

SCOTTISH PRISON SERVICE

ANNUAL REPORT & ACCOUNTS 2018-2019



UNLOCKING POTENTIAL
TRANSFORMING LIVES

SPS
SCOTTISH
PRISON SERVICE

CONTENTS

01-19	PERFORMANCE REPORT – OVERVIEW
02	• Chief Executive’s Foreword
04	• Chair of the Advisory Board Foreword
05	• Who we are and what we do
08	• Our service today
10	• Performance Summary
20-31	PERFORMANCE REPORT – PERFORMANCE ANALYSIS
32-38	ACCOUNTABILITY REPORT – CORPORATE GOVERNANCE
33	• Directors’ Report
35	• Statement of Accountable Officer’s Responsibilities
36	• Governance Statement
39-50	ACCOUNTABILITY REPORT – REMUNERATION AND STAFF REPORT
40	• Remuneration Report
46	• Staff Report
51-54	ACCOUNTABILITY REPORT – PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT
52	• Parliamentary Accountability
53	• Independent auditor’s report
55-81	FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS
82-95	APPENDICES
83	1 Location of Establishments
84	2 Organisational Structure
85	3 Average Daily Population and Maximum Number by Establishment 2018-19
86	4 Average Daily Population in Establishment by Type of Custody: 2018-19
86	5 Absconds and Failures to Return 2018-19
87	6 Breaches of Discipline and Outcome in Penal Establishments by Sex and Age 2018-19
88	7 Staff in Post
91	8 Parliamentary Accountability 2018-19
92	9a Key Performance Indicators
93	9b What do the Operational Performance Indicators Mean?
94	10 National Performance Framework
95	11 Court Custody and Prisoner Escort Service
96	Notes

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 2018-19.

CHIEF EXECUTIVE'S FOREWORD

I am pleased to introduce our Annual Report and Accounts for 2018-19.



Colin McConnell
Chief Executive

A year in which the organisation has continued to make significant strategic progress, improve performance and reach key corporate milestones. All of this has been achieved against a backdrop of an increasingly large and complex prison population and tightening resources.

Smoke Free Prisons

On 30 November 2018 all prisons in Scotland simultaneously became Smoke Free. The Scottish Prison Service (SPS) is the first in Europe to achieve such a change in this way. Having a Smoke Free environment brings with it significant improvements to health, quality of life, and sense of wellbeing for all who live and work in our prisons. This is an excellent example of SPS leading on the delivery of Scottish Government health improvement policy through extensive collaboration with a range of public sector partners, particularly NHS Scotland.

Development of Women's Estate

Further progress was made during the course of the year in taking forward the redevelopment of the female custodial estate in Scotland. Planning permission for the Women's National Facility in Stirling and the Community Custody Units in Glasgow and Dundee was secured. Plans remain on target for delivery in 2020.

Prison Officer

Professionalisation Proposals

Our workforce is our most valuable asset and important resource. We set out an ambitious programme of change to develop the capability and capacity of our frontline and correspondingly develop a new operating model across our prisons.

The offer made to the Prison Officers' Association (Scotland) for the reward and recognition attached to these proposals, was rejected by their members in October 2018. Despite that rejection, SPS has maintained a positive outlook towards workforce performance improvement and the professionalisation of the Prison Officer role. The concept and building blocks of the Prison Officer Professionalisation Programme will continue to be developed as we take forward critical pieces of work that will ensure our continued progress towards the ambitions set out in the Organisational Review and the commitments made in the SPS Value Proposition.

Supporting senior staff development

As an organisation we are committed to the development of our people, with opportunities for career progression one of the defining features of our staff benefits package. As well as investing in the continuing professional development of our leaders through training, coaching and opportunities for academic study, we promote cross-sector development and in 2018-19, we supported the professional growth of three of our senior leadership group through secondments to other public sector bodies. As well as enriching their leadership capability, these opportunities ensure a significant return on investment for the SPS as the staff return, bringing with them their new knowledge and enhanced skills for the benefit of their colleagues and the organisation as a whole.

Challenges

The organisation has faced significant pressures over the course of the year, especially in relation to the increasingly complex and expanding prison population, which has increased by over 700 over the course of this year. I would like to pay tribute to our front-line staff for the extraordinary skill and dedication displayed in caring for the people who are sent to our care even although the day-to-day care and safety challenge has become so much more difficult. It is to the great credit of everyone across the SPS that we have continued to do so well, in the face of significant and unrelenting pressures.

I am concerned that sick absence has increased significantly, with long-term absences becoming the main concern. I want to thank those who are working hard to deal with the current challenges and pressures we face. Our thoughts are with colleagues who cannot attend work through illness and we hope the measures we have put in place to help and support them will speed them on to a full recovery.

Throughout the year I have also been supported by the Non-Executive Chair of the SPS Board, our Non-Executive Directors and our Independent Chair of our RMAC. I particularly value the considerable knowledge and experience they bring to the organisation.

As always, I would like to conclude for this year by thanking everyone throughout the SPS for their hard work and commitment to our Service and for those we care for, and for their dedication to public service more generally. The work that they do on a day-to-day basis really does make a difference and helps to make Scotland such a wonderful place to live.



Colin McConnell
Chief Executive
26 June 2019

CHAIR OF THE ADVISORY BOARD FOREWORD



Brigadier Hugh Monro CBE
Non-Executive Director

Prisons aren't just buildings with fences ringing them to contain those who have been sent there by the courts. A good prison service is not just about security and order, but primarily about treating each prisoner as an individual, preparing them for a law-abiding life on release. And, of course, in 2019 all of this has become more difficult as the nature of offending has become more complex, and the resulting prison population more challenging. Within each prison there is a network of highly trained men and women whose job it is to deliver these aims. In this introduction I want to concentrate on the work of our prison service in Scotland and how it has progressed in the last 10 years. For, I believe the Scottish Prison Service does what it says: 'Unlocking potential – transforming lives'.

Ten years ago, when I was appointed HM Chief Inspector of Prisons for Scotland, I made it my business to understand the SPS and throughout my four years in post I came to know staff extremely well as they explained the challenges they faced and the solutions they used to help solve these.

Providing safe and secure prisons, ones fully fitted for rehabilitation, is perhaps one of the most complex services that a State has to provide.

As a result, I have the greatest respect for all who work for the SPS: not only uniformed prison officers who have daily contact with those in our care, but also those who work in healthcare, treating addictions, education, reform programmes, administrators and throughcare support officers. All who work for SPS do a remarkable job, one that is rarely understood in Scotland. As the then Chief Inspector, I recognised the remarkable job that prison staff do, remarking in my final 2013 Report: "I would like all prison staff to feel more valued not just by the SPS but by the country as a whole."

When I look back to 2009, I am amazed at how far the SPS has come. There has been investment in new prisons. Colin McConnell's Transformational Change programme has revolutionised the way in which the SPS is run; significantly we are better placed now to face the challenges of the future. Whilst new buildings improve the conditions in which the people in our care are held, it is the way in which staff also take advantage of new prisons to try out ideas and make new partnerships that can significantly improve outcomes. These ideas have blossomed across the service.

2009 also marked my first inspection at HMP & YOI Cornton Vale. From this critical report came the highly respected Commission on Women Offenders led by Dame Elish Angiolini. Importantly, as a result of the Commission's report, the Scottish Government is investing in new infrastructure for women in custody. These include a new National Facility

at Cornton Vale and Community Custody Units (CCU), the first of these to be in Glasgow and Dundee respectively. The CCUs are a completely new concept in looking after women and I am confident that they will transform the way in which we support women back in to their communities safely, making them better equipped to deal with modern life. The SPS has been at the forefront of these developments and staff should be congratulated for this exceptional work.

But the SPS faces significant challenges, two of which I mention here. Firstly, prisoner numbers are increasing to levels we haven't seen since 2012. Overcrowding puts significant pressure on prison staff and ultimately means that offenders do not get access to the programmes and activities that best prepare them for release. Secondly, financial resources are, in real terms, reducing, just at the time when the pressures on the SPS to deliver are increasing.

And so I look at the SPS in 2019 with huge admiration. Every time I visit one of our prisons I never cease to be amazed at how professional our people are. They care. They make a difference. They carry out a difficult and dangerous job 24/7. I am very proud of them and Scotland should be too.

Brigadier Hugh Monro CBE
Non-Executive Director
June 2019

WHO WE ARE AND WHAT WE DO

The Scottish Prison Service (SPS) is an Executive Agency of the Scottish Government and was first established in April 1993.

The SPS Framework Document sets out the policy and resources framework set by Scottish Ministers within which the SPS operates. As an Executive Agency, the SPS is funded by the Scottish Government.

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

OUR VISION

Helping to build a safer Scotland, unlocking potential, transforming lives.

OUR MISSION

Providing services that help to transform the lives of people in our care so they can fulfil their potential and become responsible citizens.

OUR VALUES

BELIEF

We believe that people can change.

RESPECT

We have proper regard for individuals, their needs and their human rights.

INTEGRITY

We apply high ethical, moral and professional standards.

OPENNESS

We work with others to achieve the best outcomes.

COURAGE

We have the courage to care regardless of circumstances.

HUMILITY

We cannot do this on our own, we recognise we can learn from others.

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 2019, 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 2018-19.

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 new 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 recent pieces of legislation that will impact on our services. The Scottish Government has indicated its intention to bring forward proposals to extend the presumption against short-term periods of imprisonment to include sentences of three months or less, to 12 months or less. The Management of Offenders (Scotland) Bill was introduced in 2018 and proposes changes to arrangements in respect of electronic monitoring. The Domestic Abuse (Scotland) Act 2018 will be implemented in 2019 and this may have an impact on the number of individuals committed to custodial care.

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 four strategic themes and outcomes, each of which is supported by Key Success Indicators.

STRATEGIC THEME	 PROFESSIONALISM	 PARTNERSHIP	 PURPOSE	 GOVERNANCE
OUTCOME	 Unlocking potential We will have the right people, with the right skills, in the right place at the right time.	 Unlocking potential Our collaboration with partners results in enhanced service provision and better personal outcomes for those citizens in and leaving our care.	 Transforming Lives Our communities are safer because those citizens in our care are supported to build on their assets and return to their communities as productive citizens.	 Delivering Best Value Our services are efficient, effective and provide value for money.

When we developed our Corporate Plan for 2017-20 we did so to implement the vision for change that emerged from the Organisational Review. However, over the course of 2018-19 we faced some unanticipated challenges. We have seen an increase in demand for prison places. This increased demand has seen the situation rapidly change and become more complex to manage. There is a requirement to take our share of the burden of the continued pressure on the public purse. For these reasons the decision was taken to refresh our Corporate Plan a year earlier than intended and our new Plan for 2019-22 was published in April 2019.

OUR SERVICE TODAY

The people in our care include some of the most disadvantaged and vulnerable members of our communities.

The size and nature of our population has varied over time and is determined by the level and type of crime, Government policy, legislation and policies and practice across the wider justice system. From 2000-01, the prison population rose from an average of 5,868 to a high of 8,179 in 2011-12. The period between 2011-12 and 2017-18 saw a reversal of this trend, with a steady decline in the average population, falling to 7,464 in 2017-18. Despite a decline of 29% in the number of individuals receiving custodial sentences over the past decade, 2018 saw the prison population increasing, with a sustained rise during the year and it had exceeded 8,100 by March 2019.

Additionally, the nature and need of those who are in custody are becoming increasingly more complex, meaning the world our staff work in is changing rapidly, presenting us with new challenges every day.

Against this backdrop, the key risks and challenges that may impact on the SPS' development, performance position or future achievement of our objectives include:

Population management

The prison population is continuing to increase, with current projections suggesting that this could continue to exceed 8,000 people in custody.

Whilst increasing numbers are a challenge in themselves, this is further complicated when directing resources to meet the growing complexity of needs within the prison population. This may include 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 with a Serious and Organised Crime affiliation for safety and good order reasons.

These challenges, and many others, overlaid upon an ageing prison estate, mean that "useable space" is further restricted.

To mitigate these risks we:

- > continue to work on a joint strategic approach for prison population management with Scottish Government;
- > work collaboratively with partners to improve health and social care in prisons and actively participate in the Scottish Government Health ND Justice Collaboration Improvement Board;
- > consider social care need, changing demographics and accessibility in any estate design or modification;
- > focus on undertaking impactful Case Management activities; and
- > regularly undertake intelligence led tactical tasking to reconfigure and appropriately allocate individuals throughout the prison estate to appropriately meet their needs.

Absence Management

Average working days lost to absence is increasing and this is a fundamental concern in relation to the wellbeing of our staff. In addition, the safe and orderly operation of prisons requires specific levels of trained staff undertaking specific tasks.

When absence levels increase, this restricts the ability of a prison to provide a full regime. This could mean reduced access to offending behaviour programmes, challenges to timely dispensing of medicine and possible limitations on access to family visits.

This is counter to the SPS mission which is to provide services that help transform the lives of people in our care.

To mitigate these risks we have:

- > implemented specific training in relation to mentally healthy workplaces; and
- > introduced action plans and targeted intervention strategies to address specific, localised challenges.

In addition we:

- > continue to work with trade union partners to review the absence management policy and associated processes;
- > undertake stress risk assessments; and
- > continue to analyse trends, themes and patterns of absence.

Budget

Due to continued pressure on the public purse, the cash budget for SPS has been eroded significantly since 2015-16, equating to an overall 11% reduction in real terms.

It is also anticipated that this will be curtailed further in both this financial year and future years.

The SPS budget is set by Scottish Government and SPS has limited ability to influence the allocation.

Reductions of this scale will begin to impact on our ability to deliver the continued high level of service expected of the Scottish Prison Service.

To mitigate these risks we:

- > refreshed and launched a new three year corporate plan focusing on service improvement and development;
- > are designing a programme of work aimed at ensuring efficiency and effectiveness; and
- > continually engage with partners and stakeholders on the provision of service and delivery options.

PERFORMANCE SUMMARY

Introduction to Performance

This Annual Report is the second in which we report on performance relating to the SPS Corporate Plan 2017-20 (the Plan). The Plan is evidence-based, focuses on service development and improvement, and describes a 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 Success Indicators:

- > **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 Success Indicators** 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 course of the year in order to deliver our Strategic Outcomes. This Annual Report covers the second ADP in the life of the Plan.

The ADP is underpinned by Directorate Business Improvement Plans and Business Improvement Plans in each Establishment and Area.

Measuring Success/Managing Operational Performance

Outcome focused quarterly and annual performance reports are presented to our Executive Management Group (EMG) for scrutiny and our Advisory Board (AB) for advice. An annual report is submitted to our Risk Monitoring and Audit Committee (RMAC) for consideration of any implications relating to risk management, control and governance.

In this section of the Annual Report we summarise our overall performance in relation to the four Strategic Themes and Outcomes of the Plan.

We also report on a set of operational performance indicators. These cover a range of areas of parliamentary and public interest are detailed in appendix nine.

Our ADP 2018-19 contained 16 Essential Actions and good progress has been made. 14 have been delivered in full with one having been delivered in part and one being discontinued. A detailed description of progress is provided in the Performance Analysis section. In the following sections we provide a high level summary of activity.



STRATEGIC THEME	 PROFESSIONALISM
STRATEGIC OUTCOME	 Unlocking potential: 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. We set out an ambitious programme of change to develop the capability and capacity of our frontline and correspondingly develop a new operating model across our prisons. Our objective is to equip all staff with the skills and time necessary to deliver services in a person-centred and asset-based way – an approach which aims to encourage and empower those in our care to recognise and make use of their own strengths in support of their desistance journey.

The professionalisation of the Prison Officer cadre was taken forward by way of the Prison Officer Professionalisation Programme (POPP), which was a joint transformation and improvement enterprise, supported and approved by the Scottish Government, between the Scottish Prison Service and the Prison Officers Association (Scotland) (POA(S)). The Programme design, which was launched in 2014 following publication of SPS' Organisational Review, recognised that there was deep cultural resistance to change and that the SPS had not undertaken any major structural reform for over 20 years. Transitioning the operational workforce whilst at the same time ensuring the SPS continued to operate safely and well was a major challenge throughout the lifetime of the Programme design and development. In order to recognise the scope and scale of the change challenge and the need for the Prison Officer rank and file to both agree to and support their union to engage with and contribute to the Programme design and development phases, regular recognition payments were made to them by the SPS, with the full support and approval of the Scottish Government. The payments, recorded in previous Annual Accounts were as follows: 2014-15 £6,549k; 2016-17 £3,696k and 2017-18 £3,661k. These payments secured ongoing buy-in to the changing expectations of Prison Officers and their commitment to ensure the Programme phases progressed as planned.

By the summer of 2018, the POA(S) and the SPS as the employer had completed the design and development of the Programme of Professionalisation and the POA(S) were ready to recommend acceptance of the terms of the professionalisation proposal to its membership for an affirmative vote by way of national ballot. Regrettably and despite a strong recommendation for acceptance of the proposals to their membership from the POA(S) National Council, the ballot returned a result in favour of rejection.

