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FROM: CLARE MCCORMICK

DATE: 27 JANUARY 2022

TO: CHRISTINE DARRAH

NORTHERN IRELAND PRISON SERVICE DRAFT BUDGET

Summary

Business Area: Northern Ireland Prison Service

Issue: To provide the Committee with briefing on the impact of the draft budget on the Northern Ireland Prison Service.

Restrictions: Not applicable.

Action Required: To note.

Officials Attending: Ronnie Armour - Director General
David Kennedy – Director of Prisons
Steven McCourt – Acting Director of Rehabilitation
Brendan Giffen – Head of Strategy and Governance

BACKGROUND – NIPS Financial Journey

When Policing and Justice was devolved in 2010 there was concern that the Northern Ireland Prison Service was inefficient and too expensive. The issue was a theme considered by Dame Anne Owers and her Review Team who concluded: *“This is an expensive service - there is no doubt that the current operating costs of the service can and should be reduced.”*



Table 1 below provides some key statistics from 2010 and 2022:

	2010	2022
NIPS prison population	1,465	1,572
NIPS Total Staffing Compliment	2,367	1,559
NIPS Operational staffing compliment	1,892	1,280
NIPS Total operating costs	£128,000k	£106,894*
NIPS Pay bill	£91,154k	£75,210k
NIPS Cost per prisoner place	£73,762	£44,956

*excludes COVID costs

Since the publication of the Owers Review in 2011 NIPS has implemented 95% of Dame Anne's recommendations. More recently, through our Prisons 2020 programme, we have been seeking to build on them by driving continuous improvement across the organisation. Prison staff and our Trade Union Partners have played an important role in doing so.

Central to Prisons 2020 is the objective of delivering an affordable Prison Service through robust financial management by making the best use of the resources available to us and driving efficiency. That said pay and inflationary costs do increase year on year. Table 2 provides information in relation to our expenditure over the past 5 years.

Table 2 Year on Year Resource Expenditure

Year	Resource Expenditure £'000
2017/18	94,929
2018/19	97,193
2019/20	103,172
2020/21*	105,481
2012/22*	106,894

*Excludes COVID expenditure

Draft Resource Budget 2022/23

In setting Departmental budgets, the underpinning assumption has been that Departments will find a proposed 2% reduction required to provide additional funding to Health from efficiencies in the existing budgets.

The Department has provided an assessment of a 2% reduction across all areas in its Budget Consequences document to help inform the consultation. This would result in a NIPS draft baseline Resource Budget allocation of £104,172k for 2022-23. This equates to a reduction of £2,126k against the current baseline of £106,298k.

The impact of NIPS 2% cuts in 2022-23 alongside no additional funding towards pressures will result in a significant pressure of **£9,125k**, excluding any Covid related pressures for NIPS. The pressure is made up as follows:

- Pay and Price pressures to be absorbed - £3,936k
- Unfunded pressures carried forward from 2021/22 - £2,024k
- 1% National Insurance increase (unfunded) - £769k
- 2% baseline cut - £2,126k
- Additional work requested by the Department - £270k

While the narrative in this paper focuses on the immediate impact in 2022/23, the draft budget is for three years. Each year, NIPS faces increased pressures due to pay increases and inflation. Without additional funding being provided, the impact on NIPS in future years will only become more severe.

Inescapable Costs

Not all costs incurred are within NIPS control to manage or reduce in-year. For example, rates cost NIPS £2,888k in 2021/22 and unless accommodation can be demolished, this cost cannot be reduced.

NIPS are forecasting to spend £3,050k on Injury on Duty payments in 2021/22. This is paid to bring claimants income up to a guaranteed level if injured while on duty. The decision to award this benefit is made by Civil Service Pensions and NIPS have no control over the costs. Costs have increased year on year as more claimants have been awarded the benefit. A NI Audit Office report stated that the scheme was not fit for purpose and significant changes were required to make the schemes efficient, affordable and to have adequate controls in place.

A consultation exercise was then launched on eight policy change proposals and replies are currently being evaluated by Civil Service Pensions. Further consultation will be required on any legislative changes to the scheme.

NIPS is also required to fund the cost of Separation at both Maghaberry and Hydebank Wood. Current costs for separation are circa £2,500k per annum.

