work with us in partnership throughout this pandemic. It is to the credit of you all that we have maintained safe and humane environments for those in our care despite relentless challenges.

My thanks also go to our Non-Executive Director colleagues for their immense support, particularly through this pandemic but also throughout the year.

In spite of the current circumstances, the publication of the Annual Report and Accounts remains an important and necessary opportunity for us to reflect on the performance of the past year.

Senior Leadership Changes

This past year has seen a number of changes to our Senior Leadership Group. Firstly, after eight years as Chief Executive, Colin McConnell retired from the Scottish Prison Service and has since taken up a senior role with the Scottish Government. We have new interim Executive Directors in each of our three Directorates, all of whom bring a wealth of knowledge and experience to these roles. It is hoped that when we are through the worst of the current pandemic, it will be possible to create a more stable platform of Senior Leadership to guide the SPS over the next few years.

Young People

We welcomed the Expert Review of the provision of Mental Health Services for Young People in HMP & YOI Polmont. Whilst considerable progress has been made in achieving the recommendations from the report, further work is required.

Covid-19 has created an opportunity for us to accelerate the provision of in-cell telephony not just in Polmont but across all establishments. Along with that, we have been able to introduce video technology which will allow virtual visiting to take place. Whilst this technology will be of obvious benefit for all, it will be of particular value for young people to keep in contact with their families, especially for those who are located in our national facility, and who may be a distance from home. We know that young people especially use these technologies as part of their daily lives and by allowing them to continue to connect with their loved ones in this way, this may serve to be a useful step in their successful reintegration back into their communities at the end of their time in custody.

Development of the SPS Estate

Despite the delays created by Covid-19 and the interruptions this has caused for the construction industry as a whole, as I write this, it is still hoped that the Community Custody Units (CCUs) in Glasgow and Dundee will be completed by 2021 and the new Women's National Facility by the middle of 2022.

Plans to refurbish the existing Reception and Health Centre within HMP Barlinnie are well underway with the new facilities expected to be operational by the Summer of 2022. Looking forward, a suitable site has also been secured and planning permission is anticipated for the replacement of HMP Barlinnie in Glasgow.

Challenges

The organisation has continued to face significant pressures over the course of the year, with the prison population reaching historically high levels. Whilst rising numbers are a challenge in themselves, this is further complicated by the increase in Serious Organised Crime Groups as well as the growing complexity of needs within the prison population, most notably in the demand for social care provision.

The growth of new psychoactive drugs has presented numerous security challenges and placed additional demands on our staff who admirably deal with the often unpredictable and dangerous effects these substances have on those in our care.

Levels of staff sick absence have remained worryingly high. In order to support our staff, we have had to make some difficult decisions which regretfully included the suspension of our Throughcare Support Service. However, the impact of Covid-19 has resulted in a reduction in prisoner numbers and improved levels of recruitment mean that we may be able to revisit this issue in the coming year.

In order to maximise attendance, a new SPS Attendance Management Policy was developed. It was due to launch in early April 2020 however as a result of the response to Covid-19, the decision was made to delay its implementation.

I have been tremendously impressed and moved by the response of our staff and people in our care throughout the Covid-19 pandemic.

Those in our care have donated to food banks, made face masks for health and social care workers and have complied with the restrictions we have had to introduce to minimise the health risks. We could not have managed in these circumstances in the way that we have been able to without their engagement and cooperation. I also wish to thank the families of those in our care who have been graciously understanding during these times of significant change.

I am proud of all of those who live and work in our prisons, all of whom have responded magnificently to the challenges they have had to face. We are incredibly fortunate to have the dedicated and talented staff group who work in our prisons in Scotland.

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive

02 October 2020

CHAIR OF THE ADVISORY BOARD FOREWORD

As I write this, Scotland is still in the grip of Covid-19. It is proving to be a more tenacious adversary than perhaps our worst nightmares could conceive. Hopefully, by the time this Annual Report and Accounts is being read and analysed, Covid-19 will be a receding memory, but its effect will be enduring.

In this introduction I want to focus on the response to the virus by the SPS because in many ways this demonstrates the resilience of the organisation, the determination and courage of its staff and its collective and individual abilities to face up to and solve complex challenges. This will give me a chance to compare the Covid-19 plan of action with the 'old-normal' issues we faced earlier in the year and to look ahead to some of the ideas and solutions for the future.

Prisons are designed to contain people in a defined area for the purposes of security and to carry out activities for rehabilitation. So how do prisons cope with rules that demand 'social distancing'? The only answer is to stop family visits and cancel all purposeful activities. These, of course, are the very activities that are designed to help, support and rehabilitate those in our care. Naturally I was concerned that the necessary restrictions may result in widespread instability within our prisons.

I should not have worried. I forgot the SPS' ability to cope with the unforeseen, its enduring leadership qualities and the quality of its staff. Leadership that instantly inspired at all levels, that persuaded those in our care that they would be looked after to the very highest degree possible, and staff that coordinated, cooperated and communicated. I have been proud to hear of staff going that extra mile to ensure every individual is cared for. As a result, those in our care have responded in a very positive way. Of course, there is a long way to go before the crisis ends and the risks remain, but I am gratified that so much has been achieved to lower the risks.

Across the Service new ideas have emerged that will stand us in good stead in the future. Perhaps the most visible is the purchase of mobile phones. Although brought in by necessity because of the restrictions to family visits, it is a method of maintaining family contact that is fit for the 21st century.

Earlier in the reporting year, the Board and my fellow Non-Executive Directors were worrying about the rise of prisoner numbers, overcrowded prisons and a seemingly corresponding fall in the number of staff members fit to attend duty. I see a different picture today. With the Scottish Courts currently closed and the implementation of the early release system, prisoner numbers have fallen by over 900. We have been cautiously pleased to see staff numbers available for duty rise which shows both the enormous efforts from Managers but also the personal commitment of our staff.

Post crisis, prisoner numbers will rise again; now there needs to be encouragement for courts to use alternatives to prison, where appropriate, thus keeping prisoner numbers down. We must try to avoid going back to the dark days of only a few months ago of severely overcrowded prisons.

The Advisory Board will continue to monitor the progress of the improvements to the female estate, with a National Facility being built at HMP & YOI Cornton Vale and two new CCUs being built in Glasgow and Dundee. Once these are completed the SPS will be much closer to completing the necessary work required by the 'Angiolini Commission'. We will continue to ask that the whole female estate is brought up to standard in due course.

We will also continue to propose replacements for HMP Barlinnie and the other, older prisons at Inverness, Greenock and Dumfries. As we adapt to the 'new normal' post crisis, it may be that new builds will take some time to be agreed, therefore our staff working in older prisons will have to continue to provide high standards of care in more challenging conditions. I applaud their efforts.

Finally I would like to pay tribute to Colin McConnell our Chief Executive for eight years. He led the service through a period of very significant and positive transformational change. There is no doubt that Colin significantly changed the culture of the SPS and this has, without doubt, helped the SPS achieve such a positive response to the current crisis. We wish him well and thank him for his commitment to the SPS.

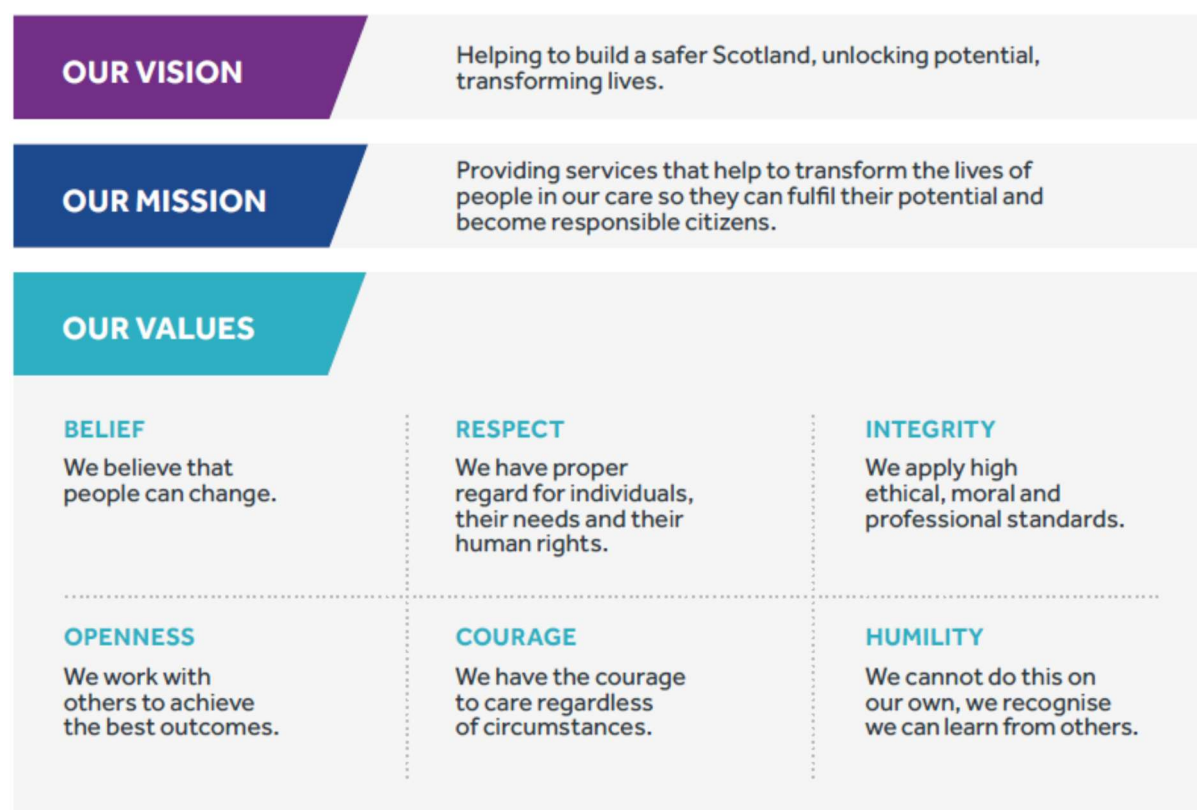
Teresa Medhurst took over from Colin as Interim CEO almost exactly at the time that the Covid-19 crisis began. Her leadership and direction has put each and every prison into a position where they are well able to cope with the challenges of the virus and, as I have described above, been able to provide exceptional care at a very challenging time. We offer her and her team our best wishes in the coming months as they grapple, not only with Covid-19, but also with the 'normal' issues that remain to be dealt with.

Brigadier Hugh Monro CBE
Non-Executive Director

WHO WE ARE AND WHAT WE DO

The 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 accord 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 2020, 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 over 8,000 individuals in our care. Appendix 2 details the organisational structure designed 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. Appendix 11 shows the core volumes for 2019-20.

National Policy Context

National Performance Framework and Outcomes

As an Executive Agency of the Scottish Government we are committed to playing our part in the delivery of National Outcomes and strategy. Scotland's National Performance 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

There are several pieces of legislation that have impacted on our services. The Domestic Abuse (Scotland) Act 2018 was implemented in 2019 and it is anticipated this will have an impact on the number of individuals committed to custodial care. In June 2019, the Scottish Government extended the presumption against short-term periods of imprisonment from three months or less, to 12 months or less. The Management of Offenders (Scotland) Act was implemented in June 2019. This Act extended the use of electronic monitoring and introduced an 'unlawfully at large' offence and changes to the criteria for home detention curfew.

SPS has also engaged in a number of Independent reviews including the review of the Mental Health Legislative framework, the review of Forensic Mental Health Services and the Care Inspectorate's review of services for under 18s. The findings and recommendations from these reviews may have implications for those in our care and for how we deliver our services going forward.

At a UK level, welfare reform legislation has continuing implications for those in our care and for our working relationships with partners and stakeholders. There may also be implications arising from the United Kingdom's withdrawal from the European Union.

In contributing to the delivery of our principal objectives and national outcomes, SPS has five strategic themes and outcomes, each of which is supported by Key Aims.

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

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.

Our Population

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.

Upon the resumption of court business, it is anticipated that this declining trend will reverse and the numbers of people in custody will increase significantly again. Increasing numbers are further complicated when directing resources to meet the growing complexity of needs within the prison population. This includes issues such as demand and access for programmes to deal with sexual offending behaviour, provision of social care to an ageing sector within the population, or dispersal of individuals for safety and good order reasons. These challenges, and many others, overlaid upon an ageing prison estate, mean that “useable space” is further restricted. Ensuring suitable physical distancing measures are in place to prevent the spread of Covid-19 also significantly impacts space dynamics within the prison estate.

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.

Our people

SPS renewed the commitment to engage with our workforce following the rejection of the Prison Officer Professionalisation Programme proposals through a ballot of the members of the Prison Officers Association POA(S) in late 2018. In the summer of 2019, following constructive engagement with the trade unions, SPS presented a three year pay deal which saw those on lower incomes benefit the most. Through this pay deal the POA(S) agreed to important reform of the Prison Officer role. The professional development pathway for all new prison officers is now underway including the direct recruitment of Residential Officers. A specialised suite of training has also been developed for individuals working with young people and women; aspects of which are being piloted with the current residential programme prior to full roll out in 2020-21. It was also agreed with POA(S) and Public and Commercial Services Union (PCS) that a new attendance management policy will supersede the existing policy, Managing Attendance & Absence Policy & Procedure (MAAPP).

To mitigate the risks associated with staff absence we:

- monitor trends, themes and patterns of absence;
- have revised 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 lifted;
- have ensured access to Covid-19 testing for key prison workers;
- 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
- implemented the Covid-19 Exceptional Payments Scheme to ensure that we have sufficient staff at work to meet the needs of our critical service.