Despite that rejection, SPS has been determined to maximize the longer term benefit of the periodic payments made as 'investments in our future', and has maintained a positive outlook towards workforce performance improvement and the professionalisation of the Prison Officer role. The concept and building blocks of the POPP have been harvested, preserved and reconstituted, with the resulting 'green shoots of change' now beginning to show through. For example, envisaged improvements to the education and training of staff are already underway, with a Higher Education Diploma qualification now developed and approaching deployment. In addition, direct recruitment to the grade of Prison Officer responsible for managing and positively influencing those in their care has also been taken forward, leading to the introduction of an enhanced candidate pool whose educational and skill background will be raised as a basis for the higher demands of the future role. This improvement will be launched in 2020. From an efficiency perspective, SPS has also maintained its POPP-related focus on restructuring, with learning and resources retained which will inform the basis of a wider efficiency drive.

STRATEGIC THEME	 PARTNERSHIP
STRATEGIC OUTCOME	 Unlocking Potential: Our collaboration with partners results in enhanced service provision and better personal outcomes for those citizens in and leaving our care.

We recognise that prisons do not exist in isolation and that strong and effective collaborative working with partners is essential to delivering our Strategic Outcomes and achieving the best outcomes for those in and leaving our care.



- > Work has been undertaken with the Department for Work and Pensions (DWP) around the design and delivery of welfare services across the prison estate including the distinctive role of Jobcentre Plus in the reintegration back into their communities of people leaving our care. The Plan for Partnership Agreement is now due to be signed by the leadership of both organisations. Work on this area will continue into 2019-20.
- > Following a single site trial of the Sustainable Housing on Release for Everyone (SHORE) standards, a "test of change" to be undertaken involving SPS staff within the prison, Headquarters and the local council to ensure that the Standard Operating Procedures developed work in practice before rolling out estate wide. Convention of Scottish Local Authorities (COSLA) Board Members also mandated COSLA officers to work with Association of Local Authority Chief Housing Officers (ALACHO), SPS and other partners on exploratory work for a prison-based housing options service.

- > 2018-19 saw further work developing our partnership working arrangements with Community Justice Scotland (CJS) and local Community Justice Partnership arrangements. A formal meeting structure has been agreed between the CJS Chief Executive and the Director of Strategy and Stakeholder Engagement (SSE). Support to local partnerships is provided by prison Governors in Charge (GiCs). Data improvement work is underway and we have developed a data sharing agreement for sharing entry and liberation data with local partnerships. This will be rolled out over the course of 2019-20
- > A draft Memorandum of Understanding (MoU) and Shape of Future Service document have been developed in partnership with Social Work Scotland in order to define the Prison Based Social Work Services provided by relevant local authorities to SPS. The draft MoU was widely consulted upon over the course of 2018-19. With regard to the Shape of Service document, a working group is being formed to agree scope of service arrangements. This will be a key strand of SSE directorate activity for 2019-20.
- > Scottish Government has determined that the Health and Social Care in Prisons Programme Board (HSCIPPB) will develop models for health and social care integration in Prisons, agree responsibility for delivery and identify resources, review and agree roles and responsibilities in the delivery of prisoner health and social care, develop robust performance monitoring framework and review the clinical Information Technology (IT) system used in prison. Scottish Government are documenting the appropriate risk and mitigation measures for the programme board work streams. SPS is liaising with Scottish Government and Partners on the Health and Justice Collaboration Improvement Board (HJCIB) on this work.

STRATEGIC THEME	 PURPOSE
STRATEGIC OUTCOME	 Transforming Lives: Our communities are safer because those citizens in our care are supported to build on their assets and return to their communities as productive citizens.

Our purpose is to create the right environment and supports to enable those in custody to achieve personal change. As such we need to offer a range of choices and supports to promote that change and our programme of development and improvement activity for 2018-19 focused on four important areas:

- > Sites have been identified for two female Community Custody Units in Glasgow and Dundee. The design review of the Women's National Facility (WNF) has been completed and the Invitation to Tender (ITT) issued. It is planned that construction work will commence in summer 2019.
- > There has been a variety of events organised and delivered by young people to celebrate the Year of the Young People 2018. In addition all ambassadors have achieved Scottish Qualifications Authority (SQA) qualifications in volunteering, working with others and personal development.
- > Smoking Cessation, which saw all tobacco products removed from the custodial environment along with a ban on smoking, was successfully achieved Service-wide being simultaneously implemented in every prison on 30th November 2018. SPS is the first jurisdiction in Europe to successfully introduce and then sustain, without incident, smoking cessation in this way.
- > In order to reduce violence, the SPS Public Protection Unit (PPU) are now reviewing all establishment tactical assessments and support meetings are being held to discuss and compare emerging trends and opportunities for tactical intervention.

STRATEGIC THEME	 GOVERNANCE
STRATEGIC OUTCOME	 Delivering Best Value: Our services are efficient, effective and provide value for money.

We are committed to improving the efficiency and effectiveness of our service and in doing so strengthening public confidence in SPS. We undertook a wide range of activity under our Governance theme in 2018-19. Significant achievements included:

- > Format of Equality & Diversity (E&D) Steering group revised to focus on progress towards achievement of SPS Equality Outcomes.
- > In order to guide the early development of a Prisons Strategy, in light of the changing population situation, a robust evidence base has been co-produced through Knowledge Exchanges on priority population challenges and the future shape of prisons performance.
- > Following the commitment to the review of the existing Key Performance Indicators (KPIs), this year has seen two Knowledge Exchange Events held on Performance measures and co-production was undertaken with staff, those in our care and partners. A new suite of outcome focused KPIs will be developed in 2019-20 based upon the findings of the review.

Managing Operational Performance

We are committed to building a Safer Scotland and the safety and security of our prisons is paramount. We face many of the challenges that communities face outside our boundaries and as such we are never complacent. As a learning organisation, we continue to evolve and have introduced a number of initiatives in our determination to reduce violence within our prisons.

Our response to the safety and security of our prisons remains robust and we act in an agile manner to both new and existing threats. The Strategic Risk and Threat Group which was established in 2017 has further identified the emerging risk and trends which includes the changes in the way violence is perpetrated in our prisons.

The SPS further supported the management of the emerging and increased risk by developing the Management Of Risk in Extreme circumstances (MORE) policy, where those prisoners identified as having significantly increased risk of violence to staff or prisoners will be managed under a process which mitigates some of those individually identified threats and risks.

We manage the issues surrounding Serious Organised Crime Groups (SOCG) and Organised Prisoner Networks (OPN) within all Scottish prisons, the increase in use of illicit substances and misuse of medication and the effect these have on both those in our care and staff in prisons.

The Management of an Offender at Risk due to any Substance Policy (MORS) has seen a significant increase in the number of people in our care who have been managed under this policy, over the last year.

However, as well as dealing with the increased risks already identified, during the reporting year 2018-19, there has been a sustained increase in population throughout the year with the population as against 2017-18.

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

There have been no escapes from SPS custody of a prisoner of any supervision level in the reporting year 2018-19. This is an improvement on the previous year, and is encouraging considering the increase in number of prisoners held in custody in Scottish prisons during the reporting year, and the number of emergency SPS hospital escorts that were required to be completed during the year.

KPI 2a Serious Prisoner on Staff assaults. The number of serious prisoner on staff assaults has reduced during this reporting year in comparison to 2017-18 from 14 to 10 incidents.

Identification of the motivation behind all assaults has improved by almost 50% since last year as a result of SPS introducing violence investigation processes across all prisons.

This reduction is as a result of the incredible work carried out by front line officers and staff during a period of sustained increases to the prisoner population, the implementation of a Smoke-Free prison environment, and the increase in the number of people being managed under the influence of unknown substances policy (MORS) which can result in an increase in reactive violence.

There are a number of factors which influence violence against staff, 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 and the ongoing management of people who may present with mental health issues.

We continue to work with our criminal justice partners 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.

KPI 2b prisoner on staff minor and no injury assaults. The numbers against this measure has increased from 284 to 410 incidents, which is an increase of 44% across all prisons for the reporting year 2018-19.

The majority of these incidents occur in the larger closed male prisons, specifically to those who receive admissions direct from the courts.

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

The increase in prisoner population within these prisons 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 been a significant increase in assaults against staff within the prisoner reception area and visits. 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 will lead to them being placed within a Separation and Reintegration Unit (SRU) away from the general prisoner population.

Violence within SRUs have decreased as a result of improved robust management plans as well as the implementation of revised Personal Protective Equipment for staff and the implementation of an updated policy around the provision of razor blades which has reduced the use of manufactured weapons.

HMP Shotts and HMP Dumfries have both seen a reduction in the levels of violence being perpetrated against staff.

KPI 2c Serious prisoner on prisoner assaults. The number of occurrences of serious prisoner on prisoner violence for the reporting year 2018-19 has increased by 44% to 135 incidents compared to 2017-18.

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

At HMP & YOI Cornton Vale, HMP Greenock and HMP Open Estate (Castle Huntly), there were no assaults of this serious nature.

Furthermore, with the increased population meaning that many SPS prisons are over capacity, there is limited scope to manage those who perpetrate conflict by keeping them separate from others including those with SOCG links and other OPN and the issues that arise with increased populations within limited places availability.

KPI 2d Minor and No injury prisoner on prisoner assaults there has been an increase in this set of recorded prisoner interpersonal violence for 2018-19 compared to the reporting period 2017-18, from 2,120 to 2,994 incidents.

The majority of these incidents occur in the larger closed male prisons, specifically to those who receive admissions direct from the courts. These incidents occur predominately within the residential areas, with those occurring in cell and out of sight of SPS staff, having increased by 31% (106).

There has also been a 44% (46) increase of interpersonal violence occurring within exercise yards, as due to the limited regime this is one of a few opportunities for prisoners to associate in large numbers. A recent analysis of these incidents have attributed a large portion of these as being linked to individuals identified as having links to SOCG. A number of recommendations for mitigation have been identified, for implementation over 2019-20.

There has been an increase in the number of assaults taking place as a result of a minor disagreement and it is assessed that this is as a result of the increasing prison population and the resultant tensions this brings within residential areas, where the option of single cell occupancy has been restricted or removed.

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

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

Attendance at counselling or rehabilitative Programmes is also recorded within this measure, and the SPS has focused on the high risk groups in relation to programme delivery which supports reduction in risk in relation to recidivism and supports an individual's progression through their sentence.

The SPS launched the Purposeful Activity (PA) Framework in November 2017, which required individual prisons to complete an annual Action Plan as part of their business planning process. These plans are intended to allow prisons 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 **3.8% 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 and the positive and deliberate change in emphasis in how we proactively engage with them through the use of the PA Plans.

Staff absence has, on occasions, impacted on the SPS' ability to deliver purposeful activity opportunities.

Additionally, due to the high population numbers in the prisons where the SPS specialises in the high 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 has become more difficult to find suitable places for those living outwith that prison to relocate a person, one place that had previously been allocated to ensure that those with the highest need for this intervention are able to be located in time for the scheduling of the programme starting.

KPI 3b average purposeful activity hours per week per convicted prisoner is the measure used to quantify a public sector prison'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 is as a result of the increase in the number of convicted prisoners held in custody across the SPS estate, and the maximum number of Purposeful Activity places or hours that is available to be delivered, as well as the reduction in PA availability due to increased staff absence.

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 continues to demonstrate improved focus is numeracy skills with an increase from 17.3% to 20.8% during the reporting period, while the other remains broadly around 36% of all classes are primarily spent delivering literacy. This is an encouraging improvement in an important area of supporting people during their time in our care, and the transition back in the community as productive citizens.

KPIs 5a, on vocational and employment related qualifications, demonstrates an increase in delivery of 43% compared to this time last year. This increase is primarily related to a more targeted approach of recording and reporting of all qualifications achieved. This approach has included clearer evidence of the qualifications delivered being confirmed through the partnership with our Learning, Skills and Education (LSE) provider. Additionally, the LSE provider has worked with the public sector prisons to deliver contextualised learning in areas providing PA, including gymnasiums and large production work sheds. With the introduction of the Individual Learning Plans (ILP) for people in our care, the LSE have focused on working with those most in need of educational attainment and this has increased the 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 10% compared to this position last year.

The SPS continues to work with the Scottish Qualification Authority 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 trained staff, who are SQA assessors in the Vocational Training areas of Industrial Cleaning, Painting & Decorating, Brickworks and other areas including 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 Learning, Skills and Employability 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 2017 SPS Prisoner Survey demonstrates that 29% of people in our care had accessed services in order to help prepare them for release. Of those who had accessed services, 27% had sought advice in relation to employment. The 2019 Prisoner Survey is due to publish results in September 2019 and this position will be subsequently updated.

KPI 7 measures Reduced Substance Abuse through Addiction Prevalence Testing. This testing, to identify illicit drug use (including that of prescribed drugs), takes place annually, across all Scottish prisons, upon admission and liberation. The latest round of testing took place during November 2018. The figures demonstrated a 45% reduction in illicit drug use during custody, from 71% on admission to 26% upon liberation. These results broadly replicate the 47% reduction reported in 2017/18, where 78% tested positive upon admission and 31% on liberation.

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

ICM case conferences with Criminal Justice social workers in attendance remains at a consistent level of 86.7%. The SPS continues to work closely with Criminal Justice Social Work (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.

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 2018-19.

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 £363,045k, details of which are contained in the Budget (Scotland) Bill 2018-19 Supporting Document. Details of the ABR and SBR budget revisions made by SPS can be found at <https://www.gov.scot/publications/scotlands-budget-documents-2018-19-spring-budget-revision-budget-scotland-act-year-ending-31-march-2019/>

As part of the SBR process, SPS are required to request budget cover for Annually Managed Expenditure (AME)¹ to cover potential increases/decreases of provisions and impairment charges. A credit AME budget of £1,400k was requested.

A comparison of the SPS final outturn with the SBR for 2018-19 is detailed below. The table does not include notional charges of £105k (Note 17 in the Notes to the Accounts).

	Actual Outturn	Revised Budget	Over/ (Underspend)
	£000	£000	£000
Total Departmental Expenditure Limit (DEL) ²	278,929	286,187	(7,258)
Total Outside DEL Expenditure ³	80,569	79,773	796
Annually Managed Expenditure (AME)	(1,306)	(1,400)	94
Total Expenditure	358,192	364,560	(6,368)

Total expenditure for the year was £358,192k against the SBR budget position of £364,560k.

The DEL underspend of 2.5% is primarily attributable to Capital (£4,704k underspend) and Depreciation Charges (£1,824k underspend). This is a result of slippage in the SPS 2018-19 Capital Programme, including the Women's Community Custodial Units and delays in the site acquisition for HMP Glasgow.

The ODEL overspend of 1% is attributable to the commencement of the Scottish Court Custody and Prisoner Escort contract on 26 January 2019. This includes capitalisation of the new prisoner escort service vehicles of £7,027k.

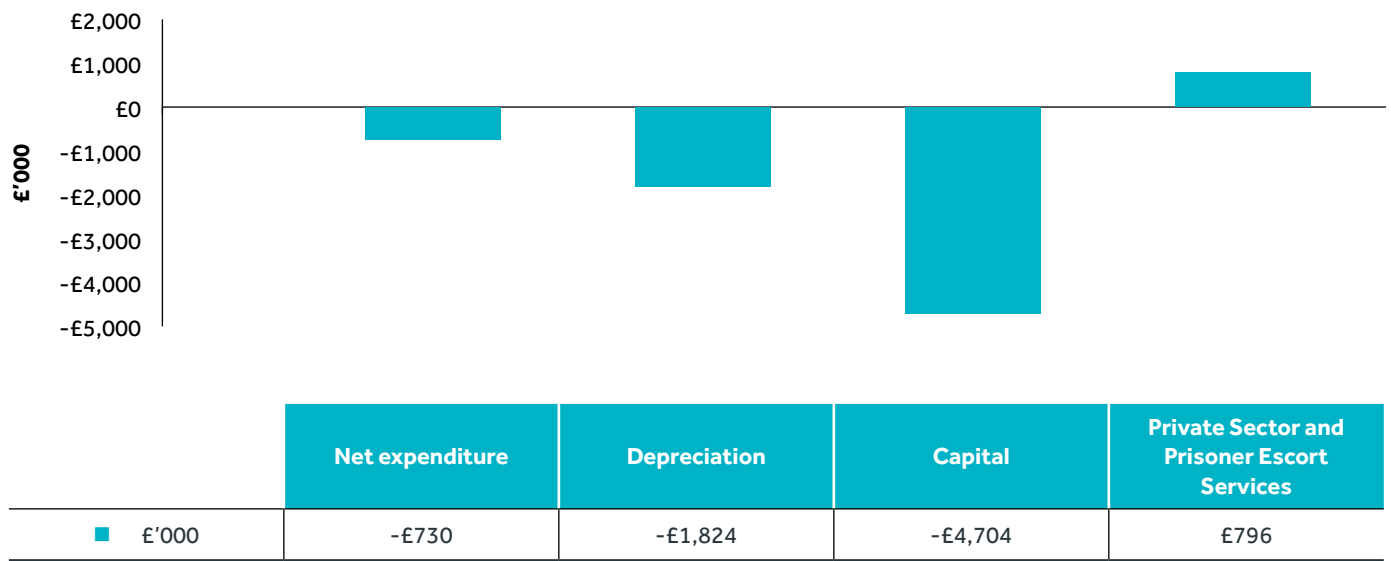
1 AME budgets are used to manage expenditure which is demand led or exceptionally volatile in a way that could not be controlled and where the expenditure is so large that it could not be absorbed in DEL.

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.

