



Ministry of
JUSTICE

National Offender
Management Service



Annual Report and Accounts 0809

National Offender Management Service

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National Offender Management Service

Preventing victims by changing lives

Our Statement of Purpose

We work to protect the public and reduce reoffending by delivering the punishment and orders of the courts and by helping offenders to reform their lives.

Our Vision

As part of the wider justice service we will give the public confidence in our ability to protect the public and reduce reoffending.

Our Values

In delivering prison and probation services, we will:

- be objective and take full account of public protection when assessing risk
- be open, honest and transparent
- incorporate equality and diversity in all we do
- value and empower staff, and work collaboratively with others
- treat offenders with dignity and respect
- embrace change and innovation
- use our resources in the most cost effective way.

How we work

We operate through providers and partners in the public, private and third sectors to manage offenders in an integrated way. Our work protects victims and makes communities safer. What work needs to be done and who does the work is based on evidence and driven by ensuring value for money for the public.

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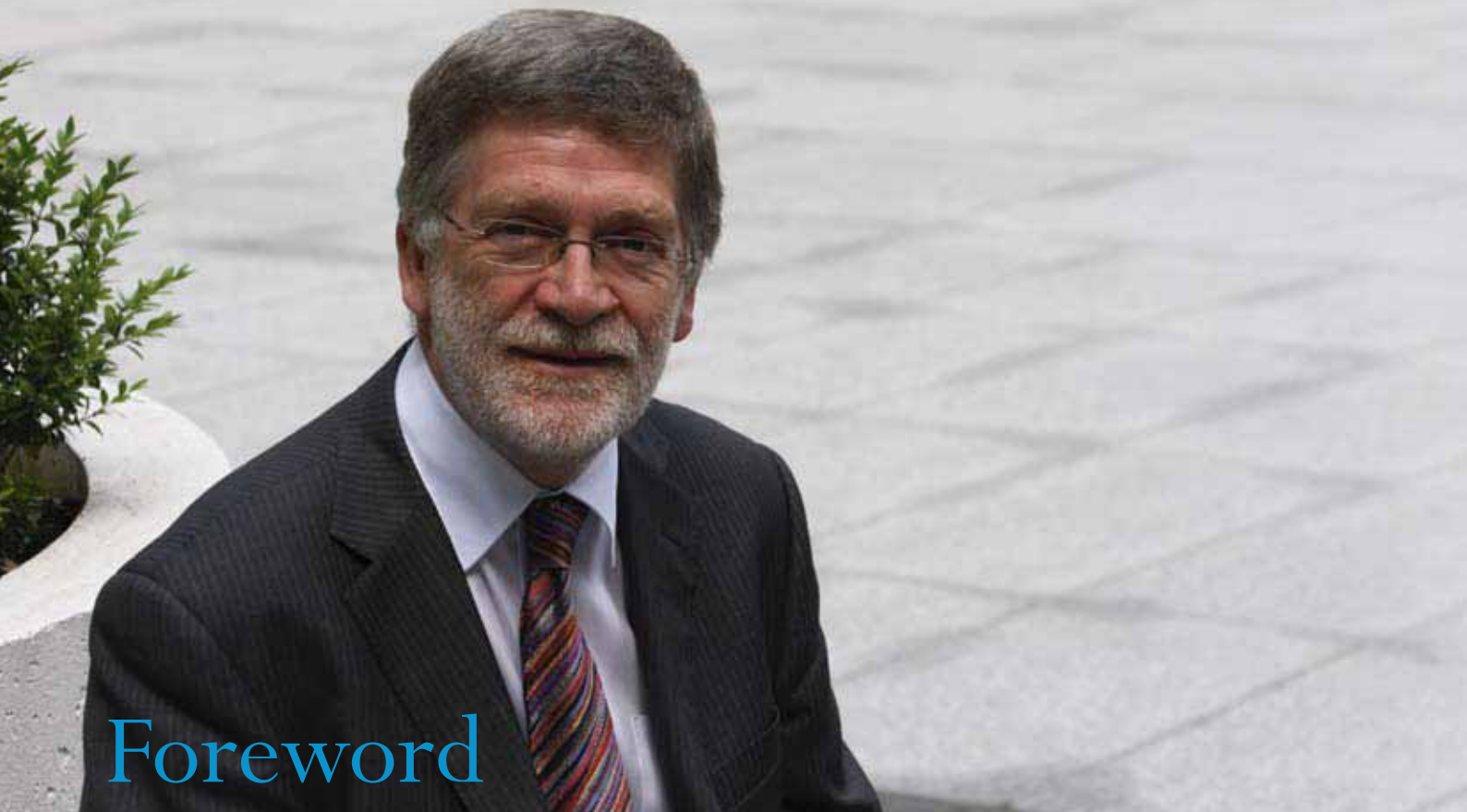
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Foreword

This is the National Offender Management Service's first year as an executive agency of the Ministry of Justice. Our work to punish and reform offenders is difficult and challenging. Although we must never become complacent, this report highlights the best ever performance by prison and probation services. We met 27 of our 28 national targets. This is an impressive achievement, especially as it was delivered with large changes taking place across the organisation and alongside significant operational challenges.

We spelled out our objectives clearly in our new vision and values; to protect the public and reduce reoffending. We have to achieve those objectives on a reduced budget, as we contribute to the Government-wide drive to save money and work smarter.

What's different?

First, we are joining up the way we manage prison and probation systems to further improve the way they work. It makes sense for prison and probation services to work more closely. By increasing collaboration and working in a more integrated and joined-up way we can manage offenders better throughout their sentences, target our efforts where they will do the most good and tackle the root causes of offending. We have also agreed how we work with the Ministry of Justice through the Agency Framework Document.

Second, we streamlined our organisation structure and each of our nine English regions and Wales is now headed by a new Director of Offender Management. They oversee both prison and probation and make sure we deliver the services that offer the most value in their regions.

Third, we launched changes that will impact every part of our operations.

We are increasing our prison capacity to 96,000 places by 2014. We are linking our IT systems to share core offender information across prisons and probation. We are defining our services – specifying outcomes, outputs and costs – so that private, public and other providers can deliver them consistently. And these are just a few examples.

Dealing with the realities

Our performance this year is a tribute to skilled staff who work with some of the most difficult people in our society.

We also faced the same issues that any newly combined organisation faces – restructuring our operations, avoiding duplicating effort and

developing a common vision. We have also worked with the Criminal Justice Group within the Ministry of Justice to develop our overall strategy for managing offenders. In doing all of this, we had to make sure that our organisational changes did not disrupt our vital core work with offenders. Our staff achievements are especially impressive when you consider the number of offenders in the system – about 260,000 across England and Wales.

The prison population was so high early in the year that we had to use police cells to house some offenders. Many prisons also faced disruption from construction as we added prison places and improved facilities.

Probation staff worked with large numbers of offenders and victims. They managed community sentences, offender programmes and relationships with local organisations. By working with the courts, they found alternatives to custody where appropriate.

Building on success

Despite our impressive performance this year, we must continue to improve. Although incidents such as escapes from prison or serious further offences from offenders under community supervision are rare, we must continue to improve the way we manage the very real risks that are an every day part of our business. There are still weaknesses in the performance of some prisons and probation areas which we need to help them to address. We also need to target our interventions even more so we can use our resources where they make the most difference.

We have challenges ahead in protecting the public and helping offenders change their lives. Like other government departments, we also need to operate on less money while doing essential work.

In spite of these challenges, our progress this year gives us cause to look ahead with confidence and optimism. I believe that we have the vision and the people to continue to make a real difference.



Phil Wheatley, CB
Director General

Section one

About the
National Offender
Management
Service



Who we are

The National Offender Management Service (NOMS) was created as an executive agency of the Ministry of Justice in April 2008 with the goal of helping prison and probation services work together to manage offenders throughout their sentences.

How we are structured

The prison and probation organisation is managed regionally, with a Director of Offender Management (DOM) responsible for each English region and Wales, except for High Security prisons which are managed nationally by the NOMS Director of High Security.

DOMs allocate local resources and target them where they matter most. This means:

- buying in the right services from the right providers
- making sure that contracts and performance are managed well
- developing effective partnerships and relationships to deliver public protection and reduce reoffending.