Covid Funding 2022/21:

The draft budget does not include any funding to mitigate against the effects of Covid in 2022-23, and NIPS is currently reviewing the minimum response required to be in place.

However, as an indication of the potential pressures, we are currently forecasting expenditure of £3,645k in 2021-22 on actions to stop the spread and manage the impacts of Covid in establishments.

Impact of the Draft Budget – Resource:

NIPS will continue to refine our budget requirements over the coming months in an effort to reduce the pressures we face, but the scale of the challenge in terms of the pressures on our resource budget will mean NIPS will be required to reduce staffing levels, rationalise accommodation and reduce the provision of rehabilitative services provided to

prisoners. Any reduction in services provided to prisoners will also have a detrimental impact on our Voluntary and Community sector partners. We have already advised them accordingly.

If, in seeking to live within budget, we were simply to salami slice each NIPS business area, Table 3 below demonstrates the cuts that would be imposed across NIPS. Of course it is not that straightforward as a reduction in our operational staffing numbers will reduce our ability to facilitate prisoners' participation in the services we provide, for example learning and skills. We will need to carefully balance our resources to ensure we don't end up paying for a service we are unable to use because we haven't sufficient operational staff.

- ❖ Baseline - 2% £104,172k
- ❖ Baseline shortfall £9,125k (8.6%)

If you top sliced each budget by 8.6%, the savings required to live within the allocation are set out in the table below.

Table 3 Savings required to live with 2% cut

Business Area	£'000
Maghaberry	3,513
Magilligan	1,606
Hydebank	1,028
PECCS	546
Estates	595
IT	141
Rehabilitation & Reducing Offending	680
Operations HQ	418
Prison Service College	139
Corporate Services	459



Total	9,125
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In assessing our budget, it is important to recognise the challenges NIPS face in managing an increasingly complex population. 50% of those entering our prisons have addictions, 32% have mental health issues, and 54% are at risk of suicide and self-harm.

As prison healthcare is, according to the RQIA Review of Services for Vulnerable Persons Detained in Northern Ireland Prisons, “significantly underfunded,” there is a clear lack of equivalence with healthcare in the community.

Prison staff are consistently required to manage the shortfall in healthcare provision. There is a clear impact for community healthcare, which is being given additional funding, if the Prison Service is not able to address the complex needs of many prisoners during their time in custody.

Impact of the Draft Budget - Covid:

In terms of our management of Covid, PHA advice for places of detention currently remains unchanged and consequently at this stage we must assume that the provision of, for example, quarantine units for those committed to prison will remain, as will the need to keep the extensive mitigation measures currently implemented in place.

The majority of prisoners are now in single cells. However, without access to COVID funding this cannot be maintained. Budget is also required to cover the staffing shortfall as a result of officers self-isolating. The appropriate number of staff need to remain on duty to ensure officers feel safe and prisoners are not locked in their cells for lengthy periods. In addition, NIPS will not have appropriate funding for PPE and the additional hygiene actions required to mitigate against COVID.

NIPS expenditure to mitigate the spread of COVID in our establishments during the pandemic is set out in Table 4.

Table 4 Breakdown of COVID expenditure

	2020/21 Expenditure	2021/22 Forecast
	£'000	£'000
Pay and Allowances	5,080	2,611
PPE/Hygiene/Social Distancing	2,522	1,034
Total	7,602	3,645

Impact Draft Budget – Capital:

NIPS capital allocation for the budget period is being worked through and has not been finalised. NIPS capital requirements for the next three years are set out in the Table 5 in priority order.

The first three projects have capital requirements beyond 2024-25.

Table 5 Capital Forecast

Project	2022-23	2023-24	2024-25
	£'000	£'000	£'000
New Facility for Women at Hydebank	452	5,000	17,369
Reconfiguration of Magilligan	282	9,918	42,164
New Visits at Maghaberry	135	905	13,936
Mechanical/Electrical/Specialist Systems	5,330	4,100	4,000
Minor Works	11,700	9,000	9,000
IT Projects	1,323	1,483	825
Security Equipment	765	372	1,032
Vehicles/General Equipment	960	1,038	424
Total	20,947	31,816	88,750

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