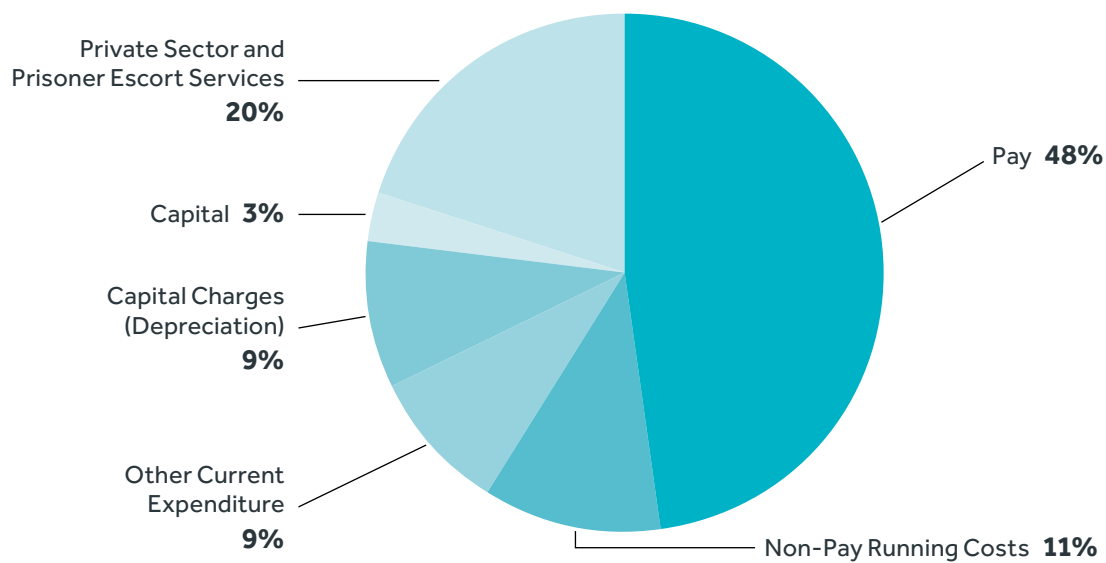
Total AME expenditure for the year was a credit of £1,306k against the SBR budget position of (£1,400k). Details of the 2018-19 provisions can be found in note 12 of the Notes to the Accounts and impairment charges can be found in Note 7.

The net DEL underspend is summarised by expenditure type below.



Analysis of expenditure

The most significant expenditure type for SPS relates to pay (2018-19: 48%) followed by committed private sector and prisoner escort services contract expenditure (2018-19: 20%). In 2018-19, 16% of SPS total expenditure was non-committed through contractual or contract obligation.



Net Expenditure for the Year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 56.

SPS has reported net expenditure for the year of £342,174 (2017-18 £331,225k). This is an increase of 3.3% from 2017-18 and is largely as a result of increased staff costs and changes in impairment charges. In 2017-18 SPS had reversals of £7,146k which had been charged to the SoCNE in previous years in relation to HMP Addiewell as a result of the application of indexation to the specialised properties, however during 2018-19, there were no impairment reversals.

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		358,192
Add Notional charges (note 17)		105
		<u>358,297</u>
Less capital additions (note 4 and 5)		
Capital additions	16,133	
Book value on disposal	(964)	
Adjust for Escort vehicle disposal/capital creditor	954	
		<u>(16,123)</u>
Net expenditure for the year (SOCNE)		<u>342,174</u>

Statement of Financial Position

The Statement of Financial Position is on page 57.

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 £16,133k (2016-17 £11,598k). This includes capitalisation of the new GEOAmev PECS prisoner escort service vehicles of £7,027k. GEOAmev PECS commenced operations of the prisoner escort services on 26 January 2019, with G4S ceasing operation on 25 January 2019. The G4S vehicles have been processed as a disposal from the 2018-19 Statement of Financial Position. A net impairment loss of £877k was charged to the SoCNE, relating to HMP Greenock and HMP & YOI Cornton Vale. Further details of the impairment charges can be found at note 7. As part of the five year rolling programme, HMP Dumfries, HMP & YOI Polmont, HMP & YOI Cornton Vale, HMP Perth, HMP Open Estate (Castle Huntly), the Central Stores Warehouse, all Garages and the HMP Dumfries Staff Quarters were re-valued at 31 March 2019. All Land and buildings were either valued or indexed at 31 March 2019 resulting in an increased value of £22,809k.

Trade and other payables

Included within payables is an amount of £90,540k (2017-18 £89,058k) 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 2019, SPS paid 99.4% (2017-18 99.1%) of all invoices received within the terms of its payment policy.




SPS has sought to achieve the Scottish Government's aspiration to pay suppliers within 10 days. Payment performance on this basis was 93.0% (2017-18 93.5%).

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 2018-19.

PERFORMANCE ANALYSIS

STRATEGIC THEME	 PROFESSIONALISM
STRATEGIC OUTCOME	 Unlocking potential: We will have the right people with the right skills in the right place at the right time.
KEY SUCCESS INDICATORS (KSIs)	 We will have:
1	Redesigned the education, training and qualifications of frontline staff in support of the Prison Officer Professionalisation Programme that ensures our staff are equipped to practice with a person-centred, asset-based approach.
2	Designed the new operating model for the service in a way which will systematically facilitate the delivery of custodial services which are person-centred and asset-based.

ESSENTIAL ACTIONS 2018/19	BY	WHEN	PERFORMANCE
We will deliver the programme of activity identified by the POPP for 2018/19 including further development of the proposed operating model.	OCE	Q4	Discontinue
We will develop the Human Resources related products of the POPP as required.	CS	Q4	Complete
We will scope a potential software solution to the rostering and deployment of staff which would also support implementation of the POPP.	OD	Q4	Not Completed

Our Professionalism theme recognises that our people are our most valuable asset and important resource. Whilst initially good progress was made in the first two quarters towards the Essential Actions which sit under this theme with the development of a Joint Proposal with the POA, the production of a Communications Strategy and the completion of an assessment of readiness by all GiCs. The Proposal was put to the POA members in October and it was rejected. As a result work around POPP was drawn to a close, however, consideration will be given to how we take forward the critical pieces of work in the future. As part of this, the Operations Directorate is continuing to explore potential software solutions for rostering and the development of staff and this work will carry forward in 2019-20.

STRATEGIC THEME	 PARTNERSHIP	
STRATEGIC OUTCOME		Unlocking Potential: Our collaboration with partners results in enhanced service provision and better personal outcomes for those citizens in and leaving our care.
KEY SUCCESS INDICATORS (KSIs)		We will have:
1		Worked with partners through Community Justice partnership arrangements to ensure that those in and leaving our care will have better access to housing, health and welfare benefits services.
2		Defined our relationship with Prison Based Social Work Services to ensure that it better meets the needs of those in our care and aligns with our new operating model.
3		Identified service delivery options with partners that address the Health and Social Care needs of those in our care.

ESSENTIAL ACTIONS 2018/19	BY	WHEN	PERFORMANCE
We will work with the Department for Work and Pensions (DWP) to agree a partnership arrangement around the design and delivery of welfare services across the prison estate including the distinctive role of Jobcentre Plus in the reintegration of people leaving our care.	S&SE	Q4	Complete
We will implement with partners the Sustainable Housing on Release for Everyone (SHORE) standards across the prison estate, to ensure effective and consistent arrangements are in place for the provision of housing advice and support for those in and leaving our care.	S&SE	Q4	Complete
We will further develop our partnership working arrangements with Community Justice Scotland and local Community Justice partnership arrangements.	S&SE	Q4	Complete
We will work with Social Work Scotland to develop future governance arrangements for Prison Based Social Work.	S&SE	Q4	Complete
We will work collaboratively with the Scottish Government and partners in the new Health and Justice Collaboration Improvement Board to develop a model for social care delivery in prisons.	S&SE	Q4	Complete

Our Partnership Theme acknowledges that prisons do not exist in isolation and that strong and effective partnership working is essential to achieving the best outcomes for those in our care. Overall we have made good progress towards achieving our Strategic Outcome and delivering our KSIs.

Department of Work and Pensions

The Partnership Agreement with DWP was produced in consultation and reviews were carried out with all stakeholders at each stage. The final version of the Partnership Agreement will be presented to the directors of both organisations for sign off in Q1 of 2019-20. The implementation and delivery of this work will carry forward into the 2019-20 ADP.

Sustainable Housing on Release for Everyone (SHORE) standards

Work has been ongoing on the embedding of the SHORE standards within SPS establishments. Standard Operating Procedures (SOPs) for "On Admission" and "During Sentence" were tested at HMP Edinburgh. A programme for engagement with establishments was developed and a test of change will be undertaken at HMP Barlinnie. SOPs have been drafted and meetings held with key staff at Barlinnie, Operations Directorate and Glasgow City Council. Casework team meetings will take place to ensure that the SOPs work in practice before rolling out to other establishments. This work will lead to Research being carried out to ensure that the standards are having the desired impact. A Housing and Prison Network event took place in Q3 to consider the options for resourcing housing advice and assistance across the estate by Local Authorities and COSLA Board Members also mandated COSLA officers to work with The Association of Local Authority Chief Housing Officers (ALACHO), SPS and other partners on exploratory work for a prison-based housing options service and to bring further information to the board as this develops.

Community Justice Scotland

The engagement with Community Justice Scotland Chief Executive and Director of Strategy and Stakeholder Engagement was formalised with an agreement in place to meet every six months. Work continued with GiCs to ensure the continuous improvement of corporate support arrangements. Following legal advice on the shape of personalised information sharing, data improvement work is now underway and we have developed a data sharing agreement for entry and liberation data with local partnerships. The roll out of this work will carry on into 2019-20.

Social Work



This year has seen the development of the Social Work Memorandum of Understanding (MoU) and a Shape of Future Service document. The draft MoU was widely consulted upon across the membership of Social Work Scotland and GiCs. A range of largely positive comments were received and acknowledged in the development of the final draft MoU. This version is now being finalised by the Steering Group. The Shape of Future Service working group is being formed to agree scope of service arrangements for Prison Based Social Work going forward. These two pieces of work will form a key strand of the Directorate activity for 2019-20.

Health and Justice Collaboration Improvement Board

The Health and Social Care in Prisons Programme Board (HSCPPB) was established by the Scottish Government with a view to improving the delivery of health and social care in prisons. The HSCPPB is progressing this through four work streams:

- > Health and Social Care Integration;
- > Leadership and Governance;
- > Quality, Outcomes and Improvement; and
- > IT.

SPS actively contributed to the four work streams in 2018-19 and this work will continue into 2019-20.

STRATEGIC THEME	PURPOSE	
STRATEGIC OUTCOME		Transforming Lives: Our communities are safer because those citizens in our care are supported to build on their assets and return to their communities as productive citizens.
KEY SUCCESS INDICATORS (KSIs)		We will have:
1	Developed and implemented new procedures in relation to case management which support a person-centred approach with a clear linkage with purposeful activity.	
2	Delivered the outputs identified by our strategic programme of work to improve purposeful activity and place rehabilitation at the centre of our engagement with those in our care.	
3	Developed the new model for women in custody with a focus on recovery that is designed around a smaller national facility and innovative community custody units.	
4	Taken forward our Vision for Young People in Custody through the provision of a range of age appropriate opportunities to enable them to prepare for a positive future.	

ESSENTIAL ACTIONS 2018/19	BY	WHEN	PERFORMANCE
We will consolidate and embed the SPS Strategy for Women by progressing the design and construction of the new National Facility for Women and the development of the planned Community Custody units in Dundee and Glasgow.	S&SE	Q4	Complete
We will implement the Strategy for Young People in Custody in order to improve participation and support the transition to positive destinations.	S&SE	Q4	Complete
We will implement Smoke Free prison arrangements.	OD	Q3	Complete
We will deliver an outcomes based and consistently applied process to support a reduction in violence. This will include the introduction of a strategy to manage the risk presented by Serious Organised Crime Groups (SOCG) and take account of the changing nature of substance misuse in a prison setting.	OD	Q4	Complete

Our Purpose theme is focused on creating the right environment and supports to enable those in our care to achieve personal change. It covers a range of policy, practice and strategic initiatives. We have made good progress in delivering our Strategic Outcome through our Essential Actions relating to the Strategy for Young People, the Strategy for Women, Smoke Free prisons and reducing violence.

Strategy for Women

The SPS programme of work in collaboration with key partners to implement an ambitious new vision for the female custodial estate is well underway. The current programme is planned to run until December 2020 and will involve the construction of a New Women's National Facility (WNF) and two Community Custody Units. Planning permission for the WNF was granted in principle in Quarter 1. Additional funding was approved by Scottish Government in respect of the WNF and the design review of the WNF was completed with the Invitation to Tender (ITT) being issued.

Strategy for Young People

This is an area that continues to be of focus to the organisation. As part of the Year of Young People, a series of initiatives and events have taken place. The nature of these events has ranged from planning and organising a music festival, the Polmont Olympics, the Polmont World Cup and numerous fundraising events. These events were all a product of co-production between young people and staff. In addition all ambassadors have achieved SQA awards in volunteering, working with others and personal development. Work in this area will be ongoing into 2019-20 however 2018-19 work has now been completed.

Smoke-free Prisons

Following the publication of the Tobacco in Prisons Study (TIPS) report in 2017 the decision was taken to accelerate the delivery of this commitment to ensure that it was implemented as soon as possible. The SPS set the target of implementing Smoke Free prisons by November 2018. Work was carried out regarding the introduction of Rechargeable Vaping Devices (RVDs) to ensure that all considerations were addressed and resolved prior to their introduction across the estate. Statements of Assurance regarding project and operational readiness were submitted by all Scottish prisons indicating an 'on track' status, prior to the 'go live' date. The second phase of changes to Prison Rules, to enable tobacco removal on 30th November 2018, were enacted by Scottish Government and orders were made to the Prisons Scotland Act 1989 to allow charging accessories in Scottish prisons. All Scottish prisons became Smoke-Free on 30th November 2018.

Violence Reduction

The SPS Public Protection Unit has been reviewing all establishment tactical assessments and the Divisional Head has held a number of support meetings to discuss and compare emerging trends and opportunities for tactical intervention. National Strategic Threat Group is now directing the national resources in order to support local tactical intervention. An in depth analysis has been carried out of Serious and Organised Crime Group (SOCG) members which includes population management, the use of Lifetime Management in partnership with Police Scotland and regular briefings with Heads of Operations to ensure an understanding of risk presented and how to mitigate against these risks. Establishments are managing the processes on Violence Reduction strategies across the estate utilising Violent Incident Reviews and Tactical Tasking processes.

Smoke Free Prisons Case Study

The 2017-2018 Annual Report gave details of plans for all Scottish prisons to be Smoke Free by the end of November 2018, and the approach being taken by SPS to this challenging commitment.

All Scottish prisons successfully went Smoke-Free on 30th November 2018 and there have been no significant incidents as a result. This amazing achievement is a testament to the contribution made by all of our staff, especially those on the front line, and the cooperation of those in our care.

Close collaborative working with NHS partners and Scottish Government was identified as key to the success of Smoke-Free Prisons. Working closely with partners supported:

- > Modelling to predict demand for stop smoking support services;
- > Increasing capacity to deliver stop smoking support by training 40 staff from SPS, NHS, Sodexo and Serco to become stop smoking advisors;
- > Agreeing an NHS pathway specification for services to support people in our care to adjust to coping without tobacco; and
- > SPS input to NHS Health Scotland's booklet for everyone who comes into our care, explaining the options available for support to cope without tobacco.

Robust governance also played an important role in successful implementation. Each prison reported regularly to the project team on key aspects of preparations for going Smoke-Free. The governance structure provided a mechanism for concerns to be escalated and supported appropriately. This

proved to be very effective and provided assurance that prisons were well prepared for implementing the Smoke-Free policy. Independent scrutiny of preparations from SPS Audit and Assurance and from the Scottish Government Gateway Review process were also critical to identify and address any concerns and to highlight good practise.

People in our care need new and different forms of support now that prisons are Smoke-Free. SPS and NHS continue to work together to understand these emerging needs and work out how to meet them. This has led to the introduction of guidance to help people in custody reduce their reliance on e-liquid, and work to develop a pathway to help people quit vaping. As a lot of people in our care told us that tobacco helped them cope with boredom, Scottish Government have agreed to fund playing cards with messages to help people cope without tobacco and encourage them to quit long term.

The Tobacco in Prisons Study (TIPS), funded by the National Institute for Health Research, has been providing information to support implementation of Smoke-Free Prisons, as well as monitoring how Smoke-Free implementation is going and how it affects staff and people in custody. The TIPS team have also received funding from Cancer Research UK to do some additional research around the impact of vaping in prisons.

The TIPS team, supported by SPS local Health and Safety Coordinators, gathered data on air quality during the week that prisons went Smoke-Free, which is due to be published imminently.

Phase 3 of TIPS will gather evidence on what is happening in prisons now that they are Smoke-Free, including:

- > Further air quality monitoring in May/June 2019;
- > A repeat of the staff online questionnaire and questionnaire for people in custody that was completed before the decision to go Smoke-Free;
- > Staff focus groups; and
- > In six 'case study' prisons there will be 1:1 interviews with staff and prisoners.

Preparations for Smoke-Free Prisons included a strong emphasis on co-production and engagement with people in our care. User voice was key to the decision to introduce re-chargeable vaping devices available, along with refills in a range of flavours. The decision demonstrated to people in custody that SPS had given serious consideration to how policy change would impact on them, and that this influenced significant policy decisions.