DOMs are accountable through the NOMS Chief Operating Officer to the NOMS Board. The Director General of NOMS is accountable to the Ministry of Justice (MoJ).

The Agency works closely with the Criminal Justice Group (CJG) of the Ministry of Justice to agree the overall approach to managing offenders and on key strategic issues such as commissioning and competition. CJG are also responsible for Law and Sentencing policy which can have a direct impact on the way we deliver our business.

See Annex 4 for a map of our structure in England and Wales.

Our core business

- We manage offenders throughout their custodial and community sentences, dealing with around **260,000** offenders a year.
- We carry out prison sentences in England and Wales.
- There are **135 prisons** (*124 run by the public sector, 11 by private contractors*).
- We manage offenders on community sentences, and provide services to offenders, victims, witnesses and the courts.
- There are **42** probation boards and trusts.
- We help offenders change their lives in order to reduce their chances of reoffending. We met or exceeded **27 of 28** national performance targets.
- The number of reoffences committed fell **11.1%** between 2005 and 2007, and the number of reoffences classified as serious fell by **9.8%** over the same period.
- We deliver offender services directly and in partnership with other organisations – we work with the Youth Justice Board and UK Border Agency as well as organisations in the public, private and the third sector including charities, voluntary organisations and social enterprise.
- We met our **£81 million** efficiency savings target and developed plans to achieve the savings target of **£171 million** for 2009–10.

Section two

Our achievements in 2008–09

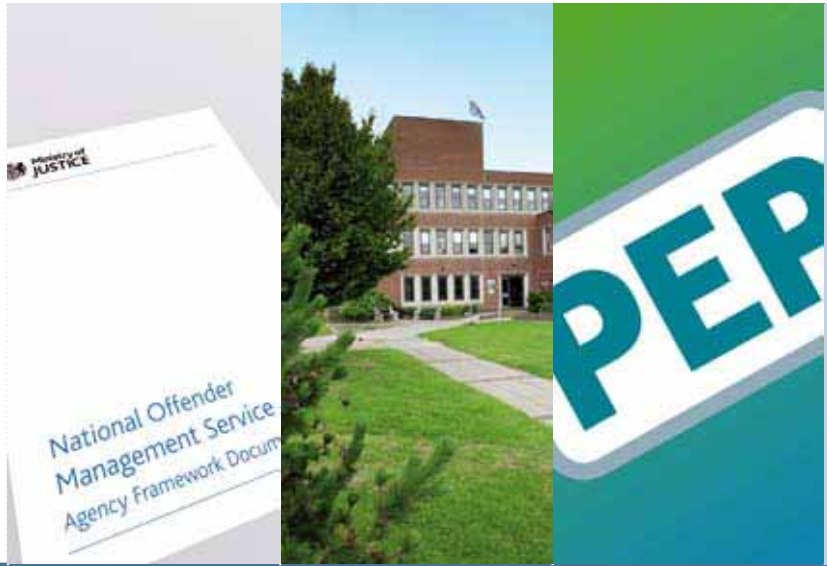


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We have made significant progress in our first year. We successfully brought together the strategic management of prison and probation services and put in place new structures at national and regional levels. Performance across prison and probation has been its best ever, and we met 27 of our 28 national performance targets.

Timeline – The year in view

The new National Offender Management Service is created, bringing the Prison and Probation Services together as one Agency of the Ministry of Justice.



APRIL 2008

JULY

AUGUST

OCTOBER

New trusts

Six new probation trusts were established, operating in England and Wales, to allow probation services more independence to focus on the needs of local communities. The Trust areas are Dyfed Powys, Humberside, Leicestershire and Rutland, Merseyside, South Wales and West Mercia.

The framework

The NOMS Agency Framework Document outlines the Agency's obligations and its freedoms to deliver them.

Director General Phil Wheatley says the document "provides a clear and solid platform on which we can continue to build the new NOMS Agency."

Exceptional work

Five high-performing public sector prisons are cited for their exceptional work in 2007–08:

HMP & YOIs Askham Grange, Castington and Swinfen Hall, and HMPs Sudbury and Wayland. HMP Dorchester is named Most Improved Prison.

Financial challenge

The Ministry of Justice (MoJ) Performance and Efficiency Programme (PEP) outlines how services will be delivered in a challenging financial climate.

Director General Phil Wheatley says: "We must be as lean as possible and focus our resources on making the most positive impact possible on protecting the public and reducing reoffending."



NOVEMBER

Staff satisfaction

The first MoJ-wide staff survey reveals that 75% of NOMS staff are satisfied with the jobs they do – up 5% on 2007. 72% felt they were treated with fairness and respect – up from 51% in 2007.

DECEMBER

Visible payback

NOMS introduces high-visibility Community Payback jackets for unpaid work community sentences.

JANUARY 2009

What we'll save

NOMS announces it will contribute £171 million in savings in 2009–10 towards the £1 billion PEP savings being made across the MoJ.

Meeting trust criteria

Lancashire and Greater Manchester Probation Boards win the right to become Probation Trusts from April 2009. Chief Operating Officer Michael Spurr congratulates them on meeting “the challenging criteria”.

Diversity friendly

HM Prison Service comes 16th among all UK companies in the Stonewall Equality Index for gay, lesbian and bisexual employees, its highest-ever ranking. Avon & Somerset Probation Area comes 18th.

FEBRUARY

Working together

NOMS holds its first annual conference in Birmingham and launches the Agency's Statement of Purpose, Vision and Values.

The plan

NOMS launches the Strategic and Business Plan for 2009–10 to 2010–11, outlining the Agency's aims and objectives for the next two years.

MARCH

New structure

NOMS announces its new structure with nine English regions and Wales, each headed by a Director of Offender Management (DOM).

TV insight

ITV1's series “Holloway” shows life inside Europe's largest women's prison. The show is critically acclaimed and attracts four million viewers.

Justice seen

The MoJ launches “Justice Seen Justice Done,” the department's first ever advertising campaign highlighting the Community Payback scheme.

Establishing NOMS: building capability and setting strategic direction

NOMS was created to join up the way in which prison and probation services work together to deliver end-to-end offender management, as part of a restructured MoJ. We have worked closely with MoJ to agree the overall strategic direction. During the past 12 months, we focused on setting up new structures and building capacity so that we can better co-ordinate and support prison and probation services.

In 2008–09, we took important organisational steps:

- We published the NOMS Agency Framework Document to define the relationship and accountabilities between the Agency and the MoJ.
- We introduced the NOMS Statement of Purpose, Vision and Values and published the first NOMS Strategic and Business Plans, for 2009–10 to 2010–11, setting out our priorities for the next two years.
- We successfully brought together prison and probation headquarters under a new structure and harmonised terms and conditions for staff.
- We integrated operational policy responsibilities across prisons and probation to improve our effectiveness at local level.
- We appointed Directors of Offender Management (DOMs) who are accountable for the local delivery of NOMS objectives in the nine English regions and Wales and agreed a commissioning strategy with CJG to support their work.
- We supported the introduction of the first wave of Probation Trusts and ensured we can build on this success going forward.

Delivering more efficiently

We achieved our £81 million efficiency savings target¹ in 2008–09 and developed plans to deliver the savings target of £171 million for 2009–10.

During the last 12 months, we focused on changes to help us deliver services more efficiently at national, regional and local levels.

- We added some 2,800 prison places, including 2,297 places delivered as part of the Prison Capacity Programme. We are on target to increase prison capacity to 96,000 places by 2014.

- We put systems in place to manage the prison population more effectively, achieving 98% occupancy rates. We also took £40 million from funds that would have been used for police cells and invested it instead in probation to promote improved use of community sentences, where appropriate. And we worked with sentencers and offenders to ensure swift enforcement of sentences to reduce recall to prisons.
- We proposed changes to staff and unions representing prison and probation, including reforming pay structures, grading and working practices. We also developed proposals for streamlining and reducing management costs in prisons.
- We developed and implemented a range of efficiency initiatives in prison and probation to reduce administration and free up resources for essential front line work with offenders.
- We developed and agreed the competition and Best Value strategies for prison and probation.
- We made good progress against the recommendations in Baroness Corston's review² of women in the Criminal Justice System, including developing a new approach to dealing with women offenders in the community backed with an additional £15.6 million over two years.