Our Resources

Due to continued pressure on the public purse, the cash budget for SPS had been eroded significantly since 2015-16, equating to an overall 11% reduction in real terms. The 2019-20 non capital settlement was 'flat cash' which meant a further real terms reduction in the budget. However, in recognition of in-year pressures on the budget resulting from the increasing population the Scottish Government allocated additional funding to mitigate the impact. This included the purchase of additional capacity from the two private prisons operating within Scotland.

To mitigate this risk we:

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

Covid-19

Covid-19 had a significant impact in the final quarter of the year. Resources and staff focus were redirected towards planning for its impact.

In March 2020 we began to see the impact of rising staff absence rates specifically linked to Covid-19 and the prison population began to reduce in response to the Covid-19 outbreak as a result of the slowing down and then temporary suspension of court business.

It is clear that the implications of Covid-19 will have an ongoing impact on how we accommodate and provide services to those in our care.

To mitigate the impact of Covid-19 we:

- introduced a range of regime changes and operating procedures within prisons;
- implemented additional governance/oversight groups to support the continued delivery of service;
- put in place a range of Covid-19 specific staff processes and procedures;
- developed dedicated information and resource pages on the SPS web and intranet sites;
- 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 the SPS Families Helpline to provide guidance and support to the families and friends of those in custody during this challenging time.

PERFORMANCE SUMMARY

Introduction to Performance

This Annual Report is the first 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 and Key Aims:

- **Strategic Themes** define the broad areas where we will focus on improving and developing our service.
- **Strategic Outcomes** describe what we aim to achieve from our programme of service development and improvement activity.
- **Key Aims** reflect areas considered critical to achieving our outcomes.

For each year of the Plan we develop an Annual Delivery Plan (ADP). The ADP sets out the Essential Actions we will deliver during the course of the year in order to deliver our Strategic Outcomes. This Annual Report covers the first ADP in the life of the Plan.

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.

Our refreshed Corporate Plan 2019-22 was published on 5 April 2019. The Plan is designed to be delivered over a three-year period whilst being flexible enough to accommodate change. In the Plan our priorities are expressed through five Strategic Themes and Outcomes. 23 Key Aims state explicitly what must be delivered in order to achieve each Outcome.

PERFORMANCE SUMMARY 2019-20

Our ADP 2019-20 contained 20 Essential Actions (EAs). 10 have been delivered in full with 10 being delayed or re-profiled.

Due to the unprecedented population management pressures, combined with the associated financial challenges, the 2019-20 year was challenging for the SPS performance and it was not possible to deliver the full extent of the essential actions. Recognising the multi year dimension to the corporate plan, and cognisant of the pressures on the SPS, a number of essential actions within the performance year were consciously re-profiled by the Executive Management Team for delivery either towards the end of the year or into a subsequent performance year. However this delivery schedule was further impacted by the coronavirus pandemic which resulted in a reprioritisation of resources and a necessary suspension of many planned developments.

The overriding priority for the SPS was, and is, to ensure the continuity of safe and secure service delivery for those in our care and for those who work in our service. Through our recovery planning arrangements we will prepare a new prioritised delivery plan to ensure we continue to deliver best value in our prison system.

In the following sections we provide a high level summary of activity. A more detailed description of progress in relation to each individual EA is provided in the Performance Analysis section.

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

Our workforce is our most valuable asset and important resource. Following on from the rejection by ballot of our Prison Officer Professionalisation Programme proposals, we took forward critical elements of work originating in the Programme to ensure our continued progress towards the ambitions set out in our Organisational Review. It continues to be our objective to equip all staff with the skills and time necessary to deliver services in a person-centred and asset-based way - an approach designed to encourage and empower those in our care to recognise and make use of their own strengths in support of their desistance journey. We completed all three of the Essential Actions in this area.

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

In our refreshed Corporate Plan 2019-22, we undertook to improve the engagement and involvement of both our staff and those in our care in contributing to the design and delivery of high quality custodial care services. We committed to developing a strategy for engagement with staff and a framework for engagement with those in our care, recognising that different approaches would be required. Although work commenced in each area, decisions were taken to re-profile the delivery of both of these actions. With regard to the former this was to enable further reflection on changes in approach and thinking within SPS; and in respect of the latter in consideration of restrictions arising from Covid-19.

The approach to internal engagement was reviewed and will be re-planned within the lifespan of the Corporate Plan to reflect changes in how approaches to both internal and external communication are being taken forward by the SPS corporately.

Work on the Framework for Engagement with those in our care has been progressed in two ways and an evidence base has been developed around the shape of engagement across the prison system. A research programme built around participatory action research approaches in conjunction with Edinburgh Napier University has been developed.

Both actions will be reconsidered and re-prioritised within the context of our recovery planning arrangements.

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

Our Strategic Theme 'Impact' was designed to provide a focus for our efforts in the modernisation and redesign of the way our service operates in order to maximise efficiency and effectiveness. We undertook a substantial amount of activity against the Theme in 2019-20.

We completed the development of a Strategic Assessment.

Significant progress was made in tackling staff absence through the development of a range of initiatives.

We also made good progress with implementing our Equality Outcomes. A full account of these is provided in our 2019-20 Equality Outcomes Final Report.

Implementation of an electronic ‘purchase to pay’ solution has been re-profiled, however as much of this work has already been progressed, it is anticipated that this will be completed in 2020-21.

The review of SPS’ Operational Structures and the activity day within prisons was delayed due to resource and capacity considerations and will require to be re-prioritised within the context of the 3-year Corporate Plan and recovery planning arrangements. It is anticipated that there will be a significant amount of learning from the response to Covid-19 which will inform the process.

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

This strategic theme captures various initiatives aimed at ensuring the organisations compliance with a range of policy and standards requirements. Three of the EAs have been delivered whilst four have been delayed.

Good progress has been made with the implementation of our strategy for Women in Custody including the development of the principles of the new model of custody for women as well as the implementation of our new Mother and Babies Policy. We have also worked effectively with partners to tackle the risks (including violence) posed by the increasing number of individuals in custody with links to Serious Organised Crime Groups (SOCG).

Significant amounts of work were undertaken in relation to the Review of KPIs; the development of a revised individual Case Management model; and the revision of the SPS Young Person’s Strategy. However, for a variety of reasons these were not delivered within timescales and will be reconsidered and prioritised within the recovery planning process.

The embedding of the Operations Directorate Audit and Assurance Group into day to day prison management was delayed due to capacity issues and will be progressed in 2020-21.

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.

This theme recognises our commitment to working ever closer with partners and stakeholders in the belief that only a collaborative approach can help to deliver the best personal outcomes for those in and leaving our care. Considerable activity had been invested in all three of the EAs identified for 2019-20 with one being completed and two re-profiled.

The development of a draft Health and Wellbeing Strategy has been delayed due to resource and capacity considerations within the Directorate. However, a range of activity has taken place, Scottish Government Health and Justice representation is in place for all health improvement work-streams and a workshop was hosted to explore a new approach to delivery of health and wellbeing in prisons. The development of the draft Strategy will be re-prioritised in 2020-21 within the recovery planning process.

A new Partnership Agreement process has been developed and shared with establishments. It is anticipated that this will be fully embedded within establishments within 2020-21.

A draft Prisons Strategy had been completed but this will require to be revisited to take account of the impact Covid-19 and any learning identified.

Managing Operational Performance

The safety and security of our prisons is paramount and through our Strategic Risk and Threat Group, established in 2017, we identify any emerging risks and trends and respond to these appropriately.

As a result of the success of our Justice partners, particularly Police Scotland, in dealing with SOCGs, the SPS must manage a range of complex issues and challenges associated with them and Organised Prisoner Networks (OPN) while they are in custody.

We also recognise that the increase in the use of illicit substances, particularly the growth of new psychoactive substances, as well as the misuse of medication, present numerous security challenges and often result in unpredictable and dangerous behaviour from those in our care.

We have introduced a number of initiatives to try and reduce the levels of violence within our prisons. A review of the Separation and Reintegration Units was conducted and the key recommendations from this were implemented in order to support the management of complex and violent individuals. This involved the introduction of the SPS Head of Psychology to the Prisoner Monitoring and Assurance Group (PMAG) and clarity around the National Case Conference Model to ensure that robust management plans are in place to support the transfer of challenging individuals.

It is important to recognise that the known risks and challenges are exacerbated by the sustained increase in population throughout the year in comparison to 2018-19, with an increase on average of 5.25% on the position reported last year.

It is also worth noting that the impact of the Covid-19 pandemic which started in the later part of quarter four had an impact on the SPS's KPI figures for the reporting year. A comment against each KPI outlining the impact should be taken in context.

For the Key Performance Indicators (KPI's) 2a to 2d, the SPS amended the definition and reporting process from 1 October 2019.

The new definition now reflects the fact 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 the SPS custody of a prisoner of any supervision level in the reporting year 2019-20. This is a continuation of the position reported last year and is encouraging considering the increase in number of prisoners held in custody in Scottish prisons, as well as the increase in number of emergency 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 has increased during this reporting year **in comparison to 2018-19 with 12 as against 10 incidents.**

This small increase is unwelcome due to the incredible work carried out by front line staff during a period of sustained increases in the prisoner population.

There are a number of factors which may influence the propensity of violence against staff.

The continuing effects of the introduction of the Smoke Free prison environment as well as the increase in the application of the Management of Risk from Substances (MoRS) policy for those individuals presenting as under the influence of an unknown substance, has resulted in an increase in reactive violence.

Additionally, with a further increase in the number of SOCG nominals held in custody, the requirement to manage individuals who present an extreme risk of violence has increased.

Lastly, the management of individuals who present with complex mental health issues places additional demand on our front line staff. We endeavour to work with our criminal justice partners, in particular with Police Scotland and our NHS colleagues to ensure that those who have been identified as having mental health issues are managed appropriately to reduce the risk of violence.

Identification of the motivation behind all assaults has improved as a result of SPS introducing standardised violence investigation processes across all prisons.

KPI 2b prisoner on staff minor and no injury assaults. The numbers against this measure has **decreased to 358 from 410 incidents, which is a decrease of 12.5% across all prisons** for the reporting year 2019-20.

The majority of these incidents occur in the larger closed male establishments with nearly 75% of all staff assaults occurring in those establishments who receive admissions direct from the courts.

The violence against staff has occurred predominately within those 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.

The increase in prisoner population within these establishments is also impacting on the current regime, which can lead to individuals becoming frustrated. These frustrations can often escalate to violence against staff.

There has also been a significant increase in assaults against staff within the prisoner reception area and visits room. It is suspected that these assaults are drug related or as a result of the current feuds between rival SOCG's. Individuals perpetrating these assaults know that this behaviour will

lead to them being placed within a Separation and Reintegration Unit (SRU) away from the general prisoner population.

KPI 2c Serious prisoner on prisoner assaults. The number of occurrences of serious prisoner on prisoner violence for the **reporting year 2019-20 has reduced by 17% to 112 from 135 incidents** compared to 2018-19.

The majority of these incidents occur 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.

Only two incidents of Serious Prisoner on Prisoner Assault were recorded in establishments other than the large male closed estate, with one each at HMP Dumfries and HMP Greenock.

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

Additionally, with the increase in prisoner numbers and many SPS establishments being over capacity, the ability to manage those who perpetrate violence by keeping them separate from others has been increasingly problematic, particularly for those with SOCG links.

KPI 2d Minor and No injury prisoner on prisoner assaults there has been a decrease in this set of recorded prisoner interpersonal violence for 2019-20 compared to the reporting period 2018-19, from 2,994 to 2,892 incidents.

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

An analysis of these incidents have attributed a large portion of these as being linked to individuals identified as having links to SOCG's. The SPS has implemented a number of recommendations to manage the increased risk from SOCG's throughout 2019-20.

It is also assessed that as a result of the continual increasing prison population across the SPS, where the option of single cell occupancy has been restricted or removed, the resultant tensions this brings within residential areas can cause minor disagreements and lead to low level violence.

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

KPI 3a reports on the delivery of Purposeful Activity (PA) 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 Physical Education or Spiritual and Pastoral Care. Attendance at counselling and rehabilitative or Offending Behaviour Programmes is also recorded within this measure.

The SPS launched the Purposeful Activity Framework in November 2017, which required establishments to complete an Annual Action Plan as part of their business planning process. These plans would allow establishments to focus their resources to meet the aggregated need of their population groups and support the aim of:-

- Advancing Prison regimes and partnerships to support the effective delivery of PA;
- Drive rehabilitation activities to be the core of the business;
- Provide clarity and direction to the future leadership of PA;
- Develop the skills of our staff to support the effective delivery of PA; and
- Support the development of positive prison environments that will improve the implementation of all PA projects.

KPI 3a is the overall reported measure on a quantitative basis and has reduced by **2.8% on the delivery of Purposeful Activity hours over the reporting period in comparison to the previous year**. A number of factors have impacted on people in our care attending Purposeful Activity.

Throughout the reporting year, staff absence, has on occasion, impacted on the SPS' ability to deliver Purposeful Activity opportunities.

In response to the Covid-19 pandemic and in order to ensure compliance with physical distancing guidelines, Purposeful Activity was suspended in March 2020, with the exception of those services required to keep the establishments running, such as Catering, Laundry and other critical support services.

Increased staff absence as a result of Covid-19 also meant that staff who would normally work in the PA delivery areas of the establishment, were redeployed into the operational and residential settings to support the shortfalls.

Due to the high population numbers in those prisons specialising in the high/medium risk programmes (Self Change Programme (SCP) for High risk violent offenders and Moving Forward, Making Changes (MF:MC) for medium and high risk sex offenders) it became increasingly difficult to schedule relocation transfers for those on the prioritisation list who required access to these programmes at these particular sites. The inability to achieve these transfers in the scheduled fashion resulted in vacancies on these key programmes at the point of delivery and by extension a programme backlog.