Smoke-Free Prisons transitioned from project status to business as usual in January 2019, with a detailed transition plan to ensure continuity. Smoke-Free Prisons is now supported by Strategy and Stakeholder Engagement.

Women's Strategy Case Study

The Cabinet Secretary for Justice announced in June 2015 that Scotland would be adopting a new approach to the management of women in custody. A key feature of the approach would be the construction and operationalisation of bespoke facilities designed to support the delivery of a new model of custody. The new facilities would comprise of an 80 place National Facility with a separate Assessment Centre together with five, 20 place Community Custody Units, two of which would be prioritised initially.

The new model of custody would aim to reduce reoffending through person centred approaches that are both gender specific and trauma informed.

The new women's national facility is being built on the existing site of HMP & YOI Cornton Vale. The purpose of this facility will be to support women who are assessed as potentially requiring more intensive management and supervision. The Assessment Centre is designed to accommodate up to 25 women on a temporary basis to allow for a period of initial assessment in order to determine the most appropriate location and support for each woman entering custody.

The national facility will provide a range of services within a safe and secure environment which include a health centre serviced by Forth Valley Health Board, education facilities for teaching and developing life skills, outdoor areas, a gymnasium to promote healthy living and fitness and a quiet area for contemplation where women can also attend faith services.

The concept design for the National Facility has been completed with planning permission approved in July 2018. The 'Invitation to Tender' (ITT) for the construction of the National Facility was issued in November 2018, the bids, which were received on 6 May 2019 are currently under evaluation with the formal award of the contract anticipated in July 2019. The 'phasing' work to re-locate some services on the existing site is complete and the demolition of the previous buildings is well underway. This work is critical to the overall plan to ensure that HMP & YOI Cornton Vale can continue to be operational throughout the construction of the new facility.

The first of the Community Custody Units (CCUs) will be located in Maryhill in Glasgow and the Hilltown area of Dundee. Planning permission for both sites has been approved and the ITTs for construction were issued in January 2019, with the formal contract awards anticipated for August (Glasgow) and September (Dundee).

In keeping with the ethos of the vision for the new model of custody it was determined that the CCUs should be designated as 'Centres', considerable research has been undertaken to identify suitable names for these centres and it has been agreed that the Maryhill CCU will be named 'The Lilies Centre' while the Dundee CCU will be named 'The Eliza Centre'. A comprehensive communications strategy has been developed. The key objective of the plan is to ensure that all stakeholders are consulted and kept up-to-date with progress.

The overall approach has been to actively engage with stakeholders and service users in the design concepts and also in relation to services, delivery model and ethos. The programme team has engaged with women, both in custody and those who have previous history of custody at various stages throughout the development phase. A number of events were previously facilitated in collaboration with Women's Services in the Community for women with past history of custody and on engagement with women in custody as well as wider partners and stakeholders. The women have clear views on the environment feeling less institutional. This year women have been engaged in identifying the approaches that would help them address a range of issues and on ensuring consistency across the women's estate and focus will now shift to identifying the types of services required to address their needs.

With the designs now finalised the programme team have facilitated a number of events to engage with staff, providing information on the new facilities and clarifying the next steps in the programme. The programme team will now begin seeking views on specific design elements relating to the regime and daily activities within both the WNF and CCUs. We continue to collaborate with a range of partner agencies as part of the design process and engagement has taken place with Local Councils, wider stakeholders and local communities.

STRATEGIC THEME	 GOVERNANCE	
STRATEGIC OUTCOME		Delivering Best Value: Our services are efficient, effective and provide value for money.
KEY SUCCESS INDICATORS (KSIs)		We will have:
1	Discharged our obligations under the Public Sector Equality Duty including the delivery of our Equality Outcomes for 2017/20.	
2	Changes to the configuration of the prison estate will have been made on the basis of a strategic and evidence-based approach to population management in order to that those in our custody are accommodated in appropriate settings.	
3	Implemented a structured approach to continuous improvement which will embed routine self-evaluation into the planning and performance cycle to inform our programme of service improvement and development.	
4	Developed proposals in relation to our HQ function which support efficiency, effectiveness and value for money in terms of location and flexibility.	

ESSENTIAL ACTIONS 2018/19	BY	WHEN	PERFORMANCE
We will implement our Equality Outcomes.	CS	Q4	Complete
We will engage with partners and stakeholders to finalise the development of a shared SPS and SG strategic approach to population management and estate configuration and commence implementation.	S&SE/OD	Q4	Complete
We will undertake a review of our Key Performance Indicators in conjunction with the SG.	S&SE	Q4	Complete
We will continue to explore options for 'smarter working' in the headquarters setting.	OCE	Q4	Complete

Our Governance theme covers the range of activity we will take to ensure the efficiency and effectiveness of SPS in order to ensure public confidence in SPS. Overall good progress has been made across the range of governance activity. With regard to our KSIs significant work has been undertaken in relation to implementing our equality outcomes. Work was undertaken with the Scottish Government to develop our approach to population management. It is recognised that this is a longer term piece of work that will continue to evolve.

Equality Outcomes

Format of Equality and Diversity (E&D) Steering group has been revised to focus on progress towards achievement of SPS Equality Outcomes. A thematic evidence template has been developed meaning that prison E&D Managers report actions in same format. This has allowed the Engagement and Inclusion HR Business Partner to monitor progress in conjunction with E&D Managers for people in our care.

Population Management

The area of work has progressed well. However, an increase in population to a level in the second half of 2018, not seen in five years, led to an increased need to fully understand and develop our future strategy direction. A number of Knowledge Exchange Events were held on priority population challenges and the future shape of prisons performance, including focus groups with staff and service users on the role of prisons. In tandem with co-production work, an analysis of evidence and scenarios was conducted for consideration by Scottish Government in 2019-20. Co-production and strategy development will continue with a view to completion in 2019-20.

Key Performance Indicators (KPIs)

The review of KPIs was undertaken in 2018-19. Two Knowledge Exchange events were held considering the approaches taken by other jurisdictions (British Columbia, Canada and England and Wales); and academic perspectives. Co-production work was undertaken with staff and those in our care in HMP Dumfries and HMP Edinburgh. Third Sector Partners were consulted via the Criminal Justice Voluntary Sector Forum. The findings from the review process indicated that whilst some numerical indicators should continue to exist, that in line with the expectations on all public bodies there should be a shift towards a more outcome focused form of performance reporting. This work will be continued in 2019-20 with the development of a new set of KPI linked to the Strategic Themes set out in the SPS Corporate Plan 2019-22.

Smarter Working

Work considering smarter working arrangements and the location of our headquarters has commenced in 2017-18, however, due to a number of issues, this work was put on hold. The project board was re-established during Quarter 3 and a Project Manager has been put in place. A smarter working pathfinder pilot is in its developmental stage. New laptops with softphone and video conferencing facilities are being tested by staff and new practices are being introduced. These include adherence to clean space principles for desks and working areas and fit-for-purpose purpose diary management and communications. A shortlist of HQ options approved by the Work Smart Project Board were presented to the SPS Executive Management Group and the Work Smart Project Board have agreed the two preferred options from the shortlisted options. The two options have been identified through a rigorous appraisal process. This work will continue into 2019-20.

Sustainability & Climate Change

The Scottish Prison Service (SPS) developed a Carbon Management Strategy 2015–2021 (draft) to guide organisational climate change activities. Implementation of the Strategy shall be directed and overseen by an organisational Carbon Management Strategy Board which is chaired by the Director of Strategy and Stakeholder Engagement.

The SPS has also just completed a mid-term review of the activities being undertaken in implementation of the Strategy which highlighted that there has been a 16% reduction in CO₂e emissions since 2014-15. This surpasses the 10% target of the original Strategy. As a result the target has been reset for a 25% reduction from the baseline figure to be achieved by the end of the financial year 2020-21. Performance to date would suggest SPS are in good shape to deliver on this more stretching target. SPS will continue to support and contribute to the Scottish Government's Greenhouse gas emissions reduction policies and targets.

The reduction in our CO₂e emissions can be attributed to:

- > Delivery of carbon reduction projects contributing to a 6.5% drop in grid supplied electricity since 2014-2015, including;
 - The installation of a new Solar PV system at HMP Open Estate (Castle Huntly), which is capable of providing up to 16% of the annual electricity consumption of the prison from a zero carbon, renewable source. Renewable electricity generation from our Solar PV systems continues to increase year on year and brings the total number of installations to ten with a combined capacity of 0.9Mwp;
 - Upgrades of lighting systems to more energy efficient LEDs continues throughout our estate and this year included new installations at HMP & YOI Polmont (Blair Hall), HMP Glenochil (Regimes facility) and HMP Edinburgh (Ratho Hall);
 - Replacement and upgrade of heating throughout E-Hall at HMP Barlinnie.
- > There has been a reduction of the carbon conversion factors applied to grid electricity which has also been a significant contributory factor.
- > Use of gas oil within prisons is also reduced significantly, down by 57% since 2014-15.
- > SPS are also engaging with Zero Waste Scotland (ZWS) on ways to tackle food waste in our prisons. The aim of the partnership between ZWS and SPS is to support the wider aims of the Scottish Government's food waste reduction action plan and supporting staff and prisoners to minimise food waste.

Further information on SPS performance on climate change issues can be found at The Public Sector Climate Change Duties 2018, Summary Reports website: <https://sustainablesotlandnetwork.org/reports/the-scottish-prison-service>

Prison Strategy Case Study

"We will engage with partners and stakeholders to finalise the development of a shared SPS and SG strategic approach to population management and estate configuration and commence implementation."

Our objective for the 2018-19 reporting year was to put the building blocks in place for the development of a shared strategy with government that would clearly articulate the role of prisons in 21st century Scotland and how prison services would be configured and resourced. The ambition and scope of the strategy and underlying processes have had to be re-shaped in light of the changing policy environment and rapidly changing shape of prison demand.

In the course of the reporting year we focused on three key strands of work:

- > Building a clear understanding of prison demand and the rapidly changing context;
- > Conducting detailed policy analysis and evidence gathering around future scenarios and policy options for future prison strategy; and
- > Co-production with key stakeholders and partners.

We developed a robust evidence base to drive and inform the future shape of the prison strategy based on this detailed policy analysis and a series of knowledge exchange events with key partners and stakeholders, including academia. These knowledge exchanges explored the changing prison population, the economics of prisons and the future shape of prisons performance.

This approach was supplemented by engagement with staff and service users at HMP Dumfries and HMP Edinburgh. We have also commissioned an updated SPS strategic assessment and that process will dovetail neatly with the evidence gathering process for the strategy in 2019-20.

This evidence and co-production approach will ensure that the development of Scotland's prison strategy will stand up to public scrutiny and is fit for purpose to meet the rapidly changing context:

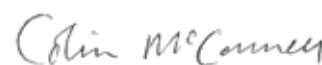
1. Uncertainty of resources and investment;
2. Increasing volume of population with no sign of population reducing for the foreseeable future;
3. Major changes in the prison population which is resulting in unprecedented complexity in terms of risks, needs and responsibility;
4. Anticipated reduction in turnover not yet materialising;
5. Increasing expectations of prisons well beyond the traditional role;
6. Decreasing stability across the estate;
7. Challenges around the limitations of the existing estate; and
8. Increasing levels of sickness absence.

As of 31st March 2019, the prison population was 8,122. Population has been rising consistently since the latter part of 2018 and Scotland now has the highest rate of imprisonment in Western Europe

against a backdrop of an ongoing decrease in the crime rate since the 1990s. Evidence from SG suggests that the prison population would be over 10,000 if this reduction in crime had not been achieved.

This increase in volume does not tell the whole story. The prison population has also increased in terms of its complexity at the same time as increasing expectation of prisons in Scotland. The prison population in Scotland is increasingly being shaped by the impact of societal change, for example, changing attitudes towards sexual abuse, intimate partner violence and hate crime. Furthermore, the prison population is also being shaped by progressive public policy which supports victims, increases confidence in the justice system and develops specialist capacity around some of the most challenging public policy areas, for example, the disruption of serious and organised crime. This complex picture clearly illustrates the need for a clear articulation of what prison is for in 21st century Scotland, what services it will provide, how it will be resourced and its relationship with the people in our care and local communities.

In light of the high profile nature of prison strategy and the increasing levels of interest in what prisons do, the development of this strategy will be completed by the end of the 2019-20 reporting year.



Colin McConnell
Chief Executive
26 June 2019

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

Colin McConnell is the Chief Executive of the Scottish Prison Service and was appointed in 2012 by the Permanent Secretary of the Scottish Government. The Permanent Secretary is empowered to make any changes to the appointment.

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 and comprises SPS Executive Directors and Non-Executive Directors, who collectively act in an advisory capacity. In 2018-19, the board met on six occasions. Minutes of these meetings are published on the SPS website. www.sps.gov.uk/Corporate/Publications/Publications.aspx.

A Register of Interests of Advisory Board members is held by the SPS and is reviewed twice a year. The register is also published on our website at <http://www.sps.gov.uk/Corporate/Publications/Publications.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 in addition to SPS staff and is independently chaired by Gavin Scott. The committee met on five occasions during 2018-19.

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 2018-19, the SPS had one personal data related incident that was 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 Scott Moncrieff will be the appointed auditor for SPS for the financial years 2016-17 to 2020-21.

Scott Moncrieff carried out the audit of SPS' accounts for the financial year ending 31 March 2019. Scott Moncrieff determined that the notional fee for this service was £105,000 (2017-18 £103,190).



SPS Board as of March 2019

Back row, left to right: James Kerr, Gavin Scott (observer and Chair of RMAC), Ruth Sutherland, Caroline Johnston, Colin McConnell.

Front row, left to right: Rob Molan, Kay Hampton, Brigadier Hugh Monro (Chair), Gill Stillie.

This photograph captures the SPS Advisory Board as of March 2019. Other Directors and Non-Executive Directors have been in post for some of the reporting year and therefore appear elsewhere in the report.

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 81. 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;

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

So far as the Accountable Officer is aware:

- > there is no relevant audit information of which SPS' auditors are unaware; and
- > the Accountable Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that agencies auditors are aware of this information.

Accountable Officer's Confirmation

The Accountable Officer confirms:

- > that the Annual Report and Accounts as a whole are fair, balanced and understandable; and
- > that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance Statement

Scope of responsibilities

As Accountable Officer, I have 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 I am personally responsible, in accordance with the responsibilities assigned to me.

As Accountable Officer, I am 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 web site at the following link <http://www.sps.gov.uk/Corporate/Publications/Publication-3925.aspx>

As Chief Executive, in the course of 2018-19, I was supported by an Advisory Board, comprising Non-Executive and Executive Directors. During the year, the Advisory Board met on six occasions and was chaired by a Non-Executive Director.

The role of the Advisory Board is to undertake a supportive, advisory, questioning and enabling function. It supports me as Chief Executive in the discharge of my role by providing a robust, challenging forum to bring issues to a knowledgeable group of Executive and Non-Executive Directors to help me reach defensible and well-informed decisions.

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 2018-19.

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

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 2017-20.

The strategy is fully 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 2019 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;
- > Executive managers who have responsibility for the development and maintenance of the governance framework;
- > 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 Certificates 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;
- > Regular reports and assurance to EMG, the Advisory Board and RMAC regarding Information Management including compliance with the General Data Protection Regulations (GDPR) which came into force in May 2018. The Senior Information Risk Owner (SIRO) is the Director of Operations who is also a member of the EMG and is monitoring SPS GDPR compliance to ensure that any gaps are identified and resolved. SPS is now largely compliant with legislation and will continue to work towards full compliance through technical improvements, made possible by further infrastructure investment;
- > 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 (as an observer) at Advisory Board meetings;
- > Regular 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 2018-19, the Director of Operations was the organisation's SIRO and chaired the Information Governance Forum which met seven times during 2018-19. An internal process for reporting and investigating information security and personal data related incidents is in place. During 2018-19, the SPS has one personal data related incident that was reported to the Information Commissioner;
- > The Change Portfolio Board, which met six times during 2018-19 to review interrelated projects and programmes which fall within the SPS portfolio of change activities and who report regularly to the EMG and Advisory Board;
- > 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) that I chair, 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 three occasions during the financial year and presented its annual report to the May 2019 meeting of the RMAC; and
- > 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 substantial assurance of the effectiveness of the systems of governance and internal control within the SPS.


Significant Matters

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

SPS budget: Delivering a full year outturn position within SPS resource budget was challenging, given population and other cost pressures. The financial position in 2019-20 remains a significant challenge and SPS is currently forecasting a 2019-20 outturn in excess of the funding allocation provided by the Scottish Government. There is a significant risk that SPS will overspend in 2019-20. This will be closely monitored during 2019-20.

Sickness absence: SPS sickness absence levels during 2018-19 increased significantly and efforts to reduce levels of sickness absence is a corporate priority. Detached duty and staff working additional hours, together with a targeted recruitment programme have contributed to workforce deployment to maintain essential services. A Maximising Attendance Strategy has been developed and a range of activities to address the increase in sickness absence is ongoing.