Engaging our people and partners

We are developing communication systems to engage our staff and partners and help them understand NOMS' role and priorities. We streamlined communications functions and joined up engagement activity across prison and probation services.

In 2008–09, we focused on our people with:

- the first National Conference for staff, partners and stakeholders in February
- the 2008 Staff Engagement Survey, which saw a record response from staff across the Prison Service. 75% of staff were satisfied with the job that they do, an increase of 5% since 2007
- support for 50% of our prisons in achieving Investors in People (IiP) accreditation by March 2009. Plans are in place to extend accreditation in 2009–10.

¹ Efficiency savings are not subject to audit by National Audit Office

² A report by Baroness Jean Corston of a review of women with particular vulnerabilities in the Criminal Justice System March 2007



CASESTUDY
1

Unpaid work in Gateshead

“Community payback is about giving something back. In Gateshead we’ve done 10,000 hours in the last year – just on local authority projects – so the community’s gained massively from it.” Stephanie Boyne, Quality Assurance Manager

Community Payback is transforming the community and offenders through unpaid work. It provides a significant contribution to local community projects and teaches offenders valuable skills for the future.

Dunston Football Club in Gateshead is a community club and provides an ideal project for Community Payback involvement. The ground needed significant improvement to meet football league requirements for promotion. The club lacked the funding to upgrade the facilities. Offenders helped to carry out the improvement work, including filling in around the pitch, painting the stands and providing general maintenance. Local schools and community groups who use the ground have also benefited from the changes – and the ground is now at the level required by the football league.

Other projects include: creating community gardens from disused land, cleaning up parkland and landscaping public areas.

The projects not only improve community facilities, but make sure that offenders ‘pay back’ and make amends to communities that they have harmed.

Section three

Our performance



Summary of results against Key Performance Indicator (KPI) targets

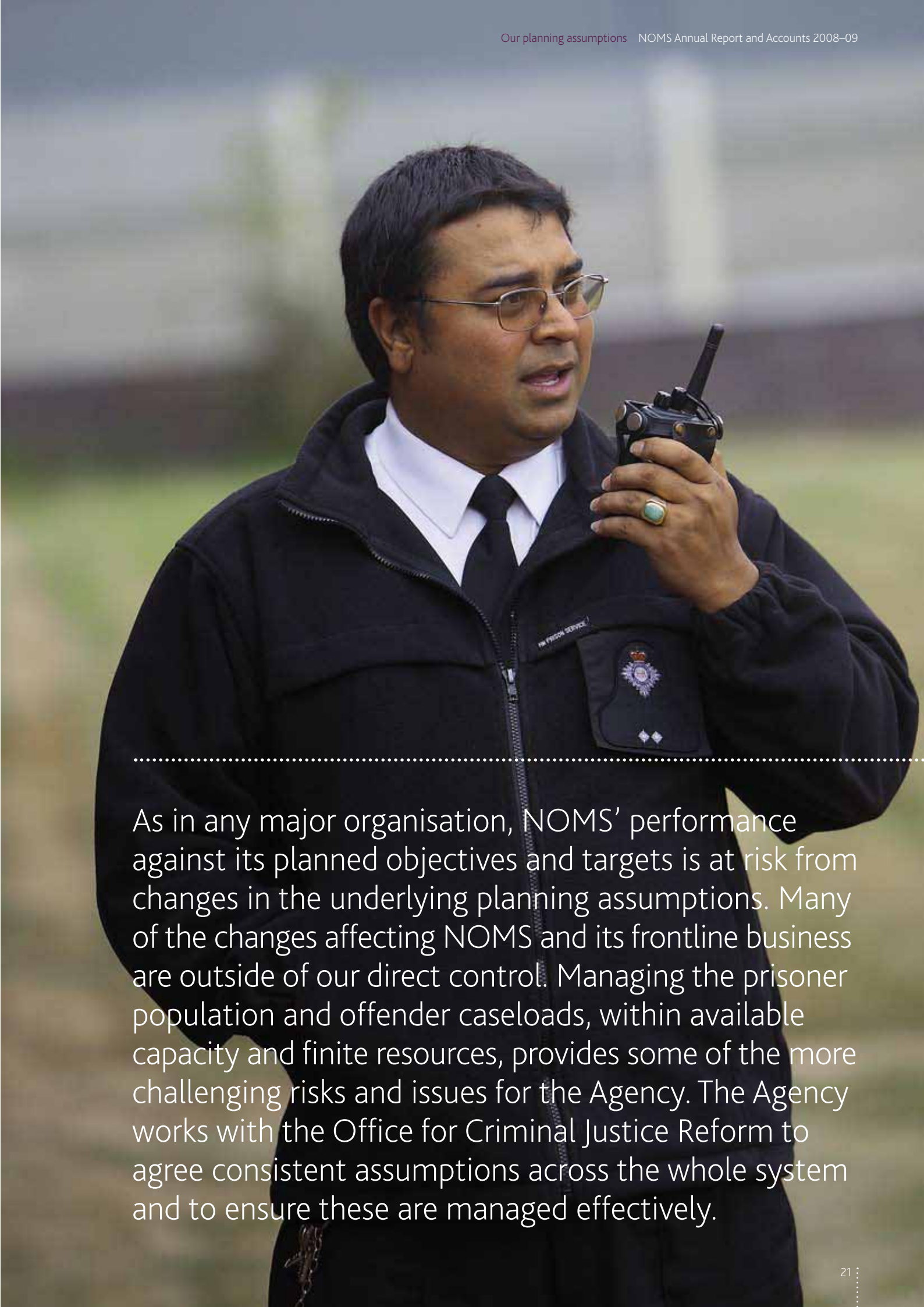
NOMS contributes to a number of cross-government Public Service Agreement Targets. We monitor our progress towards these through a number of KPIs. In 2008–09 we met 27 of our 28 KPI targets.

TARGET MEASURE	TARGET	RESULT
PUBLIC PROTECTION		
<p>Escapes The number of Category A escapes and total escapes expressed as a proportion of the prison population</p>	<ul style="list-style-type: none"> To ensure no escapes of Category A prisoners To ensure that the rate of escapes from all prisons and from prison escorts, expressed as a proportion of the average prison population, is lower than 0.05% To ensure that the rate of escapes from contractor escorts is less than 1:20,000 	<ul style="list-style-type: none"> MET – No Category A escapes MET – The escape rate was 0.01% MET – The rate of escapes from contractor escorts was 1:67,668
OFFENDER MANAGEMENT & INTERVENTIONS		
<p>Offending Behaviour Programme (OBP) Completions The number of offenders completing programmes accredited as effective in reducing reoffending</p>	<ul style="list-style-type: none"> To deliver 19,327 OBP (Living skills) completions in custody and in the community To deliver 2,330 Sex Offender Treatment Programmes (SOTPs) in custody and in the community To deliver 2,397 Domestic Violence Programmes in the community 	<ul style="list-style-type: none"> MET – 21,821 OBP (Living skills) completed MET – 2,481 SOTPs completed MET – 2,927 Domestic Violence programmes completed
<p>OBP Starts The proportion of Accredited Programme starts in the community that meet the relevant programme criteria</p>	<ul style="list-style-type: none"> To ensure that 81% of programme starts in the community meet the relevant programme criteria 	<ul style="list-style-type: none"> MET – 84% of programme starts met the relevant programme criteria
<p>Drug Rehabilitation The number of Drug Programmes completed in custody and the number of Drug Rehabilitation Requirements (DRR) started and completed in the community</p>	<ul style="list-style-type: none"> To ensure that there are 16,272 DRR starts in the community To deliver 12,919 Drug Programme and DRR completions in custody and the community 	<ul style="list-style-type: none"> MET – 17,642 DRR starts in the community MET – 15,434 Drug Programmes and DRR completions in custody and the community
<p>Alcohol Treatment Requirements (ATRs) The number of ATR completions in the community</p>	<ul style="list-style-type: none"> To deliver 1,635 ATR completions in the community 	<ul style="list-style-type: none"> MET – 3,509 ATRs were completed
<p>Mandatory Drug Testing The rate of positive results from random mandatory drug testing</p>	<ul style="list-style-type: none"> To ensure the number of those testing positive in mandatory drug tests (excluding Buprenorphine) as a percentage of the population in 2008–2009 does not exceed 9.3% 	<ul style="list-style-type: none"> MET – The rate of positive tests was 7.7%
<p>Unpaid Work The number of unpaid work completions and the number of unpaid work days lost</p>	<ul style="list-style-type: none"> To deliver 47,347 completions of unpaid work requirements To ensure that the proportion of unpaid work days lost because of stand-downs does not exceed 3.5% 	<ul style="list-style-type: none"> MET – 62,338 completions of unpaid work requirements MET – 1.7% of unpaid work days lost because of stand-downs
<p>Compliance and Enforcement Compliance with and enforcement of community orders and licences</p>	<ul style="list-style-type: none"> To resolve 60% of breaches of community orders within 25 working days of the relevant failure to comply, on a rolling quarter basis To ensure that 90% of licence recall requests reach NOMS Public Protection Casework Unit within 24 hours of the decision by the offender manager 	<ul style="list-style-type: none"> MET – 64% of breaches were resolved within 25 working days on a rolling quarter basis NOT MET – 87% of licence recall requests were made within 24 hours