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 reduction in this measure from 20 hours to 19 hours is as a result of the increase in the number of convicted prisoners held in custody across the SPS estate compared to the previous year. The number of convicted prisoners increased by 264 on average every day whereas the maximum number of Purposeful Activity places or hours that are available to be delivered has remained the same.

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.

One measure demonstrates an improved focus on numeracy skills with an increase from 20.8% to 24.5% during the reporting period, while for classes primarily spent delivering literacy, this has increased from 36% to 38.3%. Continued progress in this area is very encouraging as it improves the prospects of those in our care, supporting their transition back into the community as productive citizens.

KPIs 5a, on vocational and employment related qualifications, demonstrates a decrease in delivery of nearly 9% compared to the reporting year 2018-19.

Throughout the reporting year, monthly figures were broadly similar to that of the previous year however as a result of the outbreak of Covid-19 in March 2020, Fife College were unable to deliver the same service due to the issue of social distancing.

This does not detract from the improved delivery of a more targeted approach of the LSE provider working to continue to deliver more contextualised learning in areas providing purposeful activities, including gymnasiums and large production work sheds, with further qualifications achieved.

With the further roll out of the Individual Learning Plans (ILP) for those in our care, the LSE have focussed on working with those in most need of educational attainment and this has maintained the increased level of SVQ qualifications at levels 1-4.

KPI 5b, covering those vocational and employment related qualifications at SVQ level 5 or above, demonstrates a decreased position of 15% compared to this final reported position last year.

Establishments continue to work with the Scottish Qualification Authority (SQA) and other formal qualification authorities to determine available reward and recognition which are appropriate to individual needs.

Most of the qualifications at this higher level relate to the qualifications delivered by SPS establishment trained staff, who are SQA assessors in VT areas including Industrial Cleaning, Painting & Decorating, Brickworks, Hairdressing and Catering. All of these awards support the focus of the SPS Vision of Unlocking Potential, Transforming Lives, where people leaving our care can fulfil their potential and become responsible citizens.

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.

Each qualification received is an individual success and for some, who have already attained qualifications during their time in prison, they are achieving increased recognition for securing attainment at higher levels.

KPI 6 reports on **Employability Prospects**. However, the performance statistics for this KPI have not yet, at this stage, been provided by our Department for Work & Pensions partners. The latest information from the 2019 SPS Prisoner Survey demonstrates that 28% of people in our care had accessed services in order to help prepare them for release. Of those who had accessed services, 54% had sought advice in relation to employment.

KPI 7 measures **Reduced Substance Abuse** through Addiction Prevalence Testing. Annual Testing was not conducted in 2019-20 because SPS are in the process of re-aligning the testing to better capture data about the drugs that are now being used by people within the justice system. SPS are working with NHS colleagues, addictions specialists and Dundee University to better identify the substances being used in prisons and develop more effective ways of tracing and testing for such substances.

The SPS National Drug & Alcohol Strategy Steering Group are developing new guidance for supporting those in custody with addictions issues including the most effective way to measure a reduction in substance abuse.

During 2020-21, a new testing programme will be implemented in to allow reporting to take place in the new financial year.

KPI 8 - % of ICM case conferences with Criminal Justice Social Work (CJSW) in attendance is an indicator which measures the success of collaborative work which takes place between Local Authority CJSW departments in the area the establishment is located and/or the area in which the person resides 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 CJSW in attendance remain at a consistent level of 88.1% for 2019-20 as against 86.7% for the year 2018-19.

Establishments continue to work closely with CJSW 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, where attendance may be constrained due to distance from home area, and/or the inability of the CJSW officer to personally attend the meeting in the establishment.

The impact of the Covid-19 pandemic affected the ability of CBSW to attend establishments in the final month of the reporting year, with a reduction of 10% of the ICM attendance to under 80% for the month of March 2020, when the average monthly attendance levels for the year was nearly 90% up to that point.

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 2019-20.

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 £395,365k, details of which are contained in the Budget (Scotland) Bill 2019-20 Supporting Document. Details of the ABR and SBR budget revisions made by SPS can be found at <https://www.gov.scot/publications/spring-budget-revision-2019-20-supporting-document/>

Significant changes to the budget that were made at ABR and SBR included an increase in resource funding to meet additional cost pressures that were identified at the early stages of the financial year (£13,722k) and the increase in employer pension contributions effective from 1 April 2019 (£6,240k). Capital funding of £35,680k was surrendered to Scottish Government relating to the re-phasing of the development of the prison estate.

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. No AME budget was requested for 2019-20 as it was expected that the movement in provisions would be minimal.

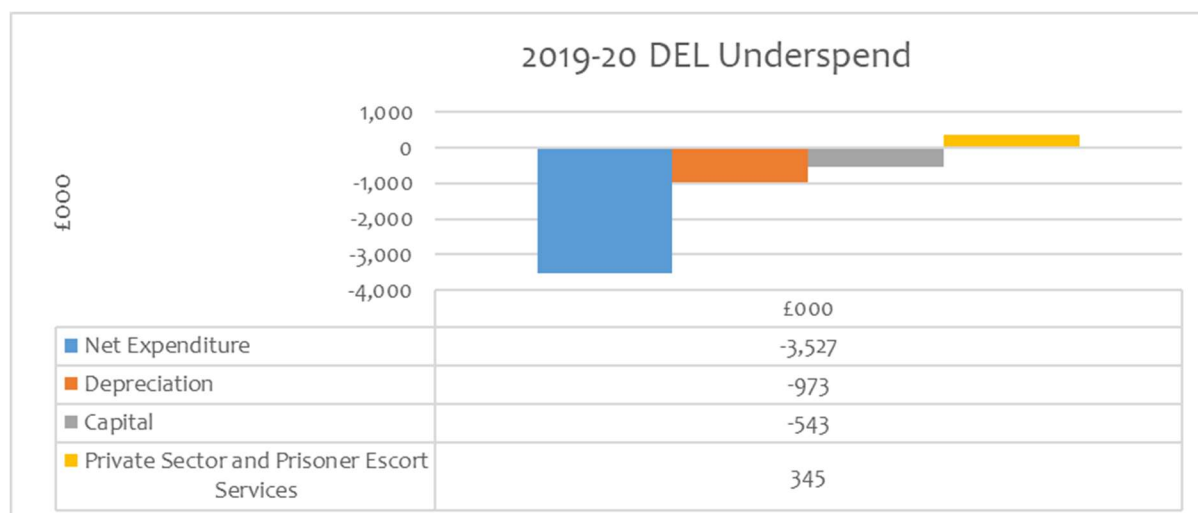
A comparison of the SPS final outturn with the SBR for 2019-20 is detailed below. The table does not include notional charges of £113k (Note 17 in the Notes to the Accounts).

	Actual Outturn £000	Revised Budget £000	Over/ (Underspend) £000
Total Departmental Expenditure Limit (DEL) ²	295,923	300,967	(5,044)
Total Outside DEL Expenditure ³	78,026	77,681	345
Annually Managed Expenditure (AME)	657	0	657
Total Expenditure	374,606	378,648	(4,042)

Total expenditure for the year was £374,606k against the SBR budget position of £378,648k.

The DEL underspend of 1.7% is primarily attributable to slippage in the maintenance programme that was scheduled to take place in the last quarter (c.£1,000k). Other cost pressures, that were estimated earlier in the year came in lower than anticipated, either due to the timing of settlements or due to delays in the ability to utilise the funding prior to the end of the financial year (c.£1,700k). Depreciation charges were £973k below budget. Capital was underspent by £543k due to slippage in the Digital Strategy.

The net DEL underspend is summarised by expenditure type below.



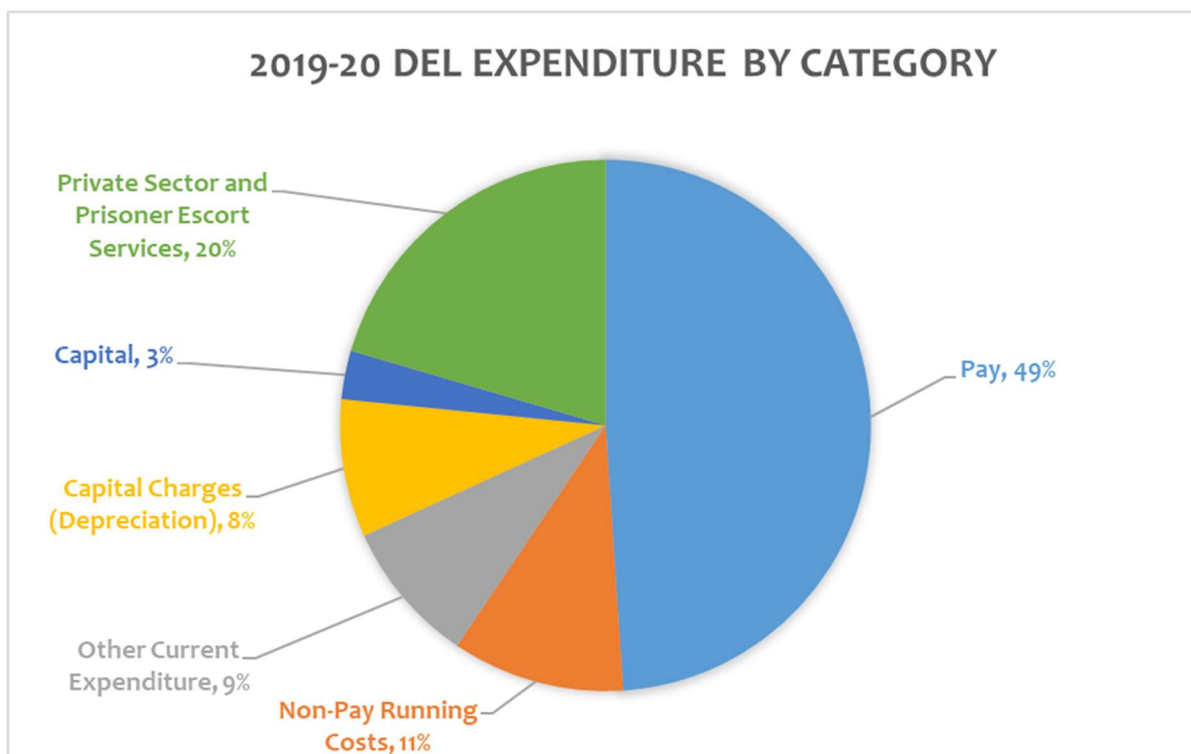
¹ AME budgets are used to manage expenditure which is demand led or exceptionally volatile in a way that could not be controlled and where the expenditure is so large that it could not be absorbed in DEL.

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 type for SPS relates to pay (2019-20: 49%) followed by committed private sector and prisoner escort services contract expenditure (2019-20: 20%).



Net Expenditure for the Year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 64.

SPS has reported net expenditure for the year of £363,442k (2018-19 £342,174k). This is an increase of 6.2% from 2018-19 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		374,606
Add notional charges (Note 17)		<u>113</u>
		374,719
Less net capital expenditure (Note 4 & 5)		
Capital additions	11,326	
Book value on disposal	<u>(49)</u>	
		<u>(11,277)</u>
Net expenditure for the year (SoCNE)		<u><u>363,442</u></u>

Statement of Financial Position

The Statement of Financial Position is on page 65.

Changes in property, plant and equipment and intangible assets

During the year, SPS purchased property, plant and equipment and intangible assets at a cost of £11,326k (2018-19 £16,133k). As part of the five year rolling programme, HMP Barlinnie, HMP & YOI Cornton Vale, HMP Greenock, HMP Inverness, HMP Addiewell and HMP Kilmarnock were re-valued at 31 March 2020. All land and buildings were either valued or indexed at 31 March 2020. The total value of land and building held is £1,148,076k.

Trade and other payables

Included within payables is an amount of £86,568k (2018-19 £90,540k) representing the imputed finance lease⁴ 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 2020, SPS paid 99.1% (2018-19 99.4%) 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 90.5% (2018-19 93.0%).

⁴ Imputed finance lease represents the liability for the capital value of the PPP/PFI contracts.

PERFORMANCE REPORT – PERFORMANCE ANALYSIS

The purpose of this section is to provide a detailed analysis of the development and performance of the organisation in 2019-20.

Performance Analysis 2019-20

STRATEGIC THEME	DEVELOPMENT
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STRATEGIC OUTCOME	We will have the right people, with the right skills in the right place at the right time.
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KEY AIMS (KA)	
1	Create culture of lifelong learning.
2	Enhance our staff's ability to engage in learning.
3	Strengthen leadership capability.

ESSENTIAL ACTIONS 2019-20	BY	WHEN	PERFORMANCE
Implement changes to the recruitment and training of Prison Officers from 2020.	CS	Q4	COMPLETED
Design a suite of Continuous Professional Development (CPD) materials for staff working with young people or women in custody.	CS	Q4	COMPLETED
Introduce new management and leadership development approaches for managers at F band and above.	CS	Q4	COMPLETED

All three EAs identified under the 'Development' Theme have been delivered with significant progress made under the Development Strategic Theme.

Changes to the **recruitment and training** of Prison Officers saw the design of a new marketing strategy and campaign for Residential Officers. A new modular nine week CPD programme has been developed for future Residential Officer intakes.

A new suite of **CPD** materials for staff working with young people and women in custody has been designed via engagement with establishments.

With regard to the **development of new management and leadership development approaches** for managers on pay band F and above, an internal Development Centre approach has been developed with TUS involvement and a Direct Entry scheme for external applicants approved by EMG. With all preparatory work completed, it is anticipated that the Development Centre will commence in 2020-21.