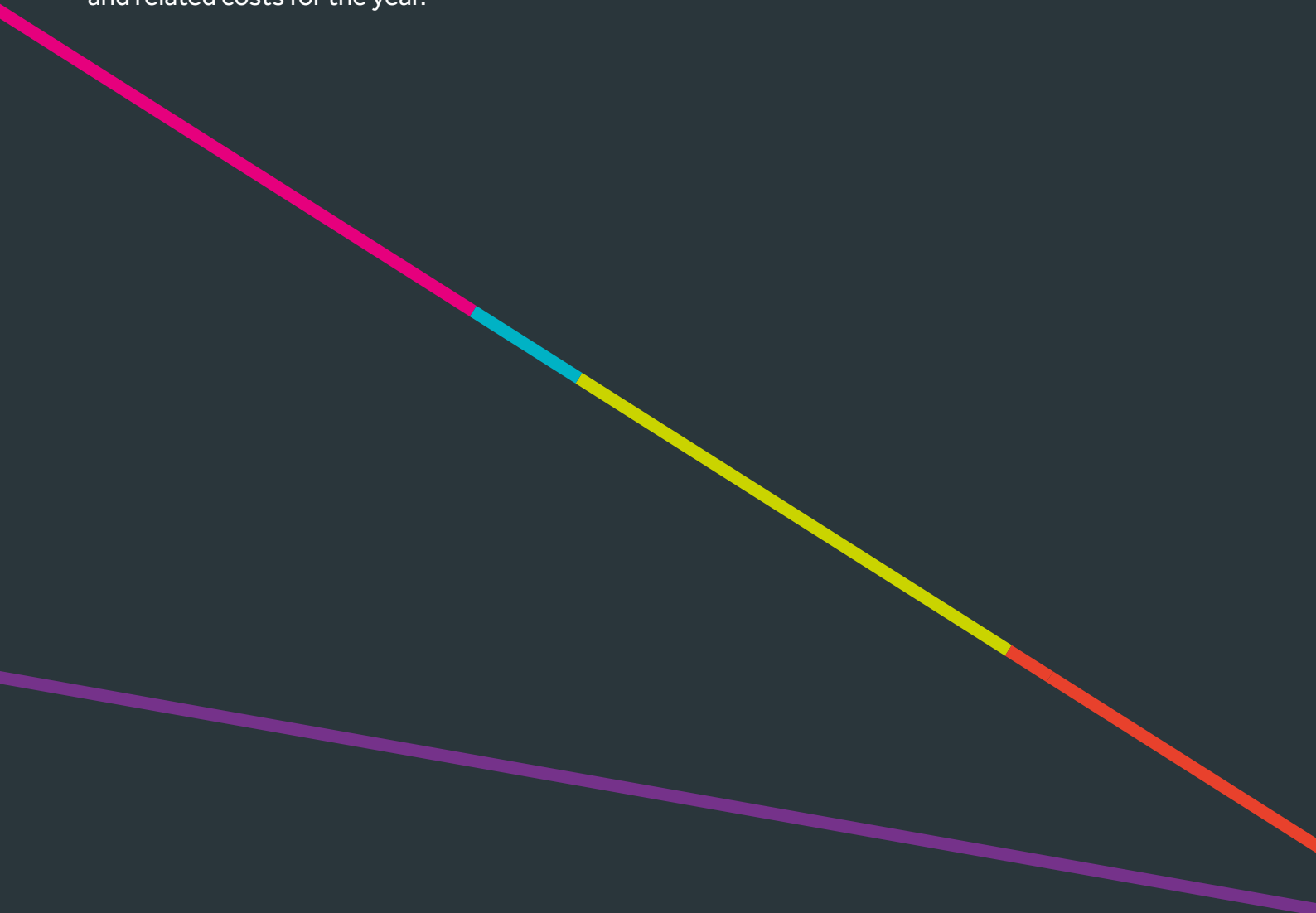
Population management: The SPS has a current daily operating capacity of 7,669 prisoners and during the year 2018-19, the average number of prisoners was 7,789. Over this reporting period, there has been a steady increase in the population with the total number of people in custody reaching 8,158 on 28 March 2019. Monthly prison population meetings are held and a phased approach has been developed to manage increased prisoner numbers. The first two phases have enabled SPS to plan accommodating 8,150 prisoners and further phases should enable 8,492 to be accommodated. Regular updates are provided to the Scottish Government Cabinet Secretary for Justice regarding the prison population growth challenge.



Colin McConnell
Chief Executive
26 June 2019

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

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.

Service Contracts

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.org.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; and
- > 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 Advisory Board Members.

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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
C McCONNELL Chief Executive	115-120	115-120	-	-	9	2	125-130	115-120
E MURCH ⁶ Director of Corporate Change	70-75 (85-90 Full Year Equivalent)	80-85	-	-	4	3	70-75	85-90
C TOPLEY ⁷ Director of Corporate Services	-	60-65 (80-85 Full Year Equivalent)	-	-	-	25	-	85-90
JANICE BARCLAY ⁸ Interim Director of Corporate Services	-	15-20 (75-80 Full Year Equivalent)	-	-	-	2	-	15-20
RUTH SUTHERLAND ⁹ Interim Director of Corporate Services	75-80	0-5 (60-65 Full Year Equivalent)	-	-	134	4	200-210	5-10
F MUNRO ¹⁰ Interim Director of Operational Support Services	-	0-5 (80-85 Full Year Equivalent)	-	-	-	1	-	0-5
T MEDHURST ¹¹ Director of Strategy & Innovation	45-50 (85-90 Full Year Equivalent)	80-85	-	-	4	4	50-55	85-90
J KERR Director of Operations	80-85	80-85	-	-	23	26	105-110	105-110
C JOHNSTON ¹² Interim Director of Strategy & Stakeholder Engagement	20-25 (80-85 Full Year Equivalent)	-	-	-	8	-	25-30	-
Z VAN ZWANENBERG ¹³ Non-Exec Director	-	0-5	-	-	-	-	-	0-5
S BROWELL ¹⁴ Non-Exec Director	-	5-10	-	-	-	-	-	5-10
H MONRO Non-Exec Director	0-5	0-5	-	-	-	-	0-5	0-5
A McMILLAN ¹⁵ Non-Exec Director	-	5-10	-	-	-	-	-	5-10
R MOLAN ¹⁶ Non-Exec Director	5-10	0-5	-	-	-	-	5-10	0-5
K HAMPTON ¹⁷ Non-Exec Director	5-10	0-5	-	-	-	-	5-10	0-5
GC STILLIE ¹⁸ Non-Exec Director	0-5	0-5	-	-	-	-	0-5	0-5

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 E Murch retired on 22 January 2019.

7 C Topley outward secondment from 8 January 2018 (salary costs in the banding £100-105k are fully recovered from Scottish Canals).

8 J Barclay Interim Director of Corporate Services from 8 January 2018 to 31 March 2018.

9 R Sutherland Interim Director of Corporate Services from 5 March 2018.

10 F Munro Interim Director of Operational Support Services from 15 June 2015 to 9 April 2017.

11 T Medhurst outward secondment from 5 November 2018.

12 C Johnston Interim Director of Strategy & Stakeholder Engagement from 3 January 2019.

13 Z Van Zwanenberg Non-Executive Director until 30 November 2017.

14 S Browell Non-Executive Director until 31 January 2018.

15 A McMillan Non-Executive Director until 25 March 2018.

16 R Molan Non-Executive Director from 22 November 2017.

17 K Hampton Non-Executive Director from 22 November 2017.

18 G Stillie Non-Executive Director from 22 November 2017.

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 were no benefits in kind paid during 2018-19 (2017-18 – nil).

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 (2017-18 – nil).

Pay multiples

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

The banded remuneration of the highest-paid director in SPS in the financial year 2018-19 was £115,000-£120,000 (2017-18, £115,000-£120,000). This was four times (2017-18, four) the median remuneration of the workforce, which was £30,356 (2017-18, £29,472).

In 2018-19, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,212 to banded remuneration of £115,000-£120,000 (full time equivalents) (2017-18, £14,523 to banded remuneration of £115,000-£120,000 (full time equivalents)).

Pension Benefits

Officials	Accrued pension at pension age as at 31/3/2019 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/19 £000	CETV at 31/3/18 £000	Real increase in CETV £000
C McCONNELL Chief Executive	50-55 plus lump sum of 160-165	0-2.5 plus lump sum of 0-2.5	1,249	1,130	9
E MURCH Director of Corporate Change	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	882	772	5
C TOPLEY ¹⁹ Director of Corporate Services	-	-	-	127	-
J BARCLAY Interim Director of Corporate Services	-	-	-	549	-
R SUTHERLAND Interim Director of Corporate Services	30-35 plus lump sum of 90-95	5-7.5 plus lump sum of 17.5-20	707	533	136
F MUNRO Interim Director of Operational Support Services	-	-	-	568	-
T MEDHURST Director of Strategy & Innovation	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 0-2.5	780	710	4
J KERR Director of Operational Delivery	35-40 plus lump sum of 80-85	0-2.5 plus lump sum of 0	682	593	13
C JOHNSTON Interim Director of Strategy & Stakeholder Engagement	15-20	0-2.5	235	221	5
Z VAN ZWANENBERG Non-Exec Director			No Pension Entitlement		
S BROWELL Non-Exec Director			No Pension Entitlement		
H MONRO Non-Exec Director			No Pension Entitlement		
A McMILLAN 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		

19 C Topley CETV value as at 7/1/2018.

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: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 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 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 a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

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 Advisory Board members that left on Voluntary Exit, Voluntary Redundancy or Compulsory Redundancy terms.

Staff Report

As at 31 March 2019 there were 4,477 staff in post including four Non-Executive Directors. The split across grade and gender is detailed in the table below.

	2018-19			2017-18		
	Male	Female	Total	Male	Female	Total
Senior Civil Servants*	2	0	2	3	1	4
Directors	0	2	2	0	2	2
Non-Executive Directors	2	2	4	2	2	4
Employees	3,070	1,399	4,469	3,170	1,369	4,539
Total	3,074	1,403	4,477	3,175	1,374	4,549

* SPS has one female Senior Civil Servant inwardly seconded to SPS and two female Senior Civil Servants outwardly seconded to Scottish Canals and the Scottish Government. These individuals have been included within the Average Number of Persons Employed table on page 47, 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 2019 along with the prior year comparisons.

	2018-19	2018-19	2018-19	2017-18
	Permanently employed staff	Others	Total	Total
Staff Costs	£000	£000	£000	£000
Wages and salaries	131,913	2,008	133,921	131,658
Social security costs	13,204	27	13,231	12,924
Other pension costs	26,679	54	26,733	26,118
Sub Total	171,796	2,089	173,885	170,700
less recoveries in respect of outward secondments	(388)	(0)	(388)	(263)
Total net costs	171,408	2,089	173,497	170,437

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 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation <https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2018-19, employers’ contributions of £26,437k were payable to the PCSPS (2017-18 £25,943) at one of four rates in the range 20.0% to 24.5% 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 2018-19 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 £155k were paid to one or more of the panel of three appointed stakeholder pension providers.

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 24 individuals (2017-18; 15 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £34k (2017-18 £34k).

Average number of persons employed

Persons employed	2018-19	2017-18
Directly employed	4,275	4,323
Other	6	7
Total	4,281	4,330

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	-	6 (3)	6 (3)
£10,000 – £25,000	-	10 (1)	10 (1)
£25,000 – £50,000	-	17 (6)	17 (6)
£50,000 – £100,000	-	23 (3)	23 (3)
Total number of exit packages	-	56 (13)	56 (13)
Total resource cost/£	-	£2,308,161 (£434,822)	£2,308,161 (£434,822)

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. Exit costs are accounted for in full in the year the decision of departure is agreed. 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.

The above table includes exit costs relating to Voluntary Exit Schemes (VES) approved by Cabinet Office and capability schemes approved by SPS. During 2018-19 there were no VES exits (2017-18, no exits) and 56 exits under capability schemes at a cost of £2,308k (2017-18, 13 exits at a total cost of £435k).

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	
2018 – 2019	16.3
2017 – 2018	14.2
Increase of	2.1

The SPS is committed to fostering a positive working environment that proactively promotes and protects the physical and mental wellbeing of its employees through appropriate wellbeing activities and resources. Therefore, this upward trend in sickness absence during 2018-19 was a significant concern and efforts to reduce levels of sickness absence became a corporate priority.

Research has been commissioned to examine the issues, including the barriers that prevent positive attendance, and identify proposals for maximising attendance at SPS. The findings of this research will be used to focus interventions where they are most likely to make a positive impact. In the meantime, SPS has undertaken a range of activities to address this increase in days lost to ill health.

In September 2018 the SPS published a new Employee Wellbeing Policy in partnership with our Trade Union Side. The SPS Employee Wellbeing Policy aims to promote employee wellbeing, reduce discrimination and ensure that all employees have fair and equitable access to wellbeing activities and resources.

The SPS has introduced a range of initiatives, including piloting physiotherapy clinics in two establishments, delivering Mental Health First Aid training and delivering Mentally Healthy Workplace training to managers to support a positive attendance and increase employee wellbeing. The SPS continues to offer staff Flu and Hepatitis B Vaccines and actively participate in 'Healthy Working Lives' awards. The SPS also continues to support staff through an Employee Assistance Programme and Health screening. A review of the absence management policy has commenced in partnership with trade unions.

A further, major, health improvement was the implementation of Smoke-free Prisons on 30 November 2018.

Whilst the 2018 summer months saw sick absence 20% higher than the same months in 2017, by early 2019 there were positive signs that the level of sick absence was stabilising. The priority for 2019-20 is to achieve a meaningful and sustained reduction in sickness absence levels.

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 2018 reduced to 52% from a 2017 rate of 55%, against the backdrop of a period of significant organisational change.

SPS has continued to identify ways in which we can further improve our employee engagement and sense of loyalty and pride in working for the service. The SPS has worked in partnership with our Trade Union Side (TUS) to review approaches to informing, engaging and involving staff. A series of workshops involving our TUS and key stakeholders have been held to in order to learn from the experience of other organisations on the importance of staff engagement.

Employment Relations and Reward

We continue to review our HR policies with Trade Union partners and published our target of eight revised HR policies during the year. This included a Recruitment Policy, supporting fair and transparent recruitment practices, that will enable us to employ the most capable, competent and motivated people. In compliance with the General Data Protection Regulation, we also published a new Privacy Notice outlining how we will process our employee's personal data and assessed this against all HR policies and practices.

On 8 November 2018, the Cabinet Secretary for Finance, Economy and Fair Work signed a Fair Work Agreement with the recognised Civil Service Trade Unions, confirming the Fair Work principles that will apply across Civil Service bodies in the Scottish Administration, including SPS. The key overarching principle is that fair work is work that offers: effective voice, opportunity, security, fulfilment and respect. This is already largely incorporated within our partnership agreement, Forward Together, and SPS and the unions will consider how we ensure all aspects of the Fair Work Agreement are embedded within SPS.

Equality and Diversity

In April 2019 we published a progress report outlining the achievements made to date against the SPS' Equality Outcomes for 2017-2020 as well as providing our update on mainstreaming equality. The Equality Outcomes embed our refreshed commitment, vision and principles under equality, diversity and human rights which are fundamental to the way we work.

As we actively look to mainstream equalities in the SPS, we have updated our Equality Standards in the Prison Resource Library. These include a number of commitments including the provision of reasonable adjustments for people with disabilities, a rainbow flag flying protocol, the provision of services to support people with learning difficulties and a person centred approach to managing Transgender people.

Delivering our new Equality Outcomes is expressly stated in our Corporate Plan 2017-2020 as an action we will take under the Strategic theme 'Governance'. This will ensure it is reflected in all corporate planning and we will monitor Directorate and business areas' progress via the quarterly and annual corporate reporting processes. These reports are submitted to the SPS Executive Management Group and also to the SPS Equality & Diversity Steering Group for scrutiny. New policies and services such as the Escorting Policy, Parole Guidance, Mother and Baby Policy, Virtual Visits Policy and Risk Management and Progression Guidance have all been subject to an Equality and Human Rights impact assessment.

As an equal opportunities employer the SPS actively encourages applications from people with disabilities. The SPS participates in the Scottish Government Disability Confident scheme which recognises the talent disabled people bring to the workplace. The SPS is currently Disability Confident Employer (Level 2) and over the next two years intends to progress to Disability Confident leader (level 3) which means we would be recognised as going the extra mile to make sure disabled people get a fair chance. Also in 2018, SPS employed an intern from the National Disability Internship Programme, giving the person an opportunity to work in the management and mainstreaming of Equality and Diversity in the SPS and engaged in reverse peer mentoring with the Equality and Diversity Manager and Director of Corporate Services.