TARGET MEASURE	TARGET	RESULT
Compliance and Enforcement <i>(continued)</i>	<ul style="list-style-type: none"> To ensure that at least 71% of orders and licences reach the six month stage without requiring breach action To ensure that at least 70% of orders and licences are successfully completed 	<ul style="list-style-type: none"> MET – 75% of orders and licences reached the six month stage without requiring breach action MET – 72% of orders and licences were successfully completed
PATHWAYS TO REDUCE REOFFENDING		
Employment The employment of offenders under supervision, at termination of order or licence, and upon release	<ul style="list-style-type: none"> To ensure that 14,430 offenders under supervision in the community find and sustain employment To ensure that 40% of offenders are in employment at termination of their order or licence To ensure that 26% of prisoners enter employment upon release 	<ul style="list-style-type: none"> MET – 16,982 offenders under supervision in the community found and sustained employment MET – 45% of offenders were in employment at termination of their order or licence MET – 26% of prisoners entered employment upon release
Resettlement: Accommodation The percentage of offenders in settled or suitable accommodation at the end of their order or licence and upon release	<ul style="list-style-type: none"> To ensure that 70% of offenders are in settled and suitable accommodation at the end of their order or licence To ensure that 80% of prisoners move to settled accommodation upon release 	<ul style="list-style-type: none"> MET – 78% of offenders were in settled and suitable accommodation at the end of their order or licence MET – 86% of prisoners moved into settled accommodation upon release
Referrals to Learning and Skills Council (LSC) The number of offenders in the community referred to the Learning and Skills Council	<ul style="list-style-type: none"> To ensure that 48,588 referrals are made to the Learning and Skills Council 	<ul style="list-style-type: none"> MET – 65,814 were referred to the Learning and Skills Council
SAFETY AND DECENCY IN CUSTODY		
Serious Assaults The number of serious assaults on staff, prisoners and others, expressed as a percentage of the average prison population	<ul style="list-style-type: none"> To ensure the number of serious assaults does not exceed 1.9% of the average population 	<ul style="list-style-type: none"> MET – The total rate of serious assaults was 1.74%
Overcrowding The percentage of prisoners held in accommodation units intended for fewer prisoners	<ul style="list-style-type: none"> To ensure the number of prisoners held in accommodation units intended for fewer prisoners does not exceed 26% of the population 	<ul style="list-style-type: none"> MET – The average rate of overcrowding was 25%
CORPORATE		
Staff Sickness (Public Prisons and Probation) The average number of working days lost through sickness absence.	<ul style="list-style-type: none"> To ensure that the average number of staff sickness days lost in 2008/09 does not exceed 11.5 working days per person in public prisons and probation 	<ul style="list-style-type: none"> MET – The average rate of staff sickness was 10.8 per person in Public Prisons MET – The average rate of staff sickness was 11.0 per person in the Probation Service
Race Equality The proportion of ethnic minority staff in Public Prisons	<ul style="list-style-type: none"> To ensure that the number of ethnic minority staff in Public Prisons, expressed as a proportion of the workforce who have declared their ethnicity, is at least 6.3% by April 2009 	<ul style="list-style-type: none"> MET – 6.3% of staff who declared their ethnicity were from minority ethnic groups

Section four

Our planning assumptions

A man in a dark jacket with a crest, holding a radio, standing outdoors. The jacket has a crest on the left chest and the words 'HM PRISON SERVICE' on the right chest. He is wearing glasses and a ring. The background is a blurred outdoor setting.

As in any major organisation, NOMS' performance against its planned objectives and targets is at risk from changes in the underlying planning assumptions. Many of the changes affecting NOMS and its frontline business are outside of our direct control. Managing the prisoner population and offender caseloads, within available capacity and finite resources, provides some of the more challenging risks and issues for the Agency. The Agency works with the Office for Criminal Justice Reform to agree consistent assumptions across the whole system and to ensure these are managed effectively.

Planning Assumptions: Funding

NOMS Resource and Capital Outturn against Final Budgets for 2008–2009

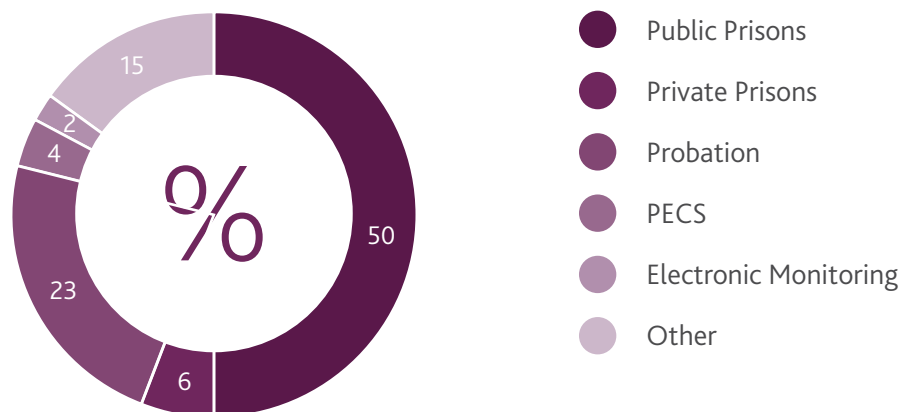
£m	Final Budget 2008–2009	Outturn 2008–2009
	£	£
Resource	4,485.0	4,427.6
Capital	586.5	553.5

The resource outturn is 1.3% (£57.4m) within budget. Capital outturn is 5.6% (£33.0m) below budget.

The capital outturn variance was primarily related to the prison capacity programme and represented a re-phasing of expenditure rather than absolute underspending.

The breakdown shows that the majority of NOMS funding is invested in public and private prisons, probation services and other operational services such as prisoner escort services and electronic monitoring of offenders. Other expenditure includes budgets managed centrally by NOMS but related to services for prison and probation such as major property maintenance and IT, voluntary approved premises, payments to third sector and other government departments. It also includes the cost of operating our Shared Service Centre and the core HQ functions and policy units.

NOMS Near Cash Expenditure 2008–2009 by Main Service Area



The majority of NOMS spend is committed to salary costs and major contracted-out services. Other significant expenditure items include utilities, maintenance, IT, other contracted-out services, prisoner food and clothing.

Within NOMS, 2% of the Agency’s total headcount provides the leadership and management of the Service, operational HR policy, estate management and the central finance function for the Agency.