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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KEY AIMS (KA)	
4	Increase understanding of the challenges and opportunities facing the SPS.
5	Increase public confidence and understanding of the SPS.
6	Encourage our staff to participate in future service development.
7	Create a listening organisation.
8	Remodel engagement with those in our care.

ESSENTIAL ACTIONS 2019-20	BY	WHEN	PERFORMANCE
Develop and implement a staff engagement strategy.	CS	Q3	RE-PROFILED
Develop a Framework for Engagement with service users	CS	Q4	RE-PROFILED

Delivery of both Essential Actions has been re-profiled.

The commitment to staff engagement was a significant element of the Corporate Plan. The **development and implementation of a staff engagement strategy** was due for delivery at the Q3 stage. However, following a review of internal engagement, SPS' EMG decided that the work around staff engagement should be re-planned and pushed back within the three-year Corporate Plan lifespan to reflect changes in approaches to both internal and external communication are being taken forward by the SPS corporately. This work is in progress but has not yet been completed and the planning intention is to ensure delivery of this EA during years two and three once the approach has been agreed and signed off.

Our commitment to engaging with those in our care is no less important and work on the **Framework for Engagement** has been progressed in two ways.

An evidence base has been developed around the shape of user engagement across the prison system; and discussions are now underway on how best to undertake the mapping of engagement with those in our care across the prison estate.

Preparatory work was undertaken with regard to the development of participatory action research approaches in conjunction with Edinburgh Napier University. This work includes areas such as the design and delivery of a range of research projects shaped by those in our care. These were paused whilst in progress due to Covid-19, with the agreement of project governance partners (including the Scottish Government and Her Majesty's Inspectorate of Prisons in Scotland).

The development of a Framework for Engagement with those in our care has been will be re-profiled within the lifespan of the Corporate Plan.

STRATEGIC THEME	IMPACT
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STRATEGIC OUTCOME	Our services are efficient, effective and provide value for money.
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KEY AIMS (KA)	
9	Revise organisational structures in line with priorities and challenges.
10	Modernise appropriate IT systems.
11	Maximise attendance – support our staffs’ health and wellbeing.
12	Redesign the prison core activity day.
13	Deliver our equality outcomes.
14	Update budgetary control measures to align with organisational priorities.

ESSENTIAL ACTIONS 2019-20	BY	WHEN	PERFORMANCE
Develop a Strategic Assessment of the organisation.	SSE	Q4	COMPLETED
Develop and implement an electronic purchase to pay solution based upon the Scottish Government’s PECOS product.	CS	Q3	RE-PROFILED
Reduce the days lost to sick absence, by implementing a programme of activity to support our staffs’ health, wellbeing and work/life balance.	CS	Q4	COMPLETED
Review SPS Operational Structures and the activity day within prisons.	SSE	Q4	DELAYED
Achieve our published Equality Outcomes, through a range of activities, as well as fulfilling our obligations under the Equality and Human Rights legislation.	CS	Q4	COMPLETED

Under the ‘Impact’ theme, three EAs have been delivered but one has been delayed and the other re-profiled.

The purpose of the Strategic Assessment is to provide a comprehensive evidence base about the policy challenges that the SPS will need to respond to. The 2019-22 Strategic Assessment has been developed. Peer review is now underway and its publication will take place as planned in 2020-21. The Strategic Assessment will inform prioritisation in the Covid-19 recovery planning process.

The development and implementation of an **electronic purchase to pay solution** based on the Scottish Government’s PECOS system was originally scheduled for delivery by Q3. However, the project which was otherwise on schedule was paused in September 2019 due to technical issues experienced during the upgrade to the Financial System. These were subsequently resolved but anticipated delivery was re-profiled to 2020-21.

Progress has been made in reducing **staff absence**. A revised Absence Management policy was developed and a launch date set. However, this was then held in abeyance with the implementation of special arrangements related to Covid-19. A case management tracker has been developed and rolled out across all establishments – this utilises a RAG reporting system that will be used by management to better identify contributing factors preventing individuals from returning to the work environment. A dedicated HR resource supporting case

management across a number of establishments, reviewing complex cases and monitoring the effectiveness of attendance management protocols has been established. Project CALM was launched in October 2019 and provides all SPS colleagues with the opportunity to come together to raise awareness of a variety of health topics. As a result of these initiatives, Average Working Days Lost (AWDL) were falling month on month until Covid-19 began to impact. In view of the nature of Covid-19, separate arrangements have been put in place for recording and managing Covid-19 related absences.

Work on the **review of SPS Operational Structures and the activity day within prisons** was not progressed as planned due to resource and capacity issues. Operational structures have subsequently changed due to Covid-19 and resources directed towards the emergency response. The experience of the regime changes put in place as part of SPS' response to Covid-19 will inform the resumption of work in this area.

With regard to our **Equality Outcomes**, significant changes were introduced to Prison Officer Selection in late 2019. A key element of the redesign of selection processes was the removal of unintended barriers and bias. In July 2019, we published the SPS Stakeholder Engagement Strategy for Women in Custody enabling the SPS to work in partnership with various organisations to provide a holistic person-centred gender specific package of services for women in our care. The SPS college research team completed their research pertaining to the lived experiences of transgender individuals in custody and this will inform future policy development. The revised e-Learning Prisoner Complaints package, rolled out in 2019, includes learning on supporting and taking action on complaints raised by those in custody, including identifying complaints that incorporate prejudice or hate crime. A full account of progress in relation to our Equality Outcomes is published in our 2017-20 Equality Outcomes Final Progress Report.

STRATEGIC THEME	STANDARDS
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STRATEGIC OUTCOME	Our prisons are safe, healthy and positive places in which to live and work.
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KEY AIMS (KA)	
15	Assure performance across the SPS.
16	Implement a person-centred approach to case management.
17	Develop and implement strategy for mental health.
18	Complete implementation of Family Strategy.
19	Implement new model of custody for women.
20	Refine the strategy for young people in custody.

ESSENTIAL ACTIONS 2019-20	BY	WHEN	PERFORMANCE
Develop a new suite of KPIs.	SSE	Q4	RE-PROFILED
Embed the Operations Directorate Audit and Assurance Group into day to day prison management arrangements in order to improve the recording, management and monitoring of audit outcomes,	OD	Q3	DELAYED

inform policy delivery and support the development of Prisons Resource Library (PRL) standards.			
Reduce violence and manage the increased risk presented by Serious Organised Crime Groups (SOCCG) and increased number of High Risk Nominals in our care; utilising the National Strategic Threat Group (STRAG), local establishments Tactical Tasking and enhancing our links with our partner agencies.	OD	Q4	COMPLETED
Develop a revised individual case management model.	SSE	Q4	DELAYED
Implement a new mothers and babies policy and measure the impact of the SPS Families Strategy.	SSE	Q4	COMPLETED
Develop the principles for new model of custody for women.	SSE	Q3	COMPLETED
Review the SPS Young Person's Strategy	SSE	Q4	RE-PROFILED

With regard to the 'Standards' theme, three EAs have delivered, two have been re-profiled and two have been delayed.

Review of KPIs – Work was undertaken in 2019-20 to review the existing KPIs and identify options for the development of a new suite. With regard to the existing KPIs, a report was considered by the SPS EMG which set out recommendations in respect of their retention, discontinuation or modification. Emerging options for the development of new KPIs were heavily reliant on Staff Survey and Prisoner Survey data. Given concerns arising about the future viability of these as data sources due to a trend of falling return rates, the EMG agreed to commission an additional piece of work to finalise proposals for new KPIs. The time, resource and input at senior level required to undertake this work meant that it has been re-profiled to 2020-21.

Embed the Operations Directorate Audit and Assurance Group into day to day prison management was not delivered within timescales due to availability of capacity in Operations Directorate to authorise the process. The impact of this upon safety and security is anticipated to be negligible as the process is designed to meet an audit outcome of ensuring establishments have an authorised derogation for those PRL standards they are not required or designed to meet. This will be progressed in 2020-21.

The EA: **Reduce violence and manage the increased risk presented by Serious Organised Crime Groups (SOCCG)** and increased number of High Risk Nominals has been achieved. Liaison with and support from Justice partners and the Scottish Government has been improved by intelligence gathering and Police Scotland's early alert to SPS of the arrest of a high risk nominal before entry to prison estate. There has been improved corporate management of violence through the National Strategic Threat Group (STRAG) and tactical tasking. Inconsistency of approach across establishments has been addressed via an updated Intelligence Framework and updated Tactical Tasking processes.

The **Review of Case Management** requires collaborative working with partners recognising that improved outcomes for those that offend can only be fully realised through effective partnership working. As such the SPS and partners have agreed roles and responsibilities through the Multi-agency Case Management Steering Group. The Case Management Test of Change (ToC), evidenced a longstanding risk that the SPS and Partners, (Social Work and NHS), do not have the capacity to deliver the requirements associated with the revised Case Management Pathway. On reflection, the decision was taken to reset and re-evaluate current thinking and direction of

travel. Consequently, some objectives have not been realised in line with anticipated timescales. However, first steps in tackling organisational ethos and culture have been taken to consolidate asset based, desistance focused components into core training products delivered to new recruits.

The new **Mother and Babies** policy was implemented via an Implementation Plan and Governors and Managers Notice 39A/19 published on 14 August 2019. HMP & YOI Cornton Vale will monitor the application and standards within their performance framework.

The principles of the **new model of custody for women** have been defined. The Essential Action is complete as the various policy and guidance documents required to articulate the principles were identified and objectives set. The Women's Strategy; New Model of Custody; and Stakeholder Engagement Strategy documents have been completed and approved by the Women's Strategy Programme Board. The Trauma Policy, Trauma Practice Guidance; Regime Principles; and Pathway for Women have been drafted with further work in progress. The Strategy for Women in Custody and the Stakeholder Engagement Strategy have been approved by the SPS EMG.

The review of the **SPS Young Person's Strategy** is in progress but delivery has been re-profiled. This reflects the complexity of the strategic environment and operational context. A range of activity is in progress. A refreshed draft Vision for Young People in Custody has been shared for comment. The Young People's Strategy Group was re-established to provide a reporting forum for operational matters and for progress in relation to aspects of the Expert Review of Mental Health (EROMH). Quality indicators have been used as reference points for developments such as incentives and rewards systems and they remain an important tool for achieving the ambitions of the Vision for Young People in custody. The SPS College has developed CPD packages for all new Residential Officer recruits including a specific package for those posted to work with young people.

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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KEY AIMS (KA)	
21	Inform the work of the Health and Justice Collaboration Improvement Board.
22	Strengthen our relationship with partners and stakeholders.
23	Develop shared strategic approach with SG to address population challenges.

ESSENTIAL ACTIONS 2019-20	BY	WHEN	PERFORMANCE
Develop a health and wellbeing strategy that recognises the challenges of the changing demographics of the prisons population.	SSE	Q4	RE-PROFILED

Develop a new partnership agreement process for the design and delivery of prison interventions/services.	SSE	Q4	COMPLETED
Develop a Prisons Strategy that takes account of the changing demographics and operational demands.	SSE	Q4	RE-PROFILED

Two EAs under the ‘Collaboration’ theme have been re-profiled and one has been completed.

The **development of a draft Health and Wellbeing Strategy** is a significant piece of work which requires collaborative working with a range of partners. Due to competing priorities in healthcare during the reporting year, a final draft was not produced. However, identification of Key Partners has been completed; Scottish Government Health and Justice representation is in place for all health improvement work-streams and a workshop was hosted to explore a new approach to delivery of health and wellbeing in prisons. Work in this area has been re-prioritised in 2020-21 and will form part of our Covid-19 recovery planning process.

The **Partnership Agreement process** was simplified and a GMA with instructions for establishments was issued. It is anticipated that this will be fully embedded within establishments within 2020-21.

Prisons Strategy - a draft strategy was prepared based on evidence and co-production with Scottish Government colleagues. However, this will now require to be re-considered and revised to take into account the future implications of Covid-19 for service design and delivery, consequent recovery planning and any SPS resource considerations that may arise.

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive

02 October 2020

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

Appointed in 2012 by the Permanent Secretary of the Scottish Government, Colin McConnell was Chief Executive of the Scottish Prison Service until 30 March 2020. Teresa Medhurst was appointed Interim Chief Executive from this date.

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 2019-20, the board formally met on five occasions; one meeting was 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. In addition, in response to Covid-19, the Advisory Board also met on a further seven occasions via video/telephone conference.

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 <https://www.sps.gov.uk/Corporate/AboutUs/Governance.aspx>

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 and is chaired by an independent member, Gavin Scott. In addition it is attended by SPS staff. The committee met on five occasions during 2019-20.

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 every two months.

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 2019-20, 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 2020. Azets determined that the notional fee for this service was £113,278 (2018-19 £105,000).

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 93. 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 therefore the Accountable Officer for the 2019-20 reporting year was former Chief Executive Colin McConnell.

The Accountable Officer has responsibility for maintaining a sound system of internal control that supports the 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 Accountable Officer is accountable to Scottish Ministers for the operation of the SPS; for advising them on policy on prisons; 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 (refreshed in March 2016 in line with best practice guidance and in consultation with Scottish Government) sets out the policy and resources within which SPS operates, including delegated financial limits. The Framework Document can be found on SPS's web site at the following link

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

The role of the Advisory Board, comprising Non-Executive and Executive Directors is to effectively lead, support and guide the organisation and ensure that we implement the policies and priorities of Ministers and the Scottish Government. During the year, the Advisory Board formally met on five occasions, either physically or virtually, and was chaired by a Non-Executive Director. In addition, in direct response to Covid-19, a further seven video/ telephone conference Advisory Board meetings took place to assure the SPS pandemic response.