Trade Union Regulations

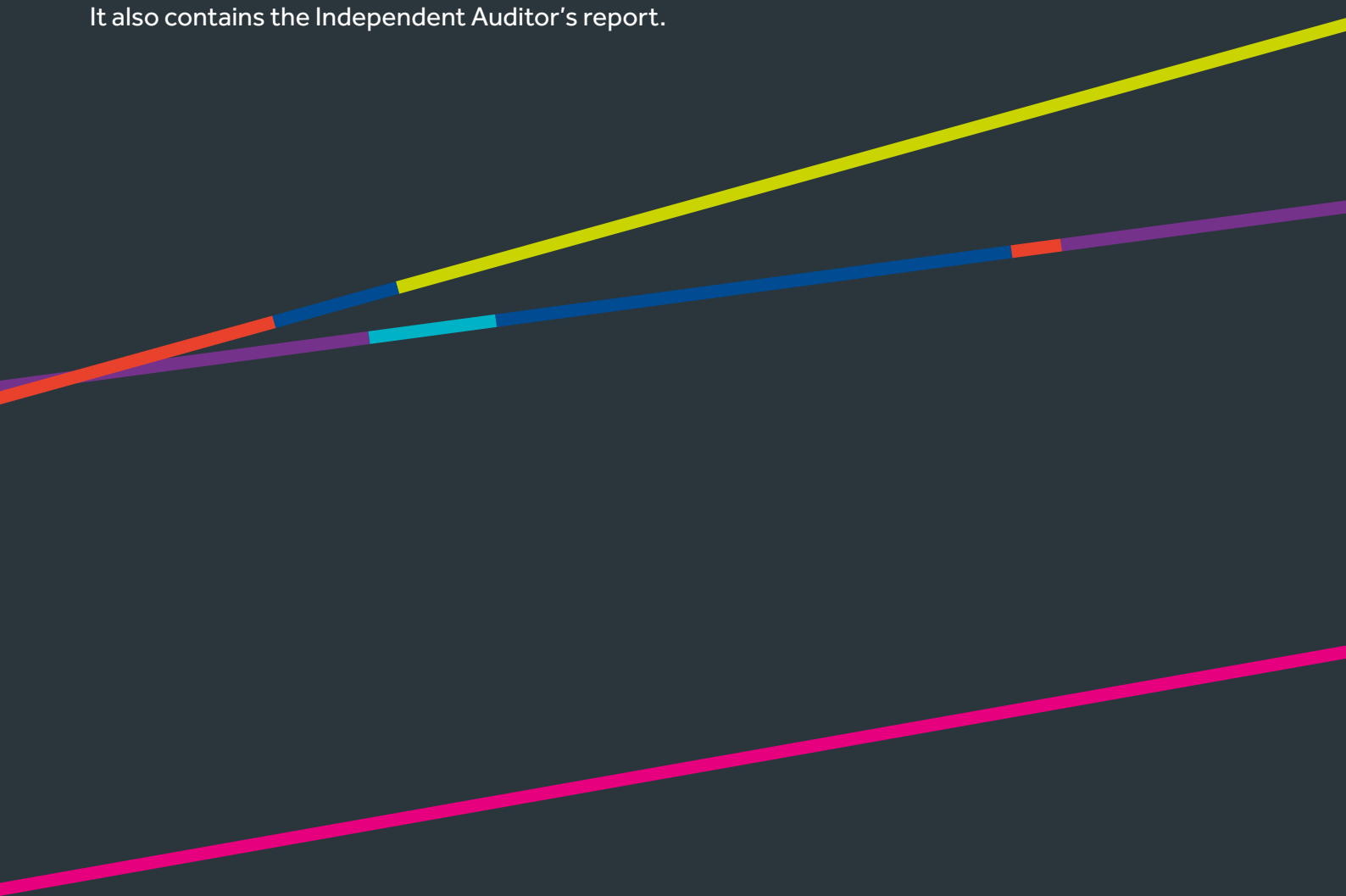
As a public sector employer with more than one trade union representative and more than 50 employees, SPS is required to publish a report outlining the "facility time" (agreed time off), for employees to carry out trade union roles.

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 2019, is as follows:

Number of Relevant Trade Unions Representatives	Full Time Equivalent
111	108.53
Of Whom:	Percentage of Time Spent on Facility Time
59	0%
18	1-50%
2	51-99%
32	100%
Total Facility Time Hours	Percentage of FT on paid TU Activities
55,858.6	9.6%
Percentage of pay bill spent on FT	0.78%
Total Cost of FT	£1,348,529.16
Total Bill	£173,497k

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.



PARLIAMENTARY ACCOUNTABILITY

Losses and special payments

The following losses and special payments have been included in the accounts and have been audited by SPS' auditors:

	2018-19		2017-18	
	Cases	£000	Cases	£000
Losses Statement				
Cash losses	144	76	129	10
Losses of accountable stores	295	19	338	40
Fruitless payments	19	37	67	12
Total	458	132	534	62
Special Payments				
Special payments	322	3,547	283	3,670

Special payments include amounts settled for prisoner compensation and their related costs (see notes to the accounts 12 and 16). Also included in Special payments are amounts relating to Civil Service and other compensation schemes – exit packages (56 instances £2,308k) – see Staff Report for further details.

Other Notes

A large part of implementing the recommendations of the Scottish Prison Service (SPS) Organisational Review (SPS 2013) centred on our proposals to redesign the SPS' operating structure and introduce a professional qualification. In order to recognise the scope and scale of the change challenge and the need for the Prison Officer rank and file to both agree to and support their union to engage with and contribute to the Programme design and development phases, regular recognition payments were made to them by the SPS, with the full support and approval of the Scottish Government. The payments, recorded in previous Annual Accounts were as follows: 2014-15 £6,549k; 2016-17 £3,696k and 2017-18 £3,661k. These payments secured ongoing buy-in to the changing expectations of Prison Officers and their commitment to ensure the Programme phases progressed as planned.

The offer made to the Prison Officers' Association (Scotland) for the reward and recognition attached to these proposals, was rejected by their members in October 2018. SPS has taken account of that outcome and considered how we will take forward the critical pieces of work that will ensure our continued progress towards the ambitions set out in the Organisational Review and the SPS Value Proposition in the development of the 2019-22 Corporate Plan.



Colin McConnell
Chief Executive
26 June 2019

INDEPENDENT AUDITOR'S REPORT

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 2019 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, 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 to law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual (the 2018/19 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 2019 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 2018/19 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 section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is three years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have 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 have reported in a separate Annual Audit Report, which is 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

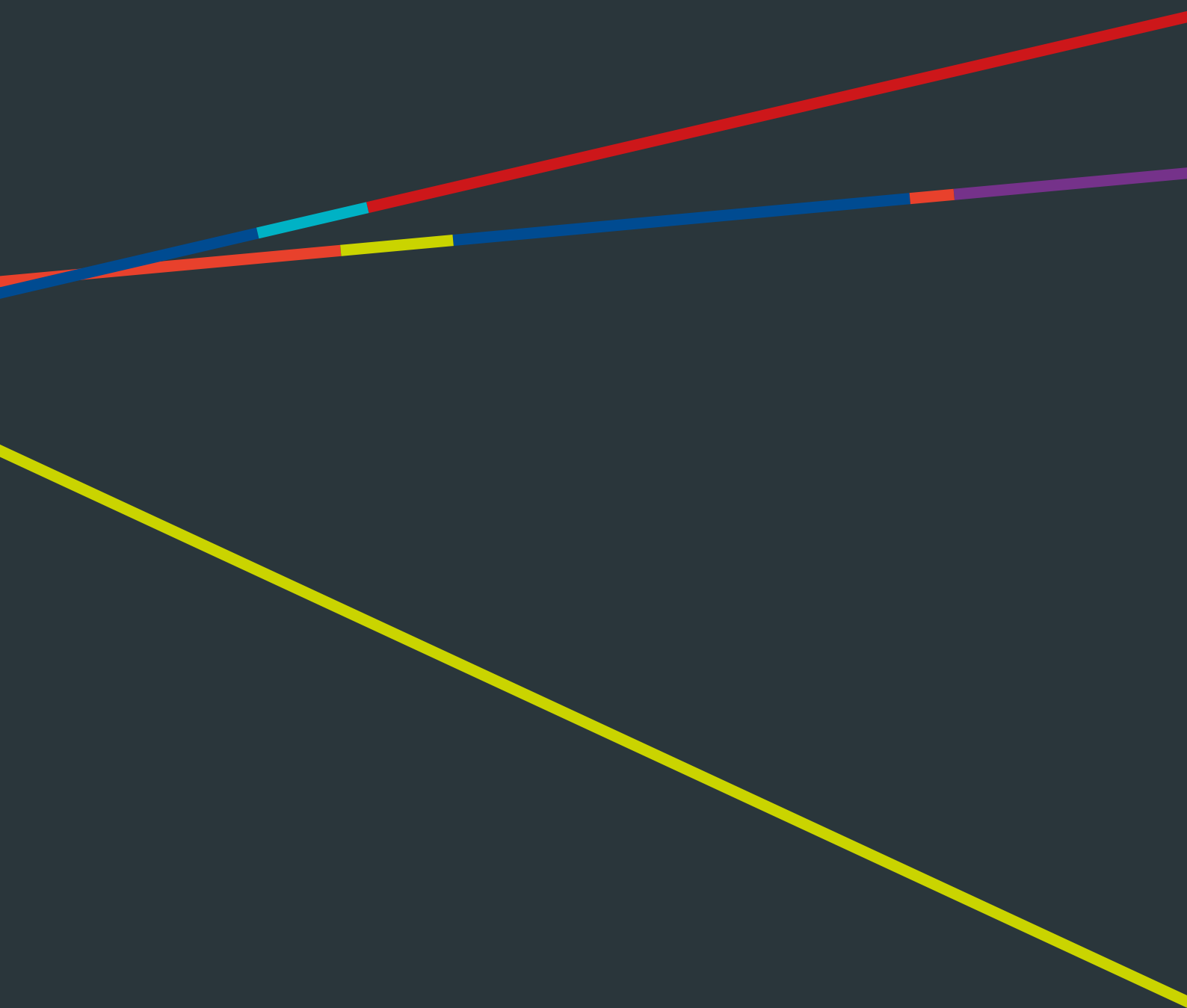
This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers,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



Gary Devlin
(for and on behalf of Scott-Moncrieff)
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

28 June 2019

FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS



STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
Income			
Income from sale of goods/services	2	(7,328)	(7,026)
Other operating income	2	(384)	(363)
Total operating income		(7,712)	(7,389)
Expenditure			
Staff costs	3	173,521	170,468
Other expenditure	3	169,875	161,050
Total operating expenditure		343,396	331,518
Net operating expenditure		335,684	324,129
Finance expense	3	6,490	7,096
Net expenditure for the year		342,174	331,225

Other comprehensive net expenditure

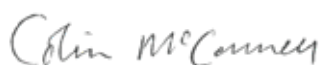
	2018-19	2017-18
	£000	£000
Items that will not be reclassified to net operating costs:		
Net (gain) on revaluation of property, plant and equipment	(22,809)	(86,512)
Comprehensive net expenditure for the year	319,365	244,713

The notes on pages 60 to 81 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2018-19 £000	2017-18 £000
Non-current assets			
Property, plant and equipment	4	1,144,498	1,142,631
Intangible assets	5	399	660
Other receivables	9	76	95
Total non-current assets		1,144,973	1,143,386
Current assets			
Assets classified as held for sale	4.1	0	0
Inventories	8	3,327	3,137
Trade and other receivables	9	7,067	7,009
Cash and cash equivalents	10	789	768
Total current assets		11,183	10,914
Total assets		1,156,156	1,154,300
Current liabilities			
Trade and other payables	11	(31,563)	(36,798)
Provisions	12	(3,331)	(4,380)
Total current liabilities		(34,894)	(41,178)
Total assets less net current liabilities		1,121,262	1,113,122
Non-current liabilities			
Other payables	11	(86,733)	(84,803)
Provisions	12	(12,513)	(13,696)
Total non-current liabilities		(99,246)	(98,499)
Total assets less total liabilities		1,022,016	1,014,623
Taxpayers' equity and other reserves			
General fund	SoCTE	691,699	697,564
Revaluation reserve	SoCTE	330,317	317,059
Total equity		1,022,016	1,014,623



Colin McConnell
Chief Executive
26 June 2019

The Chief Executive authorised these financial statements for issue on 26 June 2018.

The notes on pages 60 to 81 form part of these accounts.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure		(342,174)	(331,225)
Adjustments for non-cash transactions:			
Depreciation	4/5	35,429	33,381
Impairment	7	877	(5,522)
Notional charges	17	105	103
Loss on sale of tangible assets	3	2	4
Interest payable in net operating cost for financing		6,482	7,089
(Increase) in inventories		(190)	(396)
(Increase) in trade receivables		(39)	(1,135)
Increase in trade payables		4,601	2,781
Use of provisions	12	(2,232)	(26)
Net cash outflow from operating activities		(297,139)	(294,946)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,140)	(14,187)
Purchase of intangible assets		(134)	(128)
Proceeds of disposal of property, plant and equipment		1,029	11
Net cash outflow from investing activities		(14,245)	(14,304)
Cash flows from financing activities			
From the Consolidated Fund		326,653	324,564
Capital element of payments in respect of finance leases and on balance sheet PFI/PPP contracts		(8,766)	(8,089)
Interest element of finance leases and on balance sheet PFI/PPP contracts		(6,482)	(7,089)
Net financing		311,405	309,386
Net increase in cash and cash equivalents in the period		21	136
Cash and cash equivalents at the beginning of the period	10	768	632
Cash and cash equivalents at the end of the period	10	789	768

The notes on pages 60 to 81 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2019

	Note	General Fund £000	Revaluation Reserve £000	Total Equity £000
Balance at 1 April 2017		696,709	237,730	934,439
Net funding from Scottish Government		324,564	0	324,564
Comprehensive Net Expenditure for the year	SoCNE	(331,225)	86,512	(244,713)
Auditors' remuneration	17	103	0	103
Transfer of land from NHS Greater Glasgow & Clyde		230	0	230
Transfers between reserves		7,183	(7,183)	0
Balance at 31 March 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
Transfers between reserves		9,551	(9,551)	0
Balance at 31 March 2019		691,699	330,317	1,022,016

The notes on pages 60 to 81 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018-19 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 2019-20 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 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 2018-19 accounts is calculated as the movement between the opening index as at 31 March 2018 and the closing index as at 31 March 2019. 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 is provided on all other tangible and intangible fixed 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 and Equipment	Not exceeding 40 years
Fixtures and Fittings	5 years
Motor Vehicles	5 years
Moveable Plant and Equipment	5 years
Information Technology	2 years
Software	2 years
Motor Vehicles held under Scottish Court Custody and Prisoner Escort Service Contract	unexpired term of lease

Depreciation 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 and 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.

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 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.

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**Leases of land and buildings**

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

Provisions and Contingent Liabilities

In accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets, provisions for staff and prisoner claims, are recognised in the statement of financial position when the SPS has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted and future cash flows using the discount rate prescribed by HM Treasury.

Related Party Transactions

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

Value Added Tax

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

Insurance

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

Third Party Assets

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

Segmental Reporting

The SPS currently operates three segments, namely;

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

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

Events after the Reporting Period

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

Adjusting events are those that provide evidence of conditions that existed at the end of the reporting year.

Non-adjusting events are those that are indicative of conditions arising after the reporting year.

No events have occurred after the reporting period which have had an effect on the Annual Report & Accounts for 2018-19.

Accounting standards issued but not yet effective

All International Financial Reporting Standards, Interpretations and Amendments to published standards effective at 31 March 2019 have been adopted where applicable to SPS.

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

- > IFRS 16 – Leases
This standard is mandatory for accounting periods commencing on or after 1 January 2020. 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 2020-21 annual accounts has not yet been determined.

2. Income

	2018-19	2017-18
	£000	£000
Income from sales of goods/services		
Income from prisoner's canteen	4,780	4,540
Sales of prison industries	1,001	858
Prisoner telephone system income	1,105	1,146
Other income	442	482
	7,328	7,026
Other operating income	384	363
Total operating income	7,712	7,389

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

	2018-19	2017-18
	£000	£000
Staff costs		
– Wages and salaries	133,635	131,462
– Social security costs	13,196	12,902
– Other pension costs	26,690	26,104
PFI service charges	33,950	33,294
Court custody and prisoner escort service	24,288	23,399
Repairs and maintenance	12,247	13,022
Victualling and other supplies	14,775	14,299
Other current expenditure	14,322	13,937
Heat, light, telephone etc.	10,662	10,275
Interest charges	6,488	7,094
Rates	6,372	6,231
Other staff related costs	6,873	6,955
General expenditure	3,899	3,640
Prisoner earnings	2,974	2,989
PPP/PFI contingent rent	4,174	3,705
Rentals under operating leases		
– Land and buildings	878	995
– Other	276	366
Finance lease	6	5
Non-cash items		
– Depreciation and impairment	36,306	27,859
– Loss on sale of assets	2	4
– Auditors' remuneration	105	103
– Provisions provided for in year	(2,234)	(28)
– Borrowing costs of provisions (unwinding of discount on provisions)	2	2
	349,886	338,614

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 46 in the Accountability Section.

Interest charges £6,488k and borrowing costs of provisions £2k 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 (£169,875k).

Depreciation is applied to tangible, donated and intangible fixed assets. It includes £877k charge (2017-18 £5,522k credit), in relation to impairments.

Other current expenditure includes fees paid for education contracts, £4,464k (2017-18 £4,418k) and social work costs £4,802k (2017-18 £4,677k).

During the year SPS purchased non-audit services from its auditor, Scott Moncrieff totalling £6k.