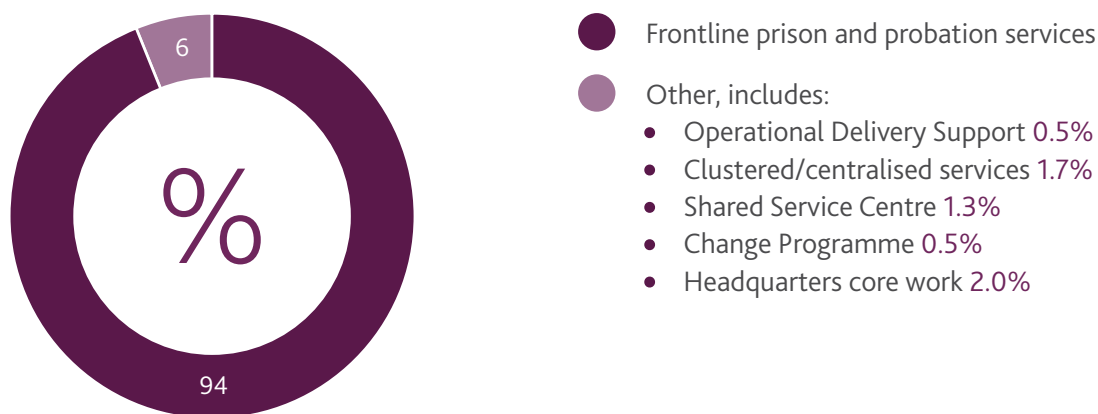
Another 4% of the Agency’s headcount provides shared services to directly support operational delivery. Work is done centrally wherever that provides the most efficient and effective method of delivering a service. These centrally provided shared services include functions such as prison population management and prison officer initial training. A modern Shared Services Centre in Newport, Wales, provides transactional finance, HR and procurement work across NOMS and the Home Office. Major business change programmes, for example, the design and delivery of new IT-enabled offender information systems and the delivery of 20,000 new prison places are also located centrally.

The remaining headcount, 94% of the Agency, are engaged in frontline probation and prison work.

NOMS National and Regional HQ Staff Headcount as at March 2009

	Core HQ work	Operational Delivery Support	Clustered/centralised services ³	Shared Service Centre (SSC) ⁴	Change Programme	Total
Total	1,595	458	1,299	1,035	512	4,899

Breakdown of NOMS Headcount at 31 March 2009

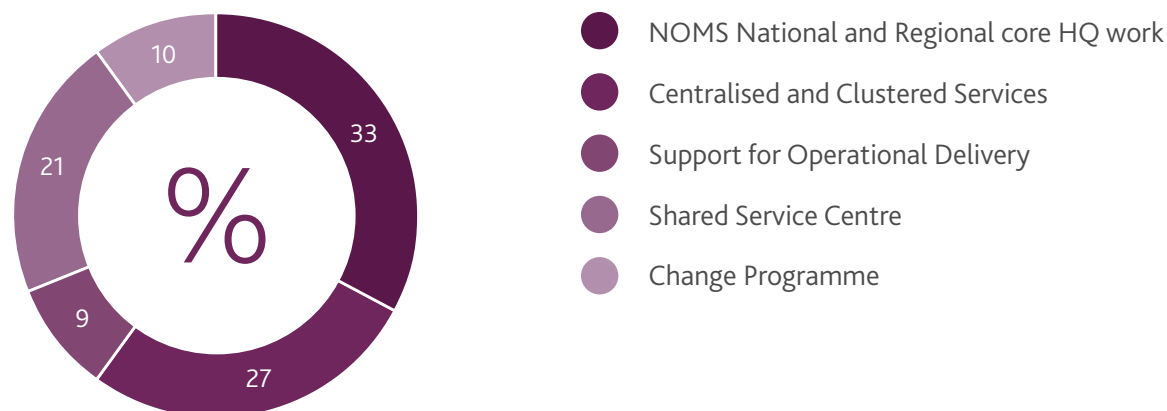


³ Includes around 25 staff managing transport services on behalf of Home Office and the Ministry of Justice

⁴ Includes 180 staff providing shared services to the Home Office

Breakdown of NOMS National and Regional HQ Staff Headcount by Function as at March 2009

NOMS Headquarters at 31 March 2009



Planning Assumptions: Population and Caseload

Probation caseload

Persons supervised by the Probation Service at end of period⁵

	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Males and Females					
All Court Orders	150,179	149,282	147,786	146,680	146,725
All community sentences	111,454	109,166	107,266	106,551	106,714
Community Order	101,858	101,246	100,455	100,362	101,153
Community Rehabilitation Order	3,774	2,806	2,132	1,687	1,447
Community Punishment Order ⁶	3,260	2,852	2,601	2,446	2,231
Community Punishment Order (breach)	572	476	386	366	304
Community Punishment & Rehabilitation Order	2,492	2,146	1,928	1,830	1,739
Drug Treatment & Testing Order	130	104	98	92	84
Children & Young Persons ⁷	41	45	74	67	55
Suspended Sentence Supervision Order	170	124	127	109	89
Money Payment Supervision Order	273	244	215	209	173
Other sentences					
Deferred sentence	111	95	97	105	90
Suspended Sentence Order	42,912	44,253	44,614	44,173	43,977
All pre and post release supervision	94,459	97,082	99,193	99,139	98,477
Pre-release supervision	66,381	67,535	68,407	68,453	66,864
Post-release supervision	28,721	30,270	31,583	31,407	32,220

⁵ Each person is counted only once in the total even if they started several types of supervision in the year

⁶ Includes CPOs for persistent petty offending and CPOs for fine default

⁷ Transfer of responsibility for supervision of offenders aged 16 to 17 to Youth Offending Teams began in 2000

Further information on the probation caseload can be found on the MoJ website at: www.justice.gov.uk/publications/probationquarterly.htm

Prisoner Population

Analysis of the total prisoner population as at 31 March 2009⁸

	Young persons			Adults	
	Total	Male	Female	Male	Female
Total	82,893	11,226	450	67,379	3,838
Untried	8,446	1,509	75	6,395	467
Convicted unsentenced	4,541	860	41	3,421	219
Sentenced	68,162	8,749	330	55,995	3,088
Fine defaulters	119	1	0	111	7
Civil	1,625	107	4	1,457	57
12 months	7,734	1,682	112	5,368	572
12 months to 4 years	23,922	4,532	147	18,073	1,170
4 years plus	36,506	2,535	71	32,554	1,346

Prison population by ethnic group as at 31 March 2009

	All prisons	Public Prisons	Private Prisons
All	82,893	73,935	8,958
White	60,286	53,234	7,052
Asian or British Asian	2,821	2,580	240
Black or Black British	5,965	5,442	524
Chinese or other	12,145	11,209	935
Mixed	1,253	1,142	111
Not stated	164	152	13
Unrecorded	5	5	0
1991 Census codes	255	172	83

⁸ Total prison population includes all public, private and high security estate prisons.

* The following prison establishments are privately run: Altcourse, Ashfield, Bronzefield, Dovegate, Doncaster, Forest Bank, Lowdham Grange, Peterborough, Parc, Rye Hill, The Wolds.

Further information on the prison population can be found on the MoJ website at: www.justice.gov.uk/publications/populationincustody.htm

Section five

Delivering our priorities



NOMS strategic priorities to 2011

We published our first Strategic and Business Plans in February 2009 with clear priorities for NOMS. These priorities were set by the MoJ to support delivery of the government Public Service Agreement (PSA) targets and the MoJ Departmental Strategic Objectives.

Our strategic priorities are grouped under the three main challenges that NOMS faces during the current strategy period and beyond:

1

Aligning supply and demand of correctional services

The Agency currently deals with around 260,000 offenders each year and has managed rapidly increasing demand pressures effectively over recent years. However, overall capacity is stretched, and resources to meet further increases in demand are limited. Delivering a strategic response to managing the demand for offender services is critical to NOMS' success.

2

Improving efficiency and effectiveness

NOMS is making a significant contribution to the MoJ £1 billion cashable efficiency target over the three years to 2011. NOMS plans to achieve savings by reducing administration and overheads, aligning and targeting resources and commissioning offender services more effectively. Specifying services more clearly, using competition and creating Probation Trusts will play key roles in our response to this challenge. But the scale of the savings required will mean significant changes to the way we work at all levels across NOMS.

3

Improving the system

The Government's target for reducing reoffending was set out in the Make Communities Safer Public Service Agreement.

The target is to:

- reduce the number of proven offences committed by young and adult reoffenders by 10% between 2005 and 2011
- prevent an increase in the number of proven serious reoffences committed by both young and adult offenders.

We are joining up prison and probation activities and working with partners to align services at a national, regional and local level. This teamwork is critical to our ability to reduce reoffending. We must work ever more closely with partners to target our resources and find consistent ways to tackle the complex problems that offenders face. This will ensure that we can deliver justice to victims and the public while reducing crime and reoffending in local communities.