The role of 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 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 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 five occasions during 2019-20.

The meetings were attended by me as Interim Chief Executive or by former Chief Executive Colin McConnell, relevant Executive and Non-Executive Directors and both internal and external auditors.

Covid-19 Governance Arrangements

As a result of Covid-19 our usual governance structures have been enhanced with interim arrangements designed to expedite urgent decision making in a rapidly changing environment. SPS has established a National Corona Virus Response Group (NCRG) which was chaired by SPS' Head of Health and Justice. The NCRG provides the link between the strategic direction and SPS' operational estate, communicating with both internal and external stakeholders to translate and direct the strategic direction into operational policy, practice and procedure.

A Strategic Oversight Group (SOG), chaired by the Interim Chief Executive was established to oversee the NCRG and to provide a link with Scottish Government, National Health Service and other key strategic stakeholders to ensure that the pandemic is managed in line with SG and public health guidance. This is now chaired by the Director of Operations.

Local Corona Virus Response Groups (LCRG) have been initiated at each establishment to co-ordinate the local response.

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 2019-2022.

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

SPS considers risk management as a critical component of effective business management and utilises risk management techniques to better inform decision making. The review of risk is an integral part of monthly reporting cycles and the Executive Management Group (EMG) meets to formally consider risk on a quarterly basis. At these quarterly risk reviews, the EMG reviews the appropriateness of the risks contained within the register, challenges and interrogates the controls and mitigations and scrutinises the evolving risk landscape to identify new and emerging risks.

I am content with the effectiveness of the overall SPS risk management strategy and there are no significant risks (other than those disclosed in the overall performance section of the report) which I, as Accountable Officer consider necessary to disclose here.

The systems of governance, management and risk control in place in the SPS throughout the year ended 31 March 2020 and up to the date of the approval of the Annual Report and Accounts accords with Scottish Government guidance and operated effectively in all material respects. These are designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve policies, aims and objectives.

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 resulted in overall annual reasonable assurance being provided by the Head of Internal Audit to me, the RMAC and the Advisory Board. Weaknesses identified by internal audit are not material to SPS overall either individually or collectively. All assignments that result in limited or lower assurance being offered are followed up by internal audit to independently verify that plan actions have taken place including risk management and internal controls. Due to resourcing and scheduling challenges, compounded by Covid-19 towards the latter part of the performance year, it was not possible to complete the entirety of the audit plan. This however did not materially affect the overall assurance position;
- Meetings of the Advisory Board within the financial year;
- Meetings of the EMG to deal with operational and other issues;
- Monitoring and reporting of performance against key performance indicators;
- Twice yearly signed Statements of Assurance from every Executive Director, covering the key business areas for which they are responsible. These Statements of Assurance are reviewed by the Head of Audit and Assurance and myself and the effectiveness of this process is reported to the 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 a verbal or written update of RMAC business is provided;
- Reports from internal assurance providers (i.e. Head of Health & 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 recommendations;
- 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. In the course of 2019-20, the Information Governance Forum met every two months. An internal process for reporting and investigating information security and personal data related incidents is in place. During 2019-20, the SPS had no personal data related incidents that were reported to the Information Commissioner. Cyber resilience is actively being monitored and SPS is currently benchmarking itself against the Scottish Government Cyber Resilience Framework, ahead of the requirement to report compliance by the end of 2020;

- The use of Project Management 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, focuses on fraudulent activity within the organisation at an early stage, reviews the lessons learned, promotes awareness of fraudulent activity and influences policy development. The FRG met on five occasions during the financial year;
- The SPS Financial Policy and 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 are 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 controls framework. I am content that my review, informed by all of the items detailed above, provides overall reasonable 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 has 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. In summary, external audit provided an unqualified audit opinion on the SPS Annual Report and Accounts for the 2018-19 Audit Report. The annual audit report identified multiple pressures facing SPS, which together, threatened its financial sustainability and the safe and effective operation of the service. Those pressures included 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. At the time of writing this report, SPS is currently working in conjunction with the Scottish Government to provide a response to the PAPLS committee. Actions have been taken during the year to address some of these pressures and further information can be found in the Significant Matters section below and also within the Performance Report.

Significant Matters

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

Sickness Absence:

Levels of absence within the SPS continue to be worryingly high. As outlined earlier in the 'Performance Analysis' section of this report, positive progress had been made in reducing these numbers and the average working days lost (AWDL) was consistently falling on a monthly basis within the performance year. Specific detail on AWDL can be found in the 'Staff report'.

Unfortunately, the impact of Covid-19 had a further negative effect on absence levels and many colleagues continue to be affected as a result of illness, isolation, shielding or related circumstances.

To maintain service delivery, the SPS continues to incur costs in terms of voluntary, non-contractual (ex gratia) payments to officers for working increased hours to cope with absences.

Population management:

The SPS has a current daily operating capacity of 7,669 prisoners and during the year 2019-20, the average number of prisoners was 8,198. The population surpassed 8,000 in February 2019, reaching a high of 8,274 in November 2019. Details of how the SPS manages the prison population are included in the 'Our Service Today' section.

The prison population 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.

Upon the resumption of court business, it is anticipated that this declining trend will reverse and the numbers of people in custody will increase significantly, bringing with it the added complication of delivering service whilst adhering to physical distancing requirements.

Financial sustainability:

The Scottish Parliament approved the 2019-20 budget for SPS of £395.4m. During the year, changes to the budget were made at the budget revision stages resulting in an increase in resource funding to meet additional cost pressures identified at the early stages of the financial year and to assist with the increase in employer pension contributions effective from 1 April 2019. Capital funding was also 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.

During the year, SPS contributed to the Scottish Government Spending Review process by submitting a four-year spending plan and a draft Medium Term Financial Strategy was prepared. The Scottish Government has committed £442m to SPS for 2020-21. Financial sustainability remains a challenge and it is recognised that work is required to further develop the financial strategy to more accurately reflect the emerging position taking cognisance of the impact of Covid-19. This will be informed by various other SPS strategies including, Digital, Workforce Planning and Estates Strategies and information on population management.

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. This presents great opportunities for the SPS to suitably develop its existing workforce and draw on different skillsets, knowledge and experience.

As a result of this commitment, and the retirement of the previous Chief Executive, the SPS Chief Executive and Directors are all interim appointments.

Throughout this period, and in particular response to Covid-19, the SPS has been utilising the skills, experience and advice of its Non-Executive Director cadre on the Advisory Board and has been undertaking fortnightly Advisory Board meetings by video conference.

These interim measures may be reassessed upon the conclusion of successful Scottish Government led campaigns to recruit a new Chief Executive and associated senior civil service posts.

Covid-19:

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 virus.

The SPS is adhering to the required measures designed to limit the spread of the COVID-19 virus, however this clearly restricts the way in which SPS can undertake its business.

In order to maintain safe and secure service delivery for those in our care and for those who work in our service, SPS had to prioritise the pandemic incident response and had to divert resource from non-business critical activities in order to support this.

As lockdown measures begin to be relaxed, and movements of individuals through and around the prison environment increase, this will present further challenges in regards to maintaining suitable physical distancing whilst delivering services to a burgeoning prison population.

The SPS is mindful of the challenges noted above and is actively undertaking planning focussed on the recovery and renewal of service delivery.

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive

02 October 2020

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 ⁵		Total to nearest £000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
T Medhurst ⁶ Interim Chief Executive	25-30 (85-90 Full Year Equivalent) plus Acting Up Allowance 0-5 (5-10 Full Year Equivalent)	45-50 (85-90 Full Year Equivalent)	-	-	29	4	60-65	50-55
C McConnell ⁷ Chief Executive	115-120	115-120	-	-	17	9	135-140	125-130
C Johnston ⁸ Interim Director of Strategy & Stakeholder Engagement	70-75	20-25 (80-85 Full Year Equivalent)	700	-	32	8	105-110	25-30
A Purdie ⁹ Interim Director of Operations	0-5 (70-75 Full Year Equivalent) plus RRA of 0-5 (5-10 Full Year Equivalent)	-	-	-	1	-	0-5	-
S Brookes ¹⁰ Interim Director of Strategy & Stakeholder Engagement	0-5 (70-75 Full Year Equivalent) plus RRA of 0-5 (5-10 Full Year Equivalent)	-	-	-	1	-	0-5	-
K Hudson ¹¹ Interim Director of Strategy & Stakeholder Engagement	30-35 (60-65 Full Year Equivalent) plus Acting Up Allowance 5-10 (10-15 Full Year Equivalent)	-	-	-	16	-	55-60	-

⁵ 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.

⁶ 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.

⁷ C McConnell took a Senior Advisory opportunity with the Scottish Government from 30 March 2020 (salary costs are being fully recovered).

⁸ C Johnston Interim Director of Strategy & Stakeholder Engagement from 3 January 2019 and then Interim Director of Corporate Services from 23 September 2019.

⁹ A Purdie Interim Director of Operations from 17 March 2020.

¹⁰ S Brookes Interim Director of Strategy & Stakeholder Engagement from 23 March 2020.

¹¹ K Hudson Interim Director of Strategy & Stakeholder Engagement from 23 September 2019 to 31 March 2020.

J Kerr ¹² Director of Operations	80-85 (80- 85 Full Year Equivalent)	80-85	-	-	26	23	105-100	105-110
E Murch ¹³ Director of Corporate Change	-	70-75 (85-90 Full Year Equivalent)	-	-	-	4	-	70-75
R Sutherland ¹⁴ Interim Director of Corporate Services	30-35 (60-65 Full Year Equivalent) plus Acting Up Allowance 5-10 (10-15 Full Year Equivalent)	75-80	-	-	2	134	40-45	200-210
H Monro Non-Exec Director	0-5	0-5	-	-	-	-	0-5	0-5
R Molan Non-Exec Director	5-10	5-10	-	-	-	-	5-10	5-10
K Hampton Non-Exec Director	5-10	5-10	-	-	-	-	5-10	5-10
GC Stillie Non-Exec Director	5-10	0-5	-	-	-	-	5-10	0-5
G Scott Chair of the Risk Monitoring and Audit Committee	0-5	0-5	-	-	-	-	0-5	0-5

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the SPS and treated by HM Revenue and Customs as a taxable emolument. There was one benefit in kind paid during 2019-20 of £700 (2018-19 – nil).

¹² J Kerr outward secondment to Scottish Government from 16 March 2020 (salary costs are being fully recovered).

¹³ E Murch retired on 22 January 2019.

¹⁴ R Sutherland Interim Director of Corporate Services from 5 March 2018, retired on 30 September 2019.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid during the year (2018-19 – nil).

Pay multiples

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.

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 2019-20 was £115,000 - £120,000 (2018-19, £115,000-£120,000). This was four times (2018-19, four) the median remuneration of the workforce, which was £32,356 (2018-19, £30,356).

In 2019-20, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,245 to banded remuneration of £115,000-£120,000 (full time equivalents) (2018-19, £17,212 to banded remuneration of £115,000-£120,000 (full time equivalents)).

Pension Benefits

Officials	Accrued pension at pension age as at 31/3/2020 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/20 £000	CETV at 31/3/19 £000	Real increase in CETV £000
T Medhurst Interim Chief Executive	35-40 plus lump sum of 105-110	0 - 2.5 plus a lump sum of 2.5 - 5	865	780 ¹⁵	28
C McConnell Chief Executive	55 - 60 plus a lump sum of 165 - 170	0 - 2.5 plus a lump sum of 2.5 - 5	1,326	1,249	18
C Johnston ¹⁶ Interim Director of Strategy & Stakeholder Engagement	15 - 20	0 - 2.5	268	231	19
A Purdie Interim Director of Operations	30 - 35 plus a lump sum of 95 - 100	0 - 2.5 plus a lump sum of 0 - 2.5	759	757	1
S Brookes Interim Director of Strategy & Stakeholder Engagement	35 - 40 plus a lump sum of 95 - 100	0 - 2.5 plus a lump sum of 0 - 2.5	764	763	1

¹⁵ Value differs to that reported in 2019-19 due to re-appointment as Board Member on 20 November 2019.

¹⁶ C Johnston - restated figures from 2018-19: CETV at 31/3/2019 £231K (was £235K) and CETV at 31/3/2018 £218K (was £221K) Real increase in CETV remains as £5K.

K Hudson Interim Director of Strategy & Stakeholder Engagement	5 - 10	0 - 2.5	63	55	5
J Kerr ¹⁷ Director of Operations	35 - 40 plus a lump sum of 80 - 85	0 - 2.5 plus a lump sum of 0	728	677	15
E Murch Director of Corporate Change	-	-	-	882	-
R Sutherland Interim Director of Corporate Services	30 - 35 plus a lump sum of 90 - 95	0 - 2.5 plus a lump sum of 0 - 2.5	718	707	2
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 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. 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 opt for either the

¹⁷ J Kerr - restated figures from 2018-19: CETV at 31/3/2019 £677K (was £682K) and CETV at 31/3/2018 £590K (was £593K), Real increase in CETV £12K (was £13K).

appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on 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 a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider – Legal & General. 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

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 2020 there were 4,437 staff in post including four Non-Executive Directors. The split across grade and gender is detailed in the table below.

	2019-20			2018-19		
	Male	Female	Total	Male	Female	Total
Senior Civil Servants*	0	1	1	2	0	2
Directors	1	2	3	0	2	2
Non-Executive Directors	2	2	4	2	2	4
Employees	2,962	1,467	4,429	3,070	1,399	4,469
Total	2,965	1,472	4,437	3,074	1,403	4,477

* SPS has one female Senior Civil Servant inwardly seconded to SPS, one female Senior Civil Servant outwardly seconded to Scottish Canals and two male Senior Civil Servants outwardly seconded to Scottish Government. These individuals have been included within the Average Number of Persons Employed table on page 52, 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 2020 along with the prior year comparisons.