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 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		(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

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 2017	68,256	395,019	600,602	11,126	26,048	7,696	583	809	1,110,139
Additions	4,979	665	955	86	1,387	320	14	3,055	11,461
Completed Assets under Construction	0	125	279	0	295	0	0	(699)	0
Revaluation	547	38,357	57,617	0	0	0	0	0	96,521
Impairment	(774)	0	(868)	0	0	0	0	0	(1,642)
Reclassification	0	0	0	(1)	72	(207)	(50)	0	(186)
Disposals	0	0	0	(10)	(1,053)	(167)	(7)	0	(1,237)
At 31 March 2018	73,008	434,166	658,585	11,201	26,749	7,642	540	3,165	1,215,056
Depreciation									
At 1 April 2017	0	345	8	7,694	22,542	6,828	560	0	37,977
Charge	0	11,773	17,774	1,356	1,589	510	9	0	33,011
Revaluation	0	1,131	1,714	0	0	0	0	0	2,845
Impairment	0	0	0	(1)	57	(197)	(45)	0	(186)
Disposals	0	0	0	(10)	(1,038)	(167)	(7)	0	(1,222)
At 31 March 2018	0	13,249	19,496	9,039	23,150	6,974	517	0	72,425
Carrying Value at 31 March 2018	73,008	420,917	639,089	2,162	3,599	668	23	3,165	1,142,631
Carrying Value at 31 March 2017	68,256	394,674	600,594	3,432	3,506	868	23	809	1,072,162
Asset financing:									
Owned	73,008	374,446	551,841	113	3,599	668	23	3,165	1,006,863
Finance Leased	0	0	0	2,049	0	0	0	0	2,049
On-balance sheet PFI contracts	0	46,471	87,248	0	0	0	0	0	133,719
Carrying Value at 31 March 2018	73,008	420,917	639,089	2,162	3,599	668	23	3,165	1,142,631

As part of the five year rolling programme, HMP Dumfries, HMP & YOI Polmont, HMP & YOI Cornton Vale, HMP Perth, HMP Open Estate (Castle Huntly), the Central Stores Warehouse, all Garages and the HMP Dumfries Staff Quarters were re-valued at 31 March 2019. Formal inspections and valuations were carried out by the District Valuer Services (DVS), a division of the Valuations Office Agency. The valuations have been carried out by a Royal Institute of Chartered Surveyors (RICS) Registered Valuer, and have been conducted in accordance with the RICS Valuation – Professional Standards 2014 UK Edition (revised April 2015).

Specialised Operational Buildings (Establishments) have been valued using the Depreciated Replacement Cost (DRC) approach in accordance with the FReM. The value of these assets is £255,033k. Land associated with Establishments valued to DRC have been assessed at fair value in accordance with IFRS 13. The value of this land is £20,820k.

Non-Specialised Land and Buildings have been valued at fair value in accordance with IFRS 13 as required by the FReM. The value of these assets is £1,158k.

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 contractor for the court custody and prisoner escort services contract, ceased operation of the contract on 25 January 2019. The associated motor vehicles were processed as a disposal to a residual value of £954k, which was equal to the net capital creditor at 31 March 2019. GEOAmeY PECS commenced operation of the Scottish Court Custody and Prisoner Escort Services on the 26 January 2019. The Scottish court custody and prisoner escort service is included within motor vehicles; the contract is accounted for in the same manner as other assets with the same class. The GEOAmeY PECS vehicles have been capitalised at a value of £7,027k in accordance with IFRIC12.

The Scottish Government's Infrastructure and Investment Plan (IIP) 2015 (revised March 2019)

<http://www.gov.scot/Topics/Government/Finance/18232/IIP> details prison development plans in 2019 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 2019 was £1,224k.

4.1 Assets Held for Sale

	2018-19	2017-18
	£000	£000
Property, Plant and Equipment		
At 1 April	0	42
Reclassification	0	0
Disposals	0	(42)
At 31 March	0	0

The sale of garage sites and associated land at HMP Grampian was concluded in November 2017.

5. Intangible Assets

	Information Technology	Software	AUC	Total
	£000	£000	£000	£000
Cost				
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

	Information Technology	Software	AUC	Total
	£000	£000	£000	£000
Cost				
At 1 April 2017	3,774	3,169	264	7,207
Additions	25	37	66	128
Completed AUC	8	40	(48)	0
Reclassifications	0	197	0	197
Disposals	(2,676)	(1,063)	0	(3,739)
At 31 March 2018	1,131	2,380	282	3,793
Amortisation				
At 1 April 2017	3,378	2,927	0	6,305
Charge	211	159	0	370
Reclassification	0	197	0	197
Disposals	(2,676)	(1,063)	0	(3,739)
At 31 March 2018	913	2,220	0	3,133
Carrying Value as at 31 March 2018	218	160	282	660
Carrying Value as at 31 March 2017	396	242	264	902
Asset financing: Owned	218	160	282	660

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

	2018-19	2017-18
	£000	£000
Property, Plant and Equipment		
Impairment charge	877	1,642
Impairment reversal	0	(7,164)
Revaluation reserve	789	652
Total	1,666	(4,870)

The net impairment as at the 31 March 2019 was £1,666k.

Impairment charges to the Statement of Comprehensive Net Expenditure (SOCNE) relate to the Independent Living Units (ILUs) at HMP & YOI Cornton Vale (£395k) and out of commission cells at HMP Greenock (£482k).

Impairment charges of £789k taken through the revaluation reserve are reflective of a downward valuation of land at HMP & YOI Cornton Vale, HMP & YOI Polmont, HMP Perth, HMP Shotts, HMP Dumfries and the Central Stores Warehouse.

8. Inventories

	2018-19	2017-18
	£000	£000
The main categories of stock held are:		
Consumables	1,243	1,130
Works, estates and locks	986	928
Industries raw materials, work in progress and finished goods for resale	1,110	1,091
Provision for obsolete stock – specific	(12)	(12)
	3,327	3,137

9. Trade Receivables and Other Current Assets

Analysis by Type:

	2018-19	2017-18
	£000	£000
Amounts due within one year:		
Recoverable VAT	4,451	4,393
Trade receivables	115	11
Other receivables	445	616
Prepayments and accrued income	2,056	1,989
	7,067	7,009
Amounts due after more than one year:		
Other receivables	76	95

10. Cash and Cash Equivalents

	2018-19	2017-18
	£000	£000
Balance as at 1 April	768	632
Net change in cash and cash equivalents	21	136
Balance as at 31 March	789	768

The following balances at 31 March were held at:

Government Banking Service	590	570
Commercial banks	158	149
Cash in hand	41	49
Balance at 31 March	789	768

11. Trade Payables and Other Current Liabilities

Analysis by Type:

	2018-19	2017-18
	£000	£000
Amounts due within one year:		
Other taxation and social security	3,305	3,178
Trade payables	2,584	5,187
Accruals and deferred income	18,004	20,249
Other payables	2,909	2,952
Amounts due to Justice Department	789	768
PFI/PPP and other service concession arrangements <1 year	3,972	4,464
	31,563	36,798
Amounts due after more than one year:		
PFI/PPP and other service concession arrangements >1 year	86,568	83,640
Deferred residual interest	0	954
Other accruals	165	209
	86,733	84,803

The 2017-18 deferred residual interest (£954k) related to the residual value of vehicles under the Court Custody and Prison Escort Service concession contract which reverted to the lessor for nil consideration at the end of the contract.

12. Provisions for Liabilities and Charges

	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2017-18
	£000	£000	£000	£000	£000	£000	£000
	Prisoner Claims	Injury Benefit	Dilapidation Costs	Demolition Costs	Other Charges	Total	Total
Balance at 1 April	1,693	10,769	1,947	1,517	2,150	18,076	18,102
Provided in the year	671	467	0	0	739	1,877	3,149
Provisions utilised in the year	(464)	(469)	0	(206)	(499)	(1,638)	(1,030)
Unwinding of discount	0	2	0	0	0	2	2
Provisions not required written back	(541)	(449)	(95)	(191)	(1,197)	(2,473)	(2,147)
Balance at 31 March	1,359	10,320	1,852	1,120	1,193	15,844	18,076

Analysis of expected timing of discounted flows

	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2017-18
	£000	£000	£000	£000	£000	£000	£000
	Prisoner Claims	Injury Benefit	Dilapidation Costs	Demolition Costs	Other Charges	Total	Total
Not later than one year	1,359	477	0	309	1,186	3,331	4,380
Later than one year and not later than five years	0	1,905	1,852	811	7	4,575	5,257
Later than five years	0	7,938	0	0	0	7,938	8,439
Balance at 31 March	1,359	10,320	1,852	1,120	1,193	15,844	18,076

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:

	2018-19	2017-18
	£000	£000
Land		
Not later than one year	33	33
Later than one year and not later than five years	86	120
	119	153
Buildings		
Not later than one year	701	701
Later than one year and not later than five years	1,813	2,515
	2,514	3,216
Other		
Not later than one year	512	616
Later than one year and not later than five years	192	490
	704	1,106

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 £62,412k (2017-18 £60,398k). 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:

	2018-19	2017-18
	£000	£000
Due within one year	61,880	71,915
Due later than one year and not later than five years	261,832	208,572
Due later than five years	491,370	510,668
	815,082	791,155
Less interest element	(58,090)	(62,885)
Present value	756,992	728,270

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

	2018-19	2017-18
	£000	£000
Due within one year	51,344	60,820
Due later than one year and not later than five years	219,890	171,105
Due later than five years	395,218	408,240
Total service elements due in future periods	666,452	640,165

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:

	2018-19	2017-18
	£000	£000
Property, plant and equipment	336	65

16. Contingent Liabilities

The Agency has the following contingent liabilities:

	2018-19	2017-18
	£000	£000
Prisoner claims	349	594
Other charges	570	189
	919	783

Contingent liabilities for prisoner claims have been included in respect of prisoner compensation and expenses for potential liability in a number of 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:

	2018-19	2017-18
	£000	£000
Statutory audit services	105	103
Total auditor's remuneration	105	103

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

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 £35,601 (2017-18 £35,293).

For information purposes, the actual annual average cost per prisoner place, calculated on a resource accounting basis (including depreciation and impairment charges), in 2018-19 was £40,175 (2017-18 £38,903).

The actual annual average cost per prisoner place including exceptional payments in 2018-19 was £35,585 (2017-18 £35,381). 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 2018-19, 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 2019 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

	2018-19	2017-18
	£000	£000
Balance as at 1 April	933	862
Funds paid in during the year	11,714	10,908
Funds paid out during the year	(11,694)	(10,837)
Balance as at 31 March	933	933

20.2 Common Good Fund

	2018-19	2017-18
	£000	£000
Balance as at 1 April	242	195
Funds paid in during the year	440	510
Funds paid out during the year	(435)	(463)
Balance as at 31 March	247	242

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 2018-19 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

In March 2011, SPS awarded a contract to G4S and Justice Services (UK) Ltd covering a range of prisoner transport and security related services. The contract commenced in January 2012 and expired in January 2019.

In March 2018, SPS awarded a contract to GEOAmev PECS for the provision of safe and secure transport of those in custody to and from courts. SPS manages the contract on behalf of multi-agency justice partners. The contract commenced in January 2019.

	2018-19				2017-18			
	Public Prisons	Private Prisons	CCPES/SCCPES	Total	Public Prisons	Private Prisons	CCPES	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Operating income	(7,712)	0	0	(7,712)	(7,389)	0	0	(7,389)
Expenditure	287,474	38,124	24,288	349,886	278,216	36,999	23,399	338,614
Net expenditure	279,762	38,124	24,288	342,174	270,827	36,999	23,399	331,225
Non-current assets	1,005,320	132,772	6,881	1,144,973	1,007,618	133,719	2,049	1,143,386

APPENDIX TO THE ACCOUNTS



SCOTTISH PRISON SERVICE

DIRECTION BY THE SCOTTISH MINISTERS

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

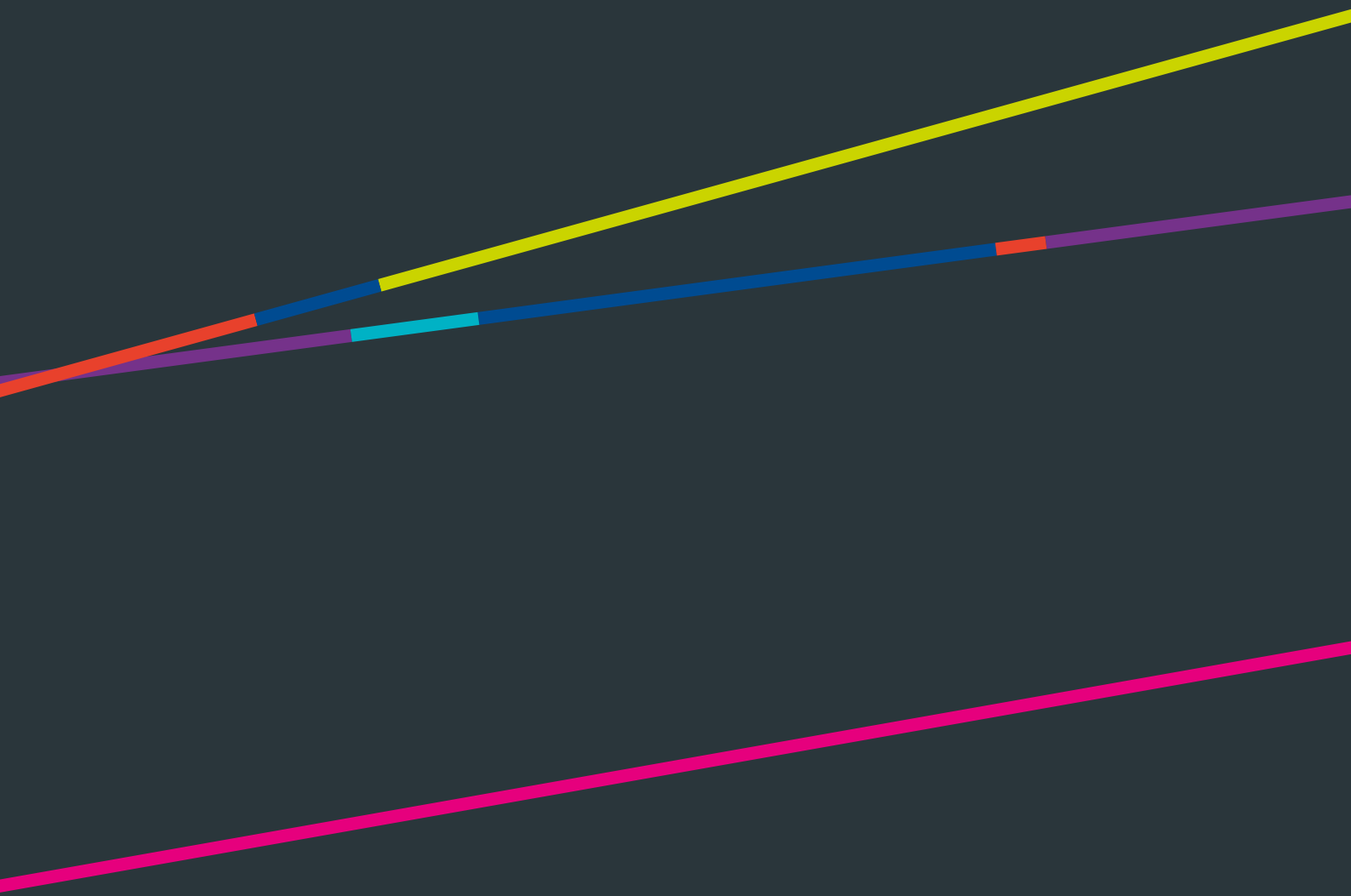
1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are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

A handwritten signature in blue ink, appearing to read 'Alison Stelfox'.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