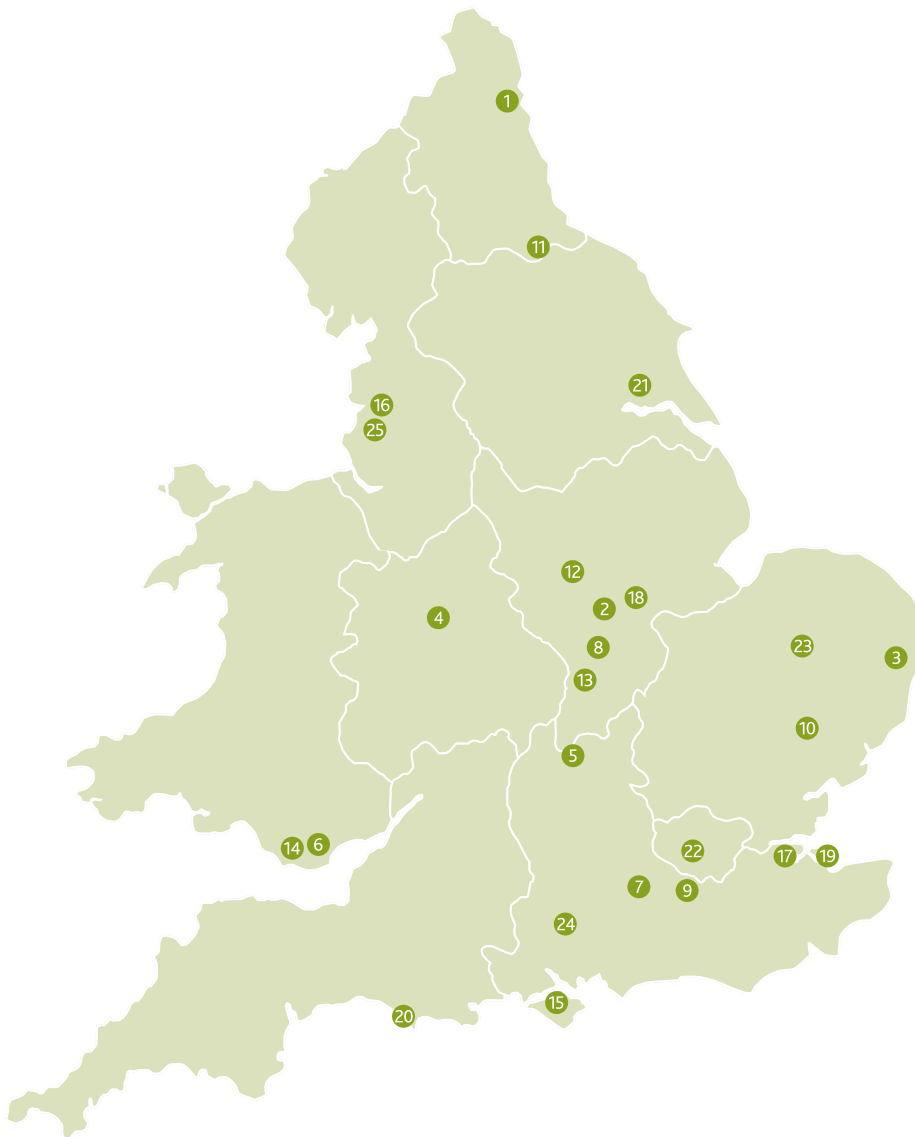
Aligning supply and demand of correctional services

Prison capacity

Our aim is to run safe and secure prisons, where offenders are treated with decency and respect. NOMS has responded effectively to pressures from increases in the prison population. We manage prisoners and capacity carefully, and implement key measures designed to help manage demand. One sign of our success over the past year is that we had less need to rely on costly contingency plans. In particular, we have not turned to Operation Safeguard – the use of police cells in the absence of available prison accommodation – since September 2008, and we have not used court cells since February 2008.

The Prison Capacity programme will increase prison places to 96,000 by 2014 through new prisons, expanding existing prisons and using the estate more effectively. The programme has delivered around 4,800 new places since April 2007.

As part of this programme, we delivered 2,297 places in 2008–09 at the establishments shown in the table below. This resulted in a useable operational capacity⁹ of 85,000 places by April 2009.



Prison	Places	Date delivered
1 Acklington (Northumberland)	64	May 2008
2 Ashwell (Leicestershire)	64	September 2008
3 Blundeston (Suffolk)	60	April 2008
4 Brinsford (Staffordshire)	72	May 2008
5 Bullingdon (Oxfordshire)	120	June 2008
	60	December 2008
6 Cardiff (South Wales)*	32	November 2008
7 Coldingley (Surrey)	132	October 2008
8 Gartree (Leicestershire)*	18	November 2008
9 Highdown (Surrey)	180	April 2008
10 Highpoint (Suffolk)	64	November 2008
	64	February 2009
11 Kirkclevington Grange (Cleveland)	60	May 2008
12 Lowdham Grange (Nottinghamshire)*	10	August 2008
13 Onley (Warwickshire)	70	March 2009
14 Parc (South Wales)*	30	May 2008
15 Parkhurst (Isle of Wight)	39	December 2008
16 Preston (Lancashire)	92	August 2008
17 Rochester (Kent)	300	September 2008
	7	December 2008
	16	February 2009
	12	March 2009
18 Stocken (Leicestershire)*	10	January 2009
19 Swaleside (Kent)	180	January 2009
20 The Verne (Dorset)*	12	February 2009
21 The Wolds (Yorkshire)*	15	September 2008
22 Wandsworth (London)	169	May 2008
23 Wayland (Norfolk)	120	June 2008
24 Winchester (Hampshire)	119	November 2008
	36	November 2008
25 Wymott (Lancashire)	70	September 2008

* Places delivered through more effective use of the estate

⁹ Useable operational capacity is the best estimate of the total number of prisoners that the estate can readily hold, taking into account control, security and the proper operation of regimes including single cell risk assessments. It allows for the fact that prisoners are managed separately by sex, risk category and conviction status, and that the population will not exactly match the distribution of places available across the country. Useable operational capacity is currently set at 2,000 places (the 'operating margin') below the overall capacity of the prison estate.

The Prison Capacity Programme is on track to deliver almost 12,500 additional prison places by 2012. This figure includes almost 4,800 places in seven completely new prisons. In addition, the Justice Secretary recently announced that NOMS is working to secure sites for two 1,500-place prisons – at Beam Park West, in the London Borough of Barking and Dagenham, and at Runwell, in the Borough of Chelmsford in Essex. Full details are set out in the Government’s response to the Titans Consultation, published 27 April 2009.

Probation capacity

In recent years, there has been significant investment in the Probation Service to make sure that we have the capacity to support the delivery of end-to-end offender management. In April 2008, the Justice Secretary announced an additional £40 million investment in the activities of the Probation Service for 2008–09. This funding was specifically targeted to improve:

- the use of community orders rather than short prison sentences when the sentencing court finds it appropriate
- offender compliance with community orders and licences, reducing the need for breach and recall action.

We developed a national plan to manage this additional funding including by:

- increasing probation staff in courts
- working more closely with sentencers
- making sure offenders comply with community orders and licences
- reviewing National Standards and targets for Home Detention Curfews and Parole Reports.

We know that a strong probation presence in court is effective in promoting appropriate community penalties. That’s why probation areas spent a large proportion of their additional funding to:

- provide a greater presence in court, either by restructuring court teams or putting additional staff into courts
- open up and maintain good, regular dialogue between probation staff, sentencers and other partner agencies.

Probation areas also used additional funding on community-based interventions aimed at reducing reoffending and ensuring greater compliance. This enabled us to deliver more programmes to target offending behaviour, domestic violence and basic skills for offenders and increase the level of unpaid work completions.

Probation led other effective initiatives, including:

- launching seven Intensive Alternative to Custody projects. These projects encourage options other than custody by enhancing the supervision that offenders receive during community sentences. The projects use current legislation to maximise the use of the community order in cases where the court may be considering custody, but where the Probation Service believes a community sentence may be more effective in reducing reoffending. Since March 2008, we have delivered 255 intensive ‘alternative to custody’ starts (93% of the agreed target), retaining a stable 87% of offenders on the orders over the last three months.