	2019-20	2019-20	2019-20	2018-19
	Permanently employed staff	Others	Total	Total
Staff Costs	£000	£000	£000	£000
Wages and salaries	136,144	1,906	138,050	133,921
Social security costs	13,753	48	13,801	13,231
Other pension costs	35,102	43	35,145	26,733
Sub Total	184,999	1,997	186,996	173,885
less recoveries in respect of outward secondments	(344)	0	(344)	(388)
Total net costs	184,655	1,997	186,652	173,497

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 2019-20, employers' contributions of £34,969k were payable to the PCSPS (2018-19 £26,437) 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 2019-20 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 £164k 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 £5k, 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 13 individuals (2018-19; 24 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £11k (2018-19 £34k).

Average number of persons employed

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

	2019-20	2018-19
Directly employed	4,145	4,275
Other	6	6
Total	4,151	4,281

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	-	11 (6)	11 (6)
£10,000 - £25,000	-	9 (10)	9 (10)
£25,000 - £50,000	-	20 (17)	20 (17)
£50,000 - £100,000	-	26 (23)	26 (23)
Total number of exit packages	-	66 (56)	66 (56)
Total resource cost/£	-	£2,609,040 (£2,308,161)	£2,609,040 (£2,308,161)

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 2019-20. £2,609k exit costs were paid in 2019-20, the year of departure (2018-19 £2,308k). 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 Average Working Days Lost (AWDL) to sickness absence per employee is detailed in the table below:

Average Working Days Lost to Sickness Absence	
2019 -2020	15.4
2018- 2019	16.3
decrease of	0.9

The SPS is committed to fostering a positive working environment that proactively promotes and protects the physical and mental wellbeing of its employees. The SPS were therefore fully aware and concerned by the level of sick absence in 2018-19 and maximising attendance was a corporate priority for 2019-20. SPS' Maximising Attendance Strategy has four pillars; employee wellbeing, policy, culture and case management.

SPS remains active as a Healthy Working Lives Employer with establishments promoting wellbeing including through the provision of a gym in every prison. All staff have access to counselling services via an Employee Assistance Programme and SPS carry out an Occupational Health lifestyle screening assessment of one third of the workforce every year. Resilience training has also been made available for all employees through e-learning.

A new Attendance Management Policy, developed in consultation with trade unions, was published internally in March 2020. However, due to the Covid-19 pandemic, implementation has been postponed to a future date.

To support the new policy a number of resources are being developed to equip managers at all levels with the confidence to talk to their team members about their attendance and wellbeing and to consider what support can be put in place to prevent absence or speed up recovery times as well as how to convey the organisation's expectations in an appropriate manner. This includes continued roll out of Mentally Healthy Workplace training for all managers. We are continuing to support staff who are absent and there is good evidence that this is having a positive impact with a reduction of employees on long term sick leave.

Since August 2019 AWDL has reduced every month. The AWDL of 15.4 in March 2020 is a decrease of 1.8 days from the high point of 17.1 in July 2019. The SPS will continue to prioritise attendance management to promote good practice and provide a framework for the effective management of sickness absence, with principles founded on positive behaviours consistent with organisational values, that affords dignity and respect to staff at all times.

Employee Engagement Levels

Employee engagement levels for staff are measured through the annual Civil Service People Survey which seeks employees' views on nine key themes that are known to shape peoples' motivation and experiences at work. SPS results are benchmarked against other areas of the Civil Service. The overall SPS engagement index for 2019 increased to 54% from a 2018 rate of 52%, with all nine key themes demonstrating a positive increase. 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

Employment Relations & Reward (ER&R) lead on the development, review and delivery of HR policies and procedures, pay and reward outcomes, employee engagement initiatives and works in partnership with our Trade Union Partners.

HR policies provide an important and fundamental framework for the management of all employment related issues and during 2019-20, we exceeded our target by reviewing and publishing nine policies. This included a Professional Subscriptions Policy, demonstrating SPS' continued commitment to the continuous professional learning and development of our people.

The SPS is proud to be an equal pay and Living Wage employer. As part of the annual pay negotiations, we considered how to deliver the best possible pay award to colleagues to maximise Public Sector Pay Policy whilst remaining within affordability and policy constraints. On 9 August 2019, SPS made a three-year pay offer (covering 1 April 2019 to 31 March 2022) to all trade unions which was implemented on the 13 September 2019. This was reflected positively in our 2019 Civil Service People Survey, as the theme of Pay and Benefits increased by 14%.

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 April 2020 we published our final 2017-20 Outcomes report, detailing the progress in delivering the actions outlined within the report. Throughout 2019 we have undertaken the development of our new Outcomes for 2020-22. In 2019 we published the SPS Corporate Plan, setting out our priorities for 2019-22. Our responsibilities under the Public Sector Equality Duties, including the development of the Outcomes, form part of the strategic theme “Impact” and our new Outcomes reflect the priorities set out within the new Corporate Plan.

To ensure our recruitment processes do not pose any unintentional barriers we continue to review our practices. 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 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.

We have continued to embed diversity across the organisation, with a range of activities, events and campaigns undertaken with our employees and those in our care. October 2019 was Wellbeing Month, with a range of events for staff and those in our care, designed to promote positive mental health and work life balance. In support of these activities we have continued to roll out the NHS Mentally Healthy Workforce training to our managers, enabling them to support our employees and those in our care who are experiencing mental ill-health.

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 2020, is as follows:

Number of Relevant Trade Unions Representatives	Full Time Equivalent
107	104.53
Of Whom:	Percentage of Time Spent on Facility Time
59	0%
18	1-50%
2	51-99%
28	100%

Total Facility Time Hours	Percentage of FT on paid TU Activities
47,977	34%
Percentage of pay bill spent on FT	0.44%
Total Cost of FT	£815,268
Total Bill	£186.7m

Workforce Planning

In April 2018, the first SPS Workforce Plan was published which sets out the plan to ensure the organisation builds and retains the capacity and capability to deliver high quality services over the next 5 years and beyond. The term of the plan (2018-23) were agreed to align with corporate planning cycles and provide a realistic timeframe for significant initiatives to be designed and implemented. This year has seen:

- The introduction of values-based recruitment to attract, select and promote employees on the basis that their individual values and behaviours align with the values of the organisation. Values based assessment is now in place for Prison Officer and Operational Senior Leadership jobs in SPS.
- Changes to Prison Officer recruitment with all Prison Officer jobs externally recruited which will enhance the opportunity to diversify the workforce. As part of this change SPS introduced a new career development pathway for Prison Officers joining SPS.

SPS has embarked on an ambitious recruitment plan in 2020 and 2021 which will see a high number of Prison Officers join SPS as a result of an increase in turnover and an ageing workforce. However, in light of the impact of coronavirus SPS continue to monitor progress against the plan and put in place alternative measures to reduce the impact on operational staffing numbers.

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:

	2019-20		Restated* 2018-19	
	Cases	£000	Cases	£000
Losses Statement				
Cash losses	180	43	147	186
Losses of accountable stores	271	31	295	19
Fruitless payments	6	1	19	37
Total	<u>457</u>	<u>75</u>	<u>461</u>	<u>242</u>
Special Payments				
Special payments	<u>368</u>	<u>3,775</u>	<u>322</u>	<u>3,547</u>

* Cash losses for 2018-19 have been restated to include 3 previously omitted transactions.

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).

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive

02 October 2020

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 2020 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 summary of significant 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 2019-20 Government Financial Reporting Manual (the 2019-20 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 2020 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 2019-20 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 four 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.

Emphasis of matter – Property valuations

We draw attention to Note 1 Statement of Accounting policies 'Key sources of judgement and estimation uncertainty' of the financial statements, which describes the effects of a material uncertainty, caused by Covid-19, on the property valuations. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date 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 conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our auditor's report thereon. Our opinion on the financial

statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report 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. 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.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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.

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

02 October 2020

FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Income			
Income from sale of goods/services	2	(7,304)	(7,328)
Other operating income	2	(152)	(384)
Total operating income		(7,456)	(7,712)
Expenditure			
Staff costs	3	186,676	173,521
Other expenditure	3	177,594	169,875
Total operating expenditure		364,270	343,396
Net operating expenditure		356,814	335,684
Finance expense	3	6,628	6,490
Net expenditure for the year		363,442	342,174
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs:			
Net (gain) on revaluation of property, plant and equipment		(53,076)	(22,809)
Comprehensive net expenditure for the year		310,366	319,365

The notes on pages 68 to 93 form part of these accounts.

Statement of Financial Position as at 31 March 2020

	Note	2019-20 £000	2018-19 £000
Non-current assets			
Property, plant and equipment	4	1,171,786	1,144,498
Intangible assets	5	1,089	399
Other receivables	9	61	76
Total non-current assets		1,172,936	1,144,973
Current assets			
Inventories	8	3,506	3,327
Trade and other receivables	9	5,170	7,067
Cash and cash equivalents	10	708	789
Total current assets		9,384	11,183
Total assets		1,182,320	1,156,156
Current liabilities			
Trade and other payables	11	(35,259)	(31,563)
Provisions	12	(3,256)	(3,331)
Total current liabilities		(38,515)	(34,894)
Total assets less current liabilities		1,143,805	1,121,262
Non-current liabilities			
Other payables	11	(82,681)	(86,733)
Provisions	12	(13,880)	(12,513)
Total non-current liabilities		(96,561)	(99,246)
Total assets less total liabilities		1,047,244	1,022,016
Taxpayers' equity and other reserves			
General Fund	SoCTE	674,431	691,699
Revaluation Reserve	SoCTE	372,813	330,317
Total equity		1,047,244	1,022,016

Teresa Medhurst

Teresa Medhurst
Interim Chief Executive

The Interim Chief Executive authorised these financial statements for issue on 02 October 2020

The notes on pages 68 to 93 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2020

		2019-20	2018-19
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure	SOCNE	(363,442)	(342,174)
Adjustments for non-cash transactions:			
Depreciation	4/5	36,375	35,429
Impairment	7	0	877
Notional charges	17	113	105
Loss on sale of tangible assets	3	25	2
Interest payable in net operating cost for financing		6,564	6,482
(Increase) in inventories		(179)	(190)
Decrease/(Increase) in trade receivables		1,912	(39)
Increase in trade payables		9,752	4,601
Increase in/(Use of) provisions	12	1,292	(2,232)
Net cash outflow from operating activities		(307,588)	(297,139)
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,016)	(15,140)
Purchase of intangible assets		(704)	(134)
Proceeds of disposal of property, plant and equipment		23	1,029
Net cash outflow from investing activities		(12,697)	(14,245)
Cash flows from financing activities			
From the Consolidated Fund		335,481	326,653
Capital element of payments in respect of finance leases and on balance sheet PFI/PPP contracts		(8,713)	(8,766)
Interest element of finance leases and on balance sheet PFI/PPP contracts		(6,564)	(6,482)
Net financing		320,204	311,405
Net (decrease)/increase in cash and cash equivalents in the period		(81)	21
Cash and cash equivalents at the beginning of the period	10	789	768
Cash and cash equivalents at the end of the period	10	708	789

The notes on pages 68 to 93 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

	Note	General Fund £000	Revaluation Reserve £000	Total Equity £000
Balance at 1 April 2018		697,564	317,059	1,014,623
Net funding from Scottish Government		326,653	0	326,653
Comprehensive Net Expenditure for the year	SoCNE	(342,174)	22,809	(319,365)
Auditors' remuneration	17	105	0	105
Transfer between reserves		9,551	(9,551)	0
Balance at 31 March 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
Transfers between reserves		10,580	(10,580)	0
Balance at 31 March 2020		674,431	372,813	1,047,244

The notes on pages 68 to 93 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2019-20 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 2020-21 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 the SPS commission professionally qualified firms to undertake a full revaluation of dwellings and other buildings at five yearly intervals with a rolling programme of valuations in the years in between.

The Agency commissioned a valuation at 31 March 2020 for HMP Barlinnie, HMP YOI Cornton Vale, HMP Greenock, HMP Inverness, HMP Addiewell and HMP Kilmarnock. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), a material uncertainty has been declared in the valuation report. This is due to market uncertainties caused by Covid-19.

The valuation report states, *'The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review.'*

The valuation report has been used to inform the measurement of land and buildings in these financial statements. Although the valuer has declared a material valuation uncertainty, the range of uncertainty has not been identified and therefore SPS are unable to quantify the potential impact on the accounts. The valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to the Agency as at 31 March 2020 that can be relied upon.

The land and buildings revalued as at 31 March 2020 are categorised as specialised assets valued on a depreciated replacement cost basis. The valuer bases their assessment on the cost to the Agency of replacing the service potential of the assets; the uncertainty relates to the estimated costs of, rather than extent of, service potential to be replaced.

For land and buildings where a valuation has not been obtained in 2019-20, the Agency recognises that there may now be greater uncertainty in markets on which prior valuations were based, and on which asset measurements reflected in these statements have also been calculated.

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 2019-20 accounts is calculated as the movement between the opening index as at 31 March 2019 and the closing index as at 31 March 2020. 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 at five yearly intervals. In the intervening years, both specialised and non-specialised assets are valued on a rolling programme revaluing, on average, four establishments each year. 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 (SOFP).

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, some inventory counts were unable to be performed as at 31 March 2020, 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.

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.