APPENDICES

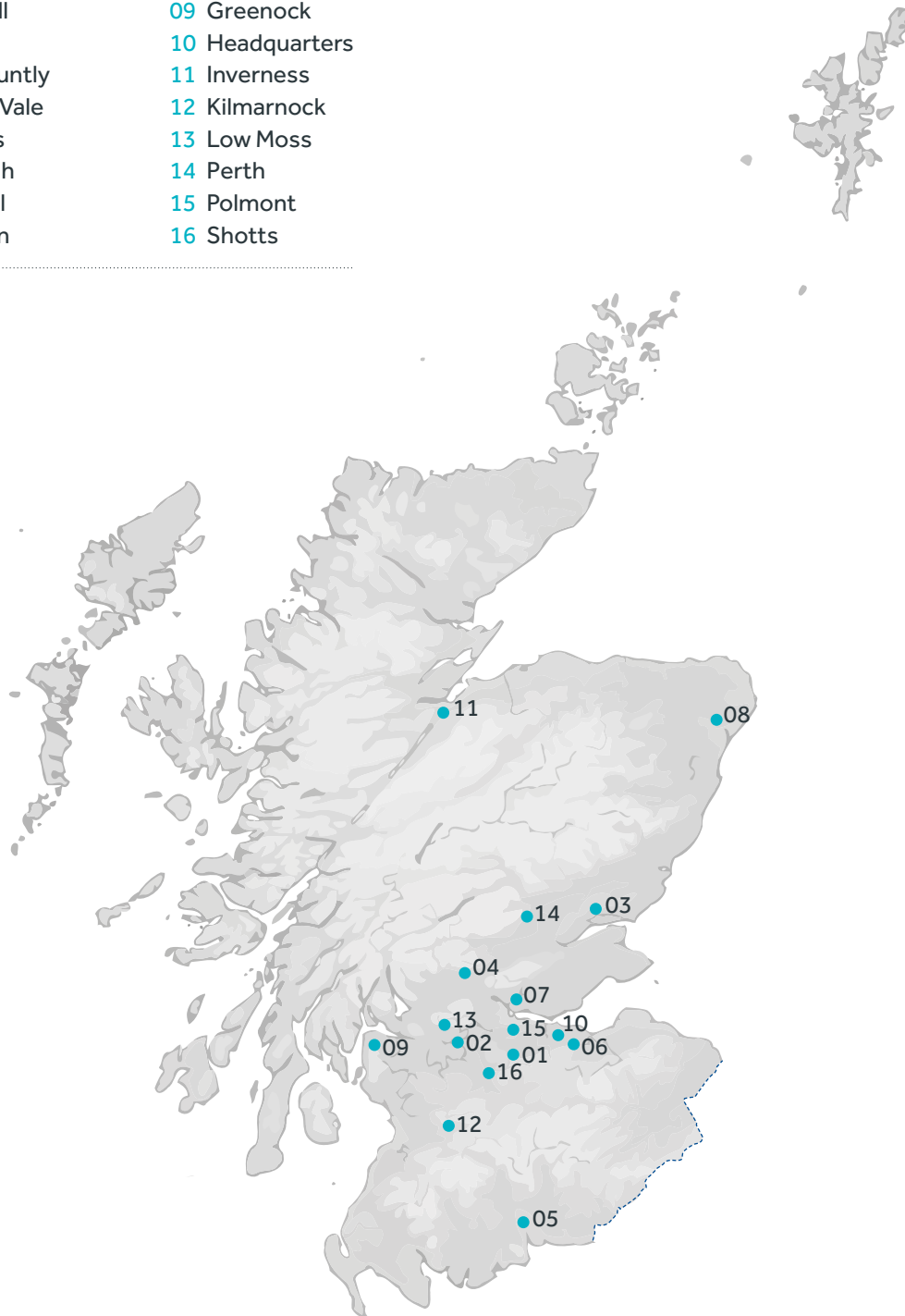


APPENDIX 1

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



APPENDIX 3

AVERAGE DAILY POPULATION AND MAXIMUM NUMBER BY ESTABLISHMENT 2018-19

Establishment	AVERAGE DAILY POPULATION			MAXIMUM NUMBER		
	Male	Female	Total	Male	Female	Total
Adults						
Addiewell	700	-	700	705	-	705
Barlinnie	1,322	-	1,322	1,460	-	1,460
Cornton Vale	-	85	85	-	108	108
Dumfries	177	-	177	195	-	195
Edinburgh	787	102	889	830	112	938
Glenochil	681	-	681	743	-	743
Grampian	411	45	457	433	53	482
Greenock	175	54	229	185	57	239
Inverness	117	-	116	137	1	137
Kilmarnock	504	-	504	580	-	580
Low Moss	773	-	773	789	-	789
Open Estate	178	-	178	200	-	200
Perth	676	-	676	724	-	724
Polmont	46	84	130	60	91	
Shotts	534	-	534	545	-	545
Young Adults						
Cornton Vale	-	3	3	-	7	7
Grampian	-	3	3	2	6	8
Greenock	-	-	-	-	1	1
Inverness	1	-	1	3	-	2
Polmont	324	9	333	356	15	371
Total	7,405	384	7,789	7,758	411	8,158

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 ongoing 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 ESTABLISHMENTS BY TYPE OF CUSTODY: 2018-19

Remand: sub total	1,525
Persons under sentence: sub total	
Under four years	3,294
Four years and over (including life sentences and lifer recalls)	2,970
Total	7,789

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 ongoing 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 2018-19

Absconds and Failures to Return – 2018-19							
	Barlinnie	Cornton Vale	Grampian	Greenock	Open Estate	Polmont	Total
Abscond	0	0	0	0	1	0	1
Failure to Return	0	0	1	0	3	0	4

APPENDIX 6

BREACHES OF DISCIPLINE AND OUTCOME IN PENAL ESTABLISHMENTS BY SEX AND AGE 2018-19

	Adults		Young Offenders		All		Number of Case
	Male	Female	Male	Female	Male	Female	
Average daily population							
Breaches of discipline	7,081	370	325	15	7,405	384	7,789
Possessing an unauthorised/prohibited article/ quantity of an article	4,850	288	318	0	5,168	288	5,456
disobeys any lawful order;	4,841	272	376	7	5,217	279	5,496
using threatening/abusive/insulting words or behaviour	2,404	244	173	2	2,577	246	2,823
Consuming/taking/injecting/inhaling or concealing an unauthorised or prohibited article	2,041	81	21	0	2,062	81	2,143
fighters with any person;	1,751	102	385	1	2,136	103	2,239
destroys or damages property	1,489	78	438	2	1,927	80	2,007
Assault	1,382	101	273	1	1,655	102	1,757
Intentionally or recklessly endangering the health or personal safety of others	1,024	54	85	0	1,109	54	1,163
Unauthorised absence or presence in any part of the establishment	529	22	46	0	575	22	597
Disobeying a rule or direction	359	69	11	0	370	69	439
intentionally refusing to work or failing to work properly	304	15	40	0	344	15	359
Smoking in an area where smoking is not permitted	207	17	6	0	213	17	230
sale or delivery of an article allowed only for prisoners own use	181	17	14	0	195	17	212
takes improperly any article	143	15	5	0	148	15	163
intentionally obstructs any person, other than a prisoner, in the performance of that person's work at the prison;	120	9	17	1	137	10	147
Arson	88	7	21	0	109	7	116
commits any indecent or obscene act;	74	9	3	0	77	9	86
disrespectful to any officer, worker or visitor	65	13	7	0	72	13	85
Failing to return from temporary release or comply with a condition of such release	27	3	0	0	27	3	30
falls, without reasonable excuse, to open his or her mouth for the purpose of enabling a visual examination	11	5	0	0	11	5	16
denies an officer access to any part of the prison	8	0	0	0	8	0	8
detains any person against his or her will;	4	0	0	0	4	0	4
escapes or absconds from prison or from legal custody;	1	0	1	0	2	0	2
attempts/incites/assists another prisoner to commit or attempt to commit, any of the above	182	25	36	1	218	26	244
Breaches of discipline: Total	22,085	1,446	2,276	15	24,361	1,461	25,822
Punishments Awarded							
Forfeiture of privileges	21,278	794	2,292	3	23,570	797	24,367
Stoppage or deduction from earnings or other cash	16,981	634	2,378	4	19,359	638	19,997
Caution	1,993	159	100	2	2,093	161	2,254
Confinement to Cell	1,773	131	254	4	2,027	135	2,162
Forfeiture of other entitlements	407	30	0	0	407	30	437
Punishments Awarded: Total	42,432	1,748	5,024	13	47,456	1,761	49,217
Breaches of discipline per head of average prison population	3	4	7	1	3	4	3

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

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

APPENDIX 7

STAFF IN POST

As at 31 March 2019 there were 4,477 staff in post

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

Employees in Post – As at March 2019	Total	Full-time	Part-time	Full Time Equivalent (FTE)	Disabled (self-declared)
Female	1,403	1,208	195	1,327	113
Male	3,074	2,728	346	2,897	268

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

SPS Board – This table reflects the gender split for SPS Board Members as at 31/03/2019.

As at March 2019	Chief Executive	Directors	Non-Executive Directors	Total
Female	0	2	2	4
Male	1	1	2	4

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

As at March 2019	16-24	25-34	35-44	45-54	55-64	Over 65
Female	85	522	310	338	143	5
Male	70	561	437	1,120	835	51

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 2019

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	2,338
Other Ethnic Group	<5
Pakistani	<5
Prefer not to Disclose	450
Scottish Pakistani	<5
White	461
White English	84
White Gypsy Traveller	<5
White Irish	12
White Northern Irish	14
White Other	10
White Polish	<5
White Scottish	1,075
White Southern Irish	<5
White Welsh	6

APPENDIX 7 (cont'd)

STAFF IN POST

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 01/04/2018 to 31/03/2019.

As at March 2019	16-24	25-34	35-44	45-54	55-64	Over 65
Female	13	37	20	14	13	1
Male	5	45	19	47	89	18

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 01/04/2018 to 31/03/2019.

Appointments 2018-2019	Male	Female	Ethnic Minority Group	Disabled (self-declared)	Part-time/ Job share
253	131	122	Not Advised	229	0
			Scottish Pakistani	<5	25
			White	8	
			White English	<5	
			White Scottish	12	

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 01/04/2018 to 31/03/2019.

As at March 2019	16-24	25-34	35-44	45-54	55-64	Over 65
Female	34	60	16	8	4	0
Male	23	60	20	16	10	2

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 Former Civil Servants
4	2

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

APPENDIX 7 (cont'd)

STAFF IN POST

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 01/04/2018 to 31/03/2019.

Promoted 2018-2019	Female	Male	Ethnic Minority Group	Disabled (self-declared)	Part-time/ Job Share
124	62	62	Not Advised	72	5
			Prefer not to Disclose	10	3
			White	12	
			White English	<5	
			White Scottish	29	

APPENDIX 8

PARLIAMENTARY ACCOUNTABILITY 2018-19

Ministerial Correspondence

Category of Response	No. Received	No. of Replies issued within 15 working days	No. of Replies issued outwith target date
MSP's Letters for Ministerial Reply	3	3	0
MSP's Letters for Chief Executive Reply	91	88	3
Total (2018-19)	94	91 (97%)	3(3%)
Total (2017-18)	87	82 (94%)	5 (6%)

Scottish Parliamentary Questions

Year	Total	Ministerial Replies	Chief Executive's Replies
Year ended 31 March 2019	51	4	47
Year ended 31 March 2018	43	0	43

APPENDIX 9a

KEY PERFORMANCE INDICATORS*

		2018-19	2017-18
KPI1a	Extreme Risk Escapes	0	0
KPI1b	Escapes at other supervision level	0	1
KPI2a	Serious Prisoner on Staff Assaults	10	14
KPI2b	Minor & No Injury Prisoner on Staff Assaults	410	283
KPI2c	Serious Prisoner on Prisoner Assaults	135	94
KPI2d	Minor & No Injury Prisoner on Prisoner Assaults	2,994	2,173
KPI3a	Purposeful Activity Hours	6,258,125	6,500,472
KPI3b	Average Purposeful activity Hours per week per Convicted prisoner	20	21
KPI4a	% of education classes spent delivering literacy skills	36.0%	37.6%
KPI4b	% of education classes spent delivering numeracy skills	20.8%	17.3%
KPI5a	Vocational & Employment Related Qualifications	26,883	18,793
KPI5b	Vocational & Employment Related Qualifications at SCQF level 5 or above	1,781	1,976
KPI6	Employability Prospects Increased	0	0
KPI7	Reduced Substance Abuse	45%	47%
KPI8	% of ICM Case Conferences with CJSW in attendance	86.7%	88.0%
KPI9	Average Annual Cost Per Prisoner Place**	35,601	35,293
KPI10	Reducing Carbon Emissions***	-	-

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

** 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				
<p>We live our lives safe from crime, disorder and danger.</p> <p>Our public services are high quality, continually improving, efficient and responsive to local people's needs.</p>	1. Escapes	<p>a) Extreme risk.</p> <p>b) All other supervision levels.</p> <p>c) Absconds.</p> <p>d) Incidents of failure to return.</p>		Reduce re-conviction rates
	2. Assaults	<p>a) Serious prisoner on staff assaults.</p> <p>b) Serious prisoner on prisoner assaults.</p> <p>c) Other prisoner on staff assaults.</p> <p>d) Other prisoner on prisoner assaults.</p>		Reduce re-conviction rates
SPS cares for prisoners with humanity and offers them appropriate opportunities				
<p>We live our lives safe from crime, disorder and danger.</p> <p>Our public services are high quality, continually improving, efficient and responsive to local people's needs.</p>	3. Purposeful Activity Hours	Any supervised and/or structured activity that contributes to reducing re-offending.	<p>We realise our full economic potential with more and better employment opportunities for our people.</p> <p>We are better educated, more skilled and successful, renowned for our research and innovation.</p>	Reduce reconviction rates. Improve levels of Educational attainment. Increase Physical Activity
	4. Increase in Literacy and Numeracy	<p>a) The percentage of prisoner learning hours delivered with a primary aim of developing literacy skills.</p> <p>b) The percentage of prisoner learning hours delivered with a primary aim of developing numeracy skills.</p>	<p>Our young people are successful learners, confident individuals, effective contributors and responsible citizens.</p> <p>We live longer, healthier lives.</p> <p>We have improved the life chances for children, young people and families at risk.</p>	Reduce reconviction rates. Improve levels of Educational attainment.
SPS maintains secure custody and good order				
<p>We live our lives safe from crime, disorder and danger.</p> <p>Our public services are high quality, continually improving, efficient and responsive to local people's needs</p>	5. Vocational qualifications	<p>a) Number of vocational and employment-related qualifications.</p> <p>b) Number of vocational and employment-related qualifications at SCQF level 5 or above.</p>	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.
	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.	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 environment 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 CO ₂ , 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

SCOTTISH GOVERNMENT	PURPOSE	<ul style="list-style-type: none"> To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth 			
JUSTICE IN SCOTLAND: VISIONS AND PRIORITIES	VISION	<ul style="list-style-type: none"> A just, safe and resilient Scotland 			
	NATIONAL OUTCOMES	<ul style="list-style-type: none"> We live our lives safe from crime, disorder and danger We have strong resilient and supportive communities where people take responsibility for their own actions and how they affect others Our public services are high quality, continually improving, efficient and responsive to local people's needs 			
	JUSTICE OUTCOMES	<ul style="list-style-type: none"> We live in safe, cohesive and resilient communities Prevention and early intervention improve wellbeing and life chances Our system and interventions are proportionate, fair and effective We deliver person-centred, modern and affordable public services 			
	PRIORITIES	<ul style="list-style-type: none"> 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 STRATEGY	VISION	<ul style="list-style-type: none"> Help build a safer Scotland - Unlocking Potential - Transforming Lives 			
	MISSION	<ul style="list-style-type: none"> 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	PROFESSIONALISM	PARTNERSHIP	PURPOSE	GOVERNANCE	
STRATEGIC OUTCOME	<p>Unlocking Potential: We will have the right people, with the right skills, in the right place, at the right time.</p>	<p>Unlocking Potential: Our collaboration with partners results in enhanced service provision and better personal outcomes for those citizens in and leaving our care.</p>	<p>Transforming Lives: Our communities are safer because those citizens in our care are supported to build on their assets and return to their communities as productive citizens.</p>	<p>Our services are efficient, effective and provide value for money.</p>	
SPS OPERATIONAL PERFORMANCE INDICATORS					

APPENDIX 11

COURT CUSTODY AND PRISONER ESCORT SERVICE

G4s

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	to 25th Jan-19	from 26th Jan-19	Feb-19	Mar-19	2018-19 Total	2017-18 Total
Police Station to Court	4,570	4,777	4,624	4,952	5,206	4,331	5,198	4,921	4,634	3,942				47,155	61,085
Prison to Court	3,455	3,918	3,449	3,622	4,051	3,452	3,830	3,933	3,125	2,975				35,810	42,643
Mental Health Hospitals to Court	60	53	50	59	48	57	52	49	41	53				522	679
Court Others	260	279	239	260	260	255	286	243	171	29				2,282	3,106
Total Core Services	8,345	9,027	8,362	8,893	9,565	8,095	9,366	9,146	7,971	6,999				85,769	107,513
Total External Services	1,763	2,122	1,759	1,893	1,941	1,664	1,809	1,672	1,083	1,173				16,879	20,484
Total Core Volume	10,108	11,149	10,121	10,786	11,506	9,759	11,175	10,818	9,054	8,172				102,648	127,997
Total Non Core Volume	1,404	1,539	1,418	1,459	1,593	1,409	1,616	1,522	1,426	1,265				14,651	17,214
Total Movements	11,512	12,688	11,539	12,245	13,099	11,168	12,791	12,340	10,480	9,437				117,299	145,211
% delivered to court on time	92%	91%	92%	91%	90%	88%	90%	88%	90%	90%				90%	91%
Number of Prisoners Unlawfully at Large	0	1	1	0	0	0	0	1	0	0				3	5

GEOAmeY

Secure Routes undertaken *											676	3,644	3,767	8,087	
Community Access Routes*											144	770	784	1,698	
Total Routes											820	4,414	4,551	9,785	
Courts Days operated											150	754	757	1,661	
Court Docks/Days operated											406	2,012	2,153	4,571	


Note: * GEOAmeY reports routes as contract reporting information, and not the number of prisoners, as was with the G4S contract

Note: 'Court Others' data for January 19 was incomplete at the time the contract concluded (this had no impact on the commercial or financial aspects of the contract)

NOTES

**SCOTTISH PRISON SERVICE
ANNUAL REPORT & ACCOUNTS
2018-2019**

**Scottish Prison Service
Headquarters
Calton House
5 Redheughs Rigg
South Gyle
Edinburgh
EH12 9HW**



© Crown copyright 2019

ISBN: 978-1-83960-161-3

This document is also available from our website
www.sps.gov.uk

Published on behalf of the Scottish Prison Service
by APS Group, September 2019

**Presented to the Scottish Parliament in
pursuance of the Prisons (Scotland) Act 1989**

**Laid before the Scottish Parliament
by the Scottish Ministers**

**September 2019
SG/2019/162**