- introducing six Integrated Offender Management 'pioneer areas', jointly with the Home Office. These areas test innovative partnership approaches to addressing the most troublesome offenders in local areas. The pioneer areas bring together probation, police, prisons, local authorities and other partners. One example of this teamwork comes from West Yorkshire. The Probation Service, HMP Leeds, Leeds City Council and West Yorkshire Police are working together, using community resources to provide interventions and support for offenders who would not otherwise be supervised. The pilots will be evaluated in 2009–10.

In other probation activities:

- more than 3,000 offenders entered the Bail Accommodation Support Scheme
- the number of offenders who are tagged on bail (adult and young people) increased from fewer than 2,000 at the end of 2007 to more than 4,000 in February 2009.



Improving efficiency and effectiveness

Delivering cash savings

NOMS achieved its challenging savings target of £81 million in 2008–09 through a combination of earlier projects and some new initiatives:

- We introduced ‘a standardised core day’ in all adult prisons, saving £17 million by protecting essential activities and bringing greater consistency and predictability into the regime for prisoners.
- We clustered common services for adjacent prisons, which saved £2 million. For example, the three establishments on the Hewell Grange estate at Redditch (HMPs Blakenhurst, Brockhill and Hewell Grange) combined to operate as HMP Hewell.
- We increased our use of the Shared Service Centre in Newport. The centre saves more than £30 million a year by transforming the way we manage transactions and back office work in prisons.

Alongside the centrally driven efficiency initiatives, staff locally found ways to save money and operate more efficiently. We will continue to reduce overheads by streamlining our operating structure, while protecting what is most important – frontline work with offenders. We will simplify processes, reduce duplication and make sure that our skilled staff at the frontline, both in probation and prisons, can focus on priority work.

Delivering effective and efficient services

To become more efficient and effective, NOMS will use new commissioning approaches to invest in the services that have the greatest impact on public protection and reducing reoffending. We will use the system to commission services from a variety of providers – public, private and ‘third sector’ (charity, volunteer and non-profit). We will stop investing in services that do not provide value for money.

Commissioning is designed to deliver better outcomes for the community, by supporting victims and helping offenders reform. It gives local areas greater flexibility to work with partners from all sectors to achieve the objectives of punishment and reform, in the most efficient and cost effective way.

This year, the regions and Wales have taken on greater accountability for commissioning. The Director of Offender Management (DOM) for a region can allocate budgets to the offender services that will achieve their local performance targets. These local targets are set within a national framework of service standards. NOMS will delegate maximum authority for commissioning to local level for efficient and effective delivery.

In April 2008 we established the first wave of six Probation Trusts to allow probation services more independence to focus on the needs of local communities. The demanding application and assessment process means that Probation Boards only achieve Trust status when they demonstrate that:

- they can deliver to the highest levels of operational performance
- their delivery structures are effective at the local level
- they made the most of opportunities to achieve efficiencies.

In April 2009 Greater Manchester and Lancashire achieved Trust status. Other Probation Boards are following a scheduled programme of assessment and transition for 2009–10. All probation boards that meet the required standard will become Probation Trusts by April 2010.

We have also agreed to use more competition in offender services to improve service and to drive greater efficiency and innovation.

Through the competition strategy, NOMS will:

- invite bids from private and third sector providers to run prisons that we will build over the next three years
- open competition for (public, private and third sectors) the management of previously competed prisons to the open market when existing contracts or Service Levels Agreements expire
- market test high cost and/or poorly performing public sector prisons
- conduct Best Value reviews in probation areas to find the best possible providers for essential services.

In 2008–09 we reviewed the services we provide:

- We created the Specification, Benchmarking and Costing programme to define the offender services that NOMS delivers, with specific outcomes, outputs and costs. With these specifications, any potential provider can clearly understand expected service and costs. NOMS will use these specifications to drive service improvement and value for money.

- We continued to implement the recommendations in the Corston Report, which has had a significant impact on custodial service provision for women offenders. In February 2009, the Government announced £15.6 million of new funding over two years to divert women from custody and deliver the government's commitment to ensure vulnerable women who are not a danger to the public are dealt with appropriately in the community. The funding is to build capacity of one-stop-shop services at women's centres and to develop the services provided by third sector providers to support women already in the system or those at risk of coming into contact with the CJS. During 2008–09 we also implemented the following to further the Corston recommendations:

- Reviewed women's prisons and published a new Prison Service Order (4800) on Women Prisoners to outline a set of gender specific standards covering all areas of regime provision.
- Introduced a Women Awareness Staff Programme (WASP) to raise awareness of as many aspects of working with women prisoners as possible.
- Implemented new full search arrangements aimed at reducing the frequency of full searches through a more intelligence-led approach.
- We published research on the reliability and validity of OASys (the IT-based system for assessing offenders). The assessment helped develop two new and improved predictors for violent and general offending, which helps us target our resources more effectively.

In our high security prisons, we made some important changes:

- To address the risks associated with violent extremist offenders, we improved intelligence-gathering processes, training and awareness for staff. We also provided additional support for chaplaincy teams.
- We developed additional systems, including a Managing Challenging Behaviour Strategy and dedicated training for staff working with prisoners on discrete units.
- We continued to develop physical and technical security systems. We upgraded Category A perimeter security upgrades and enhanced helicopter defences to minimise the risk of an air-assisted escape. We also plan to install mobile phone blockers.

Fairness in service delivery

NOMS is committed to ensuring fairness in service delivery:

- During the last year, we conducted and published a major review of the Prison Service's progress on race issues. We devised a programme to build on the lessons we learned on dealing with all equalities issues in probation areas and prisons, as published in our Single Equality Scheme (SES).
- The five-year period of the joint action plan agreed between the Prison Service and the Commission for Racial Equality (CRE) ended in December 2008. To mark the end of the period, a review was commissioned. This review included significant input from a range of external stakeholders. An Independent Advisory Group oversaw the work to assess progress.
- The Review concludes that the actions over the last five years generated substantial improvements, largely eradicating the most blatant forms of racism. The response to the report has been very positive – the Equality and Human Rights Commission (EHRC) commended the process and lifted the threat of legal action.

- We are building on the lessons learned and progress identified in the Review. We launched the NOMS Single Equality Scheme 23 March 2009. The scheme sets out an ambitious programme to ensure comprehensive and effective coverage of all equality issues in probation and prisons.

Engaging the private and third sectors in delivery

NOMS operates in line with an agreed strategy for commissioning services, which reflects the commitments set out in 'Working with the third sector to reduce reoffending.' The goal is to harness the potential of the third sector (charities, volunteer, and non-profit organisations), alongside the public and private sectors, to deliver services for offenders.

A new Reducing Reoffending Third Sector Advisory Group has been set up to support greater engagement of the third sector. The group will look at the third sector perspective on reducing reoffending, and how future issues, priorities and policies may impact the sector. The group will also advise and oversee progress on the implementation of 'Working with the third sector to reduce reoffending 2008–2011'. Sarah Payne (Chief Executive of YWCA England and Wales) will chair the group and serve as a resource to both MoJ and NOMS.

NOMS Chaplaincy delivered a conference in the autumn in partnership with CLINKS – a membership body that supports the work that voluntary organisations do within the Criminal Justice System in England and Wales. The conference highlighted the wide range of services that the third sector provides and opportunities for the faith-based sector. More than 150 delegates attended from the faith-based voluntary and community sectors working with offenders.

Delivering workforce changes

We need to change workforce structures and working practices to deliver further efficiencies across NOMS. In probation, we use Probation Service Officers (PSOs) to make sure that more highly skilled probation officers work with higher risk cases. We will continue to invest in the development of PSOs and future probation officers. NOMS is developing proposals for consultation in 2009–10 to encourage a better balance in training and qualifications for probation practitioners.

For public sector prisons, the Justice Secretary announced in May 2008 that he was willing to invest an additional £50 million in pay in 2009–10. The investment was linked to an agreement with trades unions on plans to modernise pay, grading and working practices.

After discussions with the Prison Officer's Association (POA) and Prison Governor's Association (PGA) unions in autumn 2008, we developed proposals for a three-year pay deal linked to necessary – but limited – reforms. Despite extensive negotiations and an ACAS-led conciliation, agreement could not be reached. In April 2009, NOMS formally withdrew the three-year pay offer.