The outbreak of COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted global financial markets. As a result, there continues to be significant estimation uncertainty surrounding property valuations, as the impact of COVID-19 on global markets is not yet clear. The Agency anticipates that a significant impact on SPS property valuations will materialise in the 2020-21 financial year, however the Agency is currently unable to quantify the impact on the 2019-20 land and buildings netbook value with reasonable certainty.

No further events have occurred after the reporting period which have had an effect on the Annual Report & Accounts for 2019-20.

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.

2. Income

	2019-20	2018-19
	£000	£000
Income from sales of goods/services		
Income from prisoner's canteen	4,933	4,780
Sales of prison industries	846	1,001
Prisoner telephone system income	1,098	1,105
Other income	427	442
	<u>7,304</u>	<u>7,328</u>
Other operating income	152	384
Total operating income	<u>7,456</u>	<u>7,712</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.

3. Other Expenditure

	2019-20 £000	2018-19 £000
Staff costs		
Wages & salaries	137,806	133,635
Social security costs	13,773	13,196
Other pension costs	35,097	26,690
PFI service charges	36,356	33,950
Court custody and prisoner escort service	26,016	24,288
Repairs and maintenance	10,131	12,247
Victualling and other supplies	15,297	14,775
Other current expenditure	15,105	14,322
Heat, light, telephone etc.	11,937	10,662
Interest charges	6,569	6,488
Rates	6,417	6,372
Other staff related costs	6,311	6,873
General expenditure	3,416	3,899
Prisoner earnings	3,020	2,974
PPP/PFI contingent rent	4,741	4,174
Rentals under operating leases		
- Land and buildings	848	878
- Other	252	276
Finance lease	1	6
Non-cash items		
Depreciation and impairment	36,375	36,306
Loss on sale of assets	25	2
Auditors' remuneration	113	105
Provisions provided for in year	1,233	(2,234)
Borrowing costs of provisions (unwinding of discount on provisions)	59	2
	370,898	349,886

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 (£24k) which is included in the provisions figure in the table above. Further analysis of staff costs is located in the Staff Report on page 51 in the Accountability Section.

Interest charges £6,569k and borrowing costs of provisions £59k 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 (£177,594k).

Depreciation is applied to tangible, donated and intangible fixed assets. There were no impairment charges in 2019-20 (2018-19 £877k).

Other current expenditure includes fees paid for education contracts, £4,527k (2018-19 £4,464k) and social work costs £4,917k (2017-18 £4,802k).

4. Property, Plant and Equipment

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

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 2018	73,008	434,166	658,585	11,201	26,749	7,642	540	3,165	1,215,056
Additions	0	515	1,252	7,194	984	340	13	5,701	15,999
Completed Assets under Construction	0	1,422	1,889	0	0	775	0	(4,086)	0
Revaluation	658	2,212	4,158	0	0	0	0	0	7,028
Impairment	0	(1,000)	(1,675)	0	0	0	0	0	(2,675)
Disposals	0	(13)	0	(10,181)	(976)	(43)	(78)	0	(11,291)
At 31 March 2019	73,666	437,302	664,209	8,214	26,757	8,714	475	4,780	1,224,117
Depreciation									
At 1 April 2018	0	13,249	19,496	9,039	23,150	6,974	517	0	72,425
Charge	0	12,504	19,450	1,282	1,470	384	10	0	35,100
Revaluation	0	(6,749)	(9,032)	0	0	0	0	0	(15,781)
Impairment	0	(668)	(1,130)	0	0	0	0	0	(1,798)
Disposals	0	(7)	0	(9,226)	(973)	(43)	(78)	0	(10,327)
At 31 March 2019	0	18,329	28,784	1,095	23,647	7,315	449	0	79,619
Carrying Value at 31 March 2019	73,666	418,973	635,425	7,119	3,110	1,399	26	4,780	1,144,498
Carrying Value at 31 March 2018	73,008	420,917	639,089	2,162	3,599	668	23	3,165	1,142,631
Asset financing:									
Owned	73,666	372,797	548,829	238	3,110	1,399	26	4,780	1,004,845
Finance Leased	0	0	0	6,881	0	0	0	0	6,881
On-balance sheet PFI contracts	0	46,176	86,596	0	0	0	0	0	132,772
Carrying Value at 31 March 2019	73,666	418,973	635,425	7,119	3,110	1,399	26	4,780	1,144,498

As part of the five year rolling programme, HMP Barlinnie, HMP & YOI Cornton Vale, HMP Greenock, HMP Inverness, HMP Addiewell and HMP Kilmarnock were re-valued at 31 March 2020. 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).

As per the 2019-20 valuers report and as stated within accounting policies ‘Key sources of judgement and estimation uncertainty’, the 2019-20 valuations are reported on the basis of ‘material valuation uncertainty’ (as per VPS 3 and VPGA 10 of the RICS Red Book Global). This is due to the outbreak of Covid-19, which has impacted global financial markets. Although the valuer has declared a material valuation uncertainty, the valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to the Agency as at 31 March 2020 that can be relied upon.

For land and buildings where a valuation has not been obtained in 2019-20, the Agency recognises that there may now be greater uncertainty in markets on which prior valuations were based, and on which asset measurements reflected in these statements have also been calculated. The impact of Covid-19

on global markets is not yet known, therefore the Agency is unable to quantify the impact on asset netbook values as at 31 March 2020 which reasonable certainty.

Specialised Operational Buildings (Establishments) have been valued using the Depreciated Replacement Cost (DRC) approach in accordance with the FReM. The value of these assets is £215,838k. Land associated with Establishments valued to DRC have been assessed at fair value in accordance with IFRS 13. The value of this land is £22,105k.

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) 2015 (revised March 2020) <http://www.gov.scot/Topics/Government/Finance/18232/IIP> details prison development plans in 2020 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 31st March 2020 was £1,252k.

5. Intangible Assets

	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

	Information Technology	Software	AUC	Total
Cost	£000	£000	£000	£000
At 1 April 2018	1,131	2,380	282	3,793
Additions	0	19	115	134
Completed AUC	0	216	(216)	0
Reclassifications	0	0	(66)	(66)
Disposals	0	(153)	0	(153)
At 31 March 2019	1,131	2,462	115	3,708
Amortisation				
At 1 April 2018	913	2,220	0	3,133
Charge	173	156	0	329
Reclassification	0	0	0	0
Disposals	0	(153)	0	(153)
At 31 March 2019	1,086	2,223	0	3,309
Carrying Value as at 31 March 2019	45	239	115	399
Carrying Value as at 31 March 2018	218	160	282	660
Asset financing: Owned	45	239	115	399

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

	2019-20	2018-19
	£000	£000
Property, Plant and Equipment		
Impairment charge	0	877
Impairment reversal	0	0
Revaluation reserve	866	789
Total	866	1,666

The 2019-20 impairment charges taken through the revaluation reserve relate to downward valuations in HMP Barlinnie, HMP Kilmarnock and HMP Greenock.

The 2018-19 impairment charges to the Statement of Comprehensive Net Expenditure (SOCNE) related to 2 establishments and impairment charges of £789k taken through the revaluation reserve relate to 6 establishments.

8. Inventories

The main categories of stock held are:	2019-20	2018-19
	£000	£000
Consumables	1,312	1,243
Works, estates and locks	1,052	986
Industries raw materials, work in progress and finished goods for resale	1,154	1,110
Provision for obsolete stock – specific	(12)	(12)
	3,506	3,327

9. Trade Receivables and Other Current Assets

Analysis by type	2019-20	^{*Re-presented} 2018-19
	£000	£000
Amounts due within one year:		
Recoverable VAT	4,426	4,451
Trade receivables	134	227
Other receivables	251	333
Prepayments and accrued income	359	2,056
	5,170	7,067
Amounts due after more than one year:		
Other receivables	61	76

* 18-19 Trade receivables and other receivables have been re-presented to give a true reflection of the bad debt provision category.

10. Cash and Cash Equivalents

	2019-20	2018-19
	£000	£000
Balance as at 1 April	789	768
Net change in cash and cash equivalents	(81)	21
Balance as at 31 March	708	789

The following balances at 31 March were held at:

Government Banking Service	510	590
Commercial banks	150	158
Cash in hand	48	41
Balance at 31 March	708	789

11. Trade Payables and Other Current Liabilities

Analysis by type:	2019-20 £000	2018-19 £000
Amounts due within one year:		
Other taxation and social security	3,455	3,305
Trade payables	5,844	2,584
Accruals and deferred income	17,341	18,004
Other payables	3,717	2,909
Amounts due to Justice Department	708	789
PFI/PPP and other service concession arrangements <1 year	4,194	3,972
	<u>35,259</u>	<u>31,563</u>
Amounts due after more than one year:		
PFI/PPP and other service concession arrangements >1 year	82,374	86,568
Other accruals	307	165
	<u>82,681</u>	<u>86,733</u>

12. Provisions for Liabilities and Charges

	2019-20 £000	2019-20 £000	2019-20 £000	2019-20 £000	2019-20 £000	2019-20 £000	2018-19 £000
	Prisoner Claims	Injury Benefit	Dilapidation Costs	Demolition Costs	Other Charges	Total	Total
Balance at 1 April	1,359	10,320	1,852	1,120	1,193	15,844	18,076
Provided in the year	703	1,915	202	0	1,091	3,911	1,877
Provisions utilised in the year	(415)	(472)	0	(125)	(367)	(1,379)	(1,638)
Unwinding of discount	0	1	45	14	0	60	2
Provisions not required written back	(218)	0	0	(484)	(598)	(1,300)	(2,473)
Balance at 31 March	<u>1,429</u>	<u>11,764</u>	<u>2,099</u>	<u>525</u>	<u>1,319</u>	<u>17,136</u>	<u>15,844</u>

Analysis of expected timing of discounted flows

	2019-20 £000	2019-20 £000	2019-20 £000	2019-20 £000	2019-20 £000	2019-20 £000	2018-19 £000
	Prisoner Claims	Injury Benefit	Dilapidation Costs	Demolition Costs	Other Charges	Total	Total
Not later than one year	1,429	508	0	0	1,319	3,256	3,331
Later than one year and not later than five years	0	2,062	2,099	525	0	4,686	4,575
Later than five years	0	9,194	0	0	0	9,194	7,938
Balance at 31 March	<u>1,429</u>	<u>11,764</u>	<u>2,099</u>	<u>525</u>	<u>1,319</u>	<u>17,136</u>	<u>15,844</u>

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. The majority of these relate to Articles 3, 5(4), 6 and 8 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 and early retirement 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:

	2019-20 £000	2018-19 £000
Land		
Not later than one year	41	33
Later than one year and not later than five years	57	86
	<u>98</u>	<u>119</u>
Buildings		
Not later than one year	864	701
Later than one year and not later than five years	1,201	1,813
	<u>2,065</u>	<u>2,514</u>
Other		
Not later than one year	888	512
Later than one year and not later than five years	1,520	192
	<u>2,408</u>	<u>704</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 £67,113k (2018-19 £62,412k). 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:

	2019-20	2018-19
	£000	£000
Due within one year	63,514	61,880
Due later than one year and not later than five years	251,178	261,832
Due later than five years	438,510	491,370
	<u>753,202</u>	<u>815,082</u>
Less interest element	(51,526)	(58,090)
Present value	<u>701,676</u>	<u>756,992</u>

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

	2019-20	2018-19
	£000	£000
Due within one year	53,046	51,344
Due later than one year and not later than five years	209,237	219,890
Due later than five years	352,825	395,218
Total service elements due in future periods	<u>615,108</u>	<u>666,452</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:

	2019-20	2018-19
	£000	£000
Property, plant and equipment	318	336

16. Contingent Liabilities

The Agency has the following contingent liabilities:

	2019-20	2018-19
	£000	£000
Prisoner claims	156	349
Other charges	898	570
	1,054	919

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 or decisions of higher courts.

17. Notional Charges

The following notional charge has been included in the accounts:

	2019-20	2018-19
	£000	£000
Statutory audit services	113	105
Total auditor's remuneration	113	105

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 £38,213 (2018-19 £35,601).

For information purposes, the actual annual average cost per prisoner place, calculated on a resource accounting basis (including depreciation and impairment charges), in 2019-20 was £42,763 (2018-19 £40,175).

The actual annual average cost per prisoner place including exceptional payments in 2019-20 was £38,151 (2017-18 £35,585). 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 2019-20, 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 2020 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

	2019-20	2018-19
	£000	£000
Balance as at 1 April	953	933
Funds paid in during the year	11,976	11,714
Funds paid out during the year	(11,967)	(11,694)
Balance as at 31 March	<u>962</u>	<u>953</u>

20.2 Common Good Fund

	2019-20	2018-19
	£000	£000
Balance as at 1 April	247	242
Funds paid in during the year	418	440
Funds paid out during the year	(398)	(435)
Balance as at 31 March	<u>267</u>	<u>247</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 2019-20 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.

	2019-20				Restated* 2018-19			
	Public Prisons £000	Private Prisons £000	SCCPES £000	Total £000	Public Prisons £000	Private Prisons £000	CCPES/ SCCPES £000	Total £000
Operating income	(7,456)	0	0	(7,456)	(7,712)	0	0	(7,712)
Expenditure	297,221	47,259	26,418	370,898	280,991	44,286	24,609	349,886
Net expenditure	289,765	47,259	26,418	363,442	273,279	44,286	24,609	342,174
Non-current assets	1,028,616	138,318	6,002	1,172,936	1,005,320	132,772	6,881	1,144,973

* 2018-19 net expenditure for the year re-stated to include interest costs relating to PFI contracts under the correct headings.

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 (FReM) 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.

Signed by the authority of the Scottish Ministers

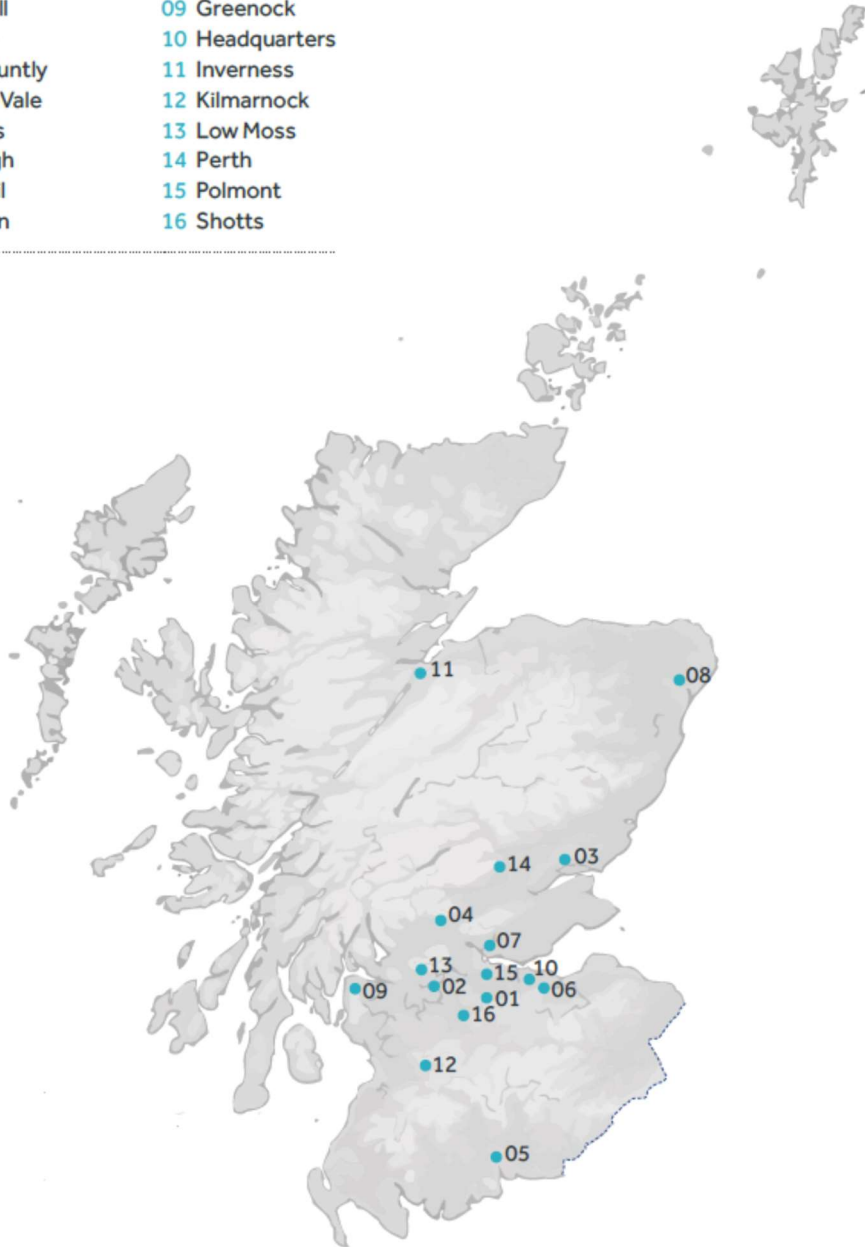
Dated 17 January 2006

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 • Young Peoples Strategy 		
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 Change Unit • Corporate Planning and Performance • SPS College 	<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 • Women’s Strategy Team

APPENDIX 3

AVERAGE DAILY POPULATION AND MAXIMUM NUMBER BY ESTABLISHMENT 2019-20

	Average Population			Maximum Population		
	Male	Female	Total	Male	Female	Total
Establishment						
Adults						
Addiewell	779	-	779	797	-	797
Barlinnie	1,408	1	1,409	1,489	1	1,489
Cornton Vale	-	95	97	1	115	115
Dumfries	194	-	194	200	-	200
Edinburgh	801	109	910	837	114	941
Glenochil	728	-	728	745	-	745
Grampian	408	44	452	428	52	474
Greenock	159	51	211	166	55	219
Inverness	116	-	116	137	1	137
Kilmarnock	593	-	593	601	-	601
Low Moss	814	-	814	874	-	874
Open Estate	185	-	185	206	-	206
Perth	697	-	697	728	-	728
Polmont	59	89	148	74	91	164
Shotts	542	-	542	550	-	550
Young Adults						
Cornton Vale	-	2	2	-	6	6
Grampian	3	2	5	7	6	8
Polmont	312	10	322	358	15	368
Total	7,796	402	8,198	7,918	424	8,336

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 2019-20

			2018-19	%age increase
Remand: Sub Total		1,670	1,525	9.51%
Persons under sentence: Sub Total				
	Under four years	3,343	3,294	1.49%
	Four Years and over (including life sentence and lifer recalls)	3,185	2,970	7.24%
	Total	8,198	7,789	5.25%

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 2019-20

Absconds and Failures to Return – 2019-20								
		Barlinnie	Cornton Vale	Grampian	Greenock	Open Estate	Polmont	Total
Abscond		1	0	0	0	0	0	1
Failure to Return		0	0	0	0	4	0	4

APPENDIX 6

BREACHES OF DISCIPLINE AND OUTCOME IN PENAL ESTABLISHMENTS BY SEX AND AGE 2019-20

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
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
has in his or her possession, or concealed about his or her body or in any body orifice, any article or substance which he or she is not authorised to	2,637	148	158	1	2,795	149	2,944
fights with any person;	2,268	117	452	0	2,720	117	2,837
Consuming/taking/injecting/inhaling or concealing an unauthorised or prohibited article	2,128	74	7	1	2,135	75	2,210
has in his or her possession, or concealed about his or her body or in any body orifice, any prohibited article;	2,016	187	63	3	2,079	190	2,269
destroys or damages property	1,980	84	763	13	2,743	97	2,840
Assault	1,787	58	266	3	2,053	61	2,114
Intentionally or recklessly endangering the health or personal safety of others	1,706	122	430	1	2,136	123	2,259
uses abusive or insulting words or behaviour;	1,643	94	118	3	1,761	97	1,858
consumes, takes, injects, ingests, conceals inside a body orifice, inhales or inhales the fumes of any substance which is a prohibited article;	1,576	34	6	1	1,582	35	1,617

Unauthorised absence or presence in any part of the establishment	1,329	16	31	0	1,360	16	1,376
recklessly endangers the health or personal safety of others.	1,325	98	369	1	1,694	99	1,793
uses threatening words or behaviour;	996	114	54	0	1,050	114	1,164
has in his or her possession whilst in a particular part of the prison, any article or substance which he or she is not authorised to have when in that part of the prison	928	90	70	0	998	90	1,088
administers a controlled drug to himself or herself or fails to prevent the administration of a controlled drug to himself or herself by another person	513	37	1	0	514	37	551
Disobeying a rule or direction	497	95	71	1	568	96	664
intentionally endangers the health or personal safety of others;	381	24	61	0	442	24	466
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
sale or delivery of an article allowed only for prisoners own use	179	10	15	0	194	10	204
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
intentionally obstructs any person, other than a prisoner, in the performance of that person's work at the prison;	162	11	14	0	176	11	187

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
sells or delivers to any person any article which he or she is not authorised to have;	62	11	8	0	70	11	81
Arson	48	0	24	0	72	0	72
disrespectful to any officer, worker or visitor	46	12	6	1	52	13	65
consumes, takes, injects, ingests, conceals inside a body orifice, inhales or inhales the fumes of any substance which is an article which he or she has in their possession;	26	2	0	0	26	2	28
Failing to return from temporary release or comply with a condition of such release	21	8	1	0	22	8	30
fails to return to prison when he or she should return after being temporarily released under Part 15;	20	8	1	0	21	8	29
consumes, takes, injects, ingests, conceals inside a body orifice, inhales or inhales the fumes of any substance which is unauthorised property; or	13	1	0	0	13	1	14
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
denies access to any part of the prison to any person other than a prisoner;	5	0	1	0	6	0	6
detains any person against his or her will;	2	0	0	0	2	0	2
fails to comply with any condition upon which he	1	0	0	0	1	0	1

or she is temporarily released under Part 15; or							
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

As at 31 March 2020 there were 4,437 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 2020	Total	Full Time	Part Time	Full Time Equivalent (FTE)	Disabled (Self Declared)
Female	1,472	1,265	207	1,390	119
Male	2,965	2,576	389	2,769	267

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

SPS Board – This table reflects the gender spilt for SPS Board Members as at 31/03/2020.

As at March 2020	Chief Executive	Directors	Non - Executive Directors	Total
Female	1	2	2	5
Male	0	1	2	3

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 2020	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	Over 65	Total
Female	105	541	324	332	164	6	1,472
Male	84	533	449	946	886	67	2,965

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 2020	
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 White and Asian	<5
Not Advised	2,345
Other Ethnic Group	<5
Pakistani	<5
Prefer not to Disclose	407
Scottish Pakistani	<5
White	461
White English	87
White Gypsy Traveller	<5
White Irish	11
White Northern Irish	10
White Other	11
White Polish	<5
White Scottish	1,073
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 01/04/2019 to 31/03/2020.

As at March 2020	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	Over 65	Total
Female	13	34	21	12	13	1	94
Male	7	81	20	50	93	24	275

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 01/04/2019 to 31/03/2020.

Appointments 2019 - 2020	Male	Female	Ethnic Minority Group		Disabled (Self Declared)	Part Time / Job Share
327	162	165	Not Advised	278	1	11
			Prefer Not to Disclose	<5		
			White	11		
			White English	<5		
			White Northern Irish	<5		
			White Scottish	33		

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 01/04/2019 to 31/03/2020.

As at March 2020	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	Over 65	Total
Female	62	66	20	11	6	0	165
Male	44	70	22	17	9	0	162

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
8	6

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 01/04/2019 to 31/03/2020.

The following personnel were promoted:

Promoted 2019 - 2020	Male	Female	Ethnic Minority Group		Disabled (Self Declared)	Part Time / Job Share
215	114	101	Not Advised	116	7	6
			Prefer not to Disclose	16		
			White	18		
			White English	7		
			White Irish	<5		
			White Polish	<5		
			White Scottish	55		
			British African	<5		

APPENDIX 8

PARLIAMENTARY ACCOUNTABILITY 2019-20

Ministerial Correspondence

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	1	1	0
MSP's Letters for Chief Executive Reply	79	62	17
Total (2019-20)	80	63 (79%)	17 (21%)
Total (2018-19)	94	91 (97%)	3 (3%)

Scottish Parliamentary Questions			
Year	Total	Ministerial Replies	Chief Executive's Replies
Year ended 31 March 2020	83	0	83
Year ended 31 March 2019	51	4	47

APPENDIX 9a

KEY PERFORMANCE INDICATORS*

		2019-20	2018-19	2017-18
KPI1a	Extreme Risk Escapes	-	-	-
KPI1b	Escapes at other supervision level	-	-	1
KPI2a	Serious Prisoner on Staff Assaults **	12 (12)	10	14
KPI2b	Minor & No Injury Prisoner on Staff Assaults **	358 (401)	410	283
KPI2c	Serious Prisoner on Prisoner Assaults **	112 (125)	135	94
KPI2d	Minor & No Injury Prisoner on Prisoner Assaults **	2892 (3,629)	2,994	2,173
KPI 3a	Purposeful Activity Hours	6,082,903	6,258,125	6,500,472
KPI 3b	Average Purposeful activity Hours per week per Convicted prisoner	19	20	21
KPI4a	% of education classes spent delivering literacy skills	38.3%	36.0%	37.6%
KPI4b	% of education classes spent delivering numeracy skills	24.5%	20.8%	17.3%
KPI5a	Vocational & Employment Related Qualifications	24,569	26,883	18,793
KPI5b	Vocational & Employment Related Qualifications at SCQF level 5 or above	1,526	1,781	1,976
KPI6	Employability Prospects Increased	-	-	-
KPI7	Reduced Substance Abuse***	-	45%	47%
KPI8	% of ICM Case Conferences with CJSW in attendance	88.1%	86.7%	88.0%
KPI9	Average Annual Cost Per Prisoner Place****	38,213	35,601	35,293
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. Further information in 'Managing Operational Performance' Section, under KPI7

****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

Geoamey	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	2019-20 Total	2018-19 Total
Number of Court Arrivals	9,230	9,293	8,138	9,772	9,522	8,344	9,495	8,324	8,171	8,517	7,633	6,684	103,123	85,769
% arrived on time	86.1	81.5	83.7	78.25	73.18	78.3	74.49	73.25	72.72	86.97	89.23	88.38	80.25	90
Non Court Escorts	3,501	3,678	3,199	3,281	3,085	2,917	3,128	2,377	1,868	2,723	2,633	1,950	34,340	31,530
Court Cell Areas Operated	744	784	705	844	806	756	847	733	646	763	693	612	8,933	NR
Court Docks Staffed	2,045	2,235	2,089	2,202	2,239	2,157	11,175	2,599	2,192	1,752	2,248	1,758	25,704	NR
Number of Prisoners Unlawfully at Large	0	0	0	1	1	1	0	0	0	1	1	1	6	3
Total Secure Journeys	3,905	4,045	3,703	4,058	4,156	3,782	4,333	4,042	3,531	3,950	3,607	3,025	46,137	NR
Total Community Journeys	547	462	570	753	721	661	582	547	393	433	500	319	6,488	NR

Note: * NR = Not Recorded (previous contract model recorded individuals not journey routes)