For staff directly employed by NOMS, 2009 pay will now be either:

- based on recommendations from the Prison Service Pay Review Body – expected to report in July, or
- determined by normal collective bargaining with other trades unions.

Proposals have also been published to introduce new grades for new uniformed staff in public sector prisons in order to improve value for money and workforce flexibility. We are also working on new proposals to reduce layers of management and management costs in public prisons.

Improving the system

We have already taken significant steps to join up the strategic management of prison and probation services by creating the Agency. However, to achieve our targets to reduce reoffending, we also need to align our efforts with partners at national, regional and local levels.

The appointment of the Directors of Offender Management (DOMs) at regional level will help us harness the potential of other public, private and third sector organisations. At a national level, we also need to align our strategy and resources with other key government departments to make sure we deliver PSA targets.

Our work to punish and reform offenders is challenging and difficult. We deal with some of the most difficult and vulnerable people in society to help them live useful lives after release from their sentence. Our staff must manage the very real risks that are an every day part of their work. Despite improving performance we do not always get it right and we must continue to drive for further improvement in the way the offender management system works and make sure resources are targeted effectively at risk.

We are making good progress on our 'reducing reoffending' target. The number of reoffences committed fell 11.1% between 2005 and 2007, and the number of reoffences classified as serious fell by 9.8% (from 0.85 serious offences per 100 offenders to 0.77 over the same period).

Delivery of end-to-end offender management

The new NOMS organisation gives us greater opportunities to provide end-to-end offender management across an offender’s entire sentence and to connect the services delivered in prison and probation. This means that we can build on the services delivered in prison once the offender is released.

As part of our new approach in 2008–09:

- We consolidated the Offender Management (OM) rollout for around 20,000 offenders in custody.
- We created a model ‘compact’ for offenders in custody and the community to establish a balance between an offender’s behaviour and responsibilities. The ‘compact’ provides incentives for offenders to take the opportunities to reform we offer, and penalties for those who do not. We are conducting trials for the approach in three prisons and two probation areas.
- We provided clearer accountability for Multi-Agency Public Protection Arrangements (MAPPAs) performance through the new regional structure. We emphasised the need for effective communication between prison and community MAPP operations.
- We developed a prototype IT system to share core offender information between prison and probation case management systems. This allows us to make progress while we implement Prison-NOMIS and the new Probation Case Management System.

We have also been working with the MoJ’s Criminal Justice Group to ‘segment’ our offender base. This will help us analyse offenders based on their characteristics – including age, gender, prolificacy, nature of crime and likelihood of reoffending. With this information, we can develop a better understanding of how to target resources where they will have the greatest impact during custody or in the community.

Safer custody

During 2008–09, there were 62 self-inflicted deaths in custody. Although any death in custody is a tragedy, this is the lowest number since 1996. We are committed to learning from each one so that our procedures continue to improve and future deaths are prevented. At any one time, prison staff provide care and support for up to 1,500 prisoners who are seen to be at risk of suicide or self-harm.

The rate of violence in prisons, as measured by the Serious Assault KPI has remained fairly constant throughout the year. More generally, there has been an increase in prisoner-on-prisoner violence and a further, welcome reduction in violence against staff. It is vital for all who work and live in our prisons that levels of violence are reduced.

Safer Custody remains a high priority for NOMS. We are the lead organisation in the delivery of the Ministerial Council on Deaths in Custody (MCDC). This is a three-tier body, with close Ministerial oversight, whose focus is on cross-government learning from all deaths in state custody. The MCDC became operational in April 2009.

Aligning resources across Government

We need to reach out to a wider range of partners across Government to tackle the range of issues that offenders face.

To reduce reoffending and protect the public, we need to challenge and support offenders through programmes and services to address:

- the high level of drug and alcohol misuse
- improving basic skills
- the ability to find and retain suitable employment and tackle debt
- improving mental and general health
- finding and keeping appropriate accommodation
- a history of offending that may go back generations (we work with children and families of offenders to break the cycle. We also collaborate with the youth justice system and children's services to target young people who offend and those at risk of offending).

Without access to supporting services, we could not sustain our efforts to reform offenders. That's why we have an ongoing programme to engage partners across government at a national level. This work is led at a ministerial level by the Reducing Reoffending Inter Ministerial Group and at a senior official level by the National Reducing Reoffending Programme Board.

Here are some of the ways we worked with partners at a national level in 2008–09:

- We conducted a review of the accommodation needs of offenders, working with the Department of Communities and Local Government (CLG), including interviews with local staff and ex-offenders.

- We developed a joint action plan to support local partnership between Probation and Local Authorities working through the Government Office Network for 2009–10 and 2010–11.
- We provided enhanced prison clinical drug treatment through an additional 38 prison/ Primary Care Trust partnerships, working jointly with the NHS. By the end of December 2008, all 53 first and second wave Integrated Drug Treatment System (IDTS) prisons had key clinical services in place. All 29 of the fully funded sites were also running a full psychosocial service.
- We supported the delivery of Lord Bradley's review on mental health. The review was published with the Government response on 30 April 2009. All recommendations taken forward will be incorporated in the Government's wider strategy for health and social care for offenders. This is due to be published in November 2009.
- We worked with private industry to develop job and training opportunities. We now have a Travis Perkins workshop at HMP Stocken, the Timpson's Academy at HMP Liverpool, and some 500 prisoners have jobs with DHL in prisoner retail.
- We support Prison Industries that produced goods and services worth £30 million in sales for the internal prison market (with external sales of £6.9 million). We were able to do this with a raw materials budget that has not increased since 2003–04.

For offenders under the age of 18, we worked with the Youth Justice Board (YJB) to:

- negotiate service level agreements (SLAs) for 2009–10 to commission the best value services for young people with SLAs that are realistic, achievable and affordable and meet the requirements of the YJB

- align adult and youth reoffending reduction plans
- develop the young people’s estate facilities to meet the Commissioner’s Secure Estate Strategy
- review accommodation in the North West – as a result, Hindley became a site only for young people so we could focus on delivering an age appropriate regime
- improve facilities at Werrington and Warren Hill as part of the YJB secure estate strategy, and change Cookham Wood from a facility for women to one for young people
- review the use of ‘restricted status’ for young people, so that those who require the higher end of security can be located in Category A establishments
- make arrangements to implement the recommendations from the Government’s response to the Independent Review of the Use of Restraint in Juvenile Secure Settings.

Driving local partnership activity

Regional (and Wales) Reducing Reoffending Delivery Plans are a key tool in supporting local reoffending outcomes. YJB Regional Managers and Directors of Offender Management (DOMs) are directly responsible for meeting the reoffending target in their regions. They work regionally and locally with a wide range of partners and stakeholders in the public, private and third sectors.

Local partnerships are vital to turn national and regional partnership commitments into the delivery of local outcomes.

We supported partnership arrangements in 2008–09 in many ways:

- We harnessed the opportunities created by the 2009 Police and Crime Reduction Bill. Proposals include extending the statutory duty of Crime and Disorder Reduction Partnerships (Community Safety Partnerships in Wales). The statutory duty would then include reducing reoffending and making probation a responsible authority rather than a co-operating body with effect from April 2009.
- We worked with the MoJ Criminal Justice Group and the tri-lateral Office of Criminal Justice Reform, which oversees the work of the Local Criminal Justice Boards (LCJBs). Our goal was to further promote the work they can do to tackle both the volume and seriousness of reoffending.
- We promoted the use of Local Area Agreement (LAA) indicators, which support our work to reduce reoffending. National Indicator 18 (Adult reoffending rates for those under probation supervision) has been chosen as an improvement target in 25 LAAs nationally for 2009–11.
- Local Reducing Reoffending Rates at Probation and Local Authority level were published for the first time in February and are available on the Ministry of Justice website. This information will help local areas track and measure their performance against other areas.



CASESTUDY
2

Managing debt – HMP Holme House

“The Citizen’s Advice Bureau is one of a number of agencies that come into prison to help the prisoners. We try to remove as many possible obstacles for the prisoners so that when they are released, they have more chance of a successful return into the community.” Andrew Moore, Prison Officer

The Citizens Advice Bureau (CAB) works closely with prisoners and their families to cope with the practical strains of prison, such as managing their debts.

Prison advice and development workers at HMP Holme House work with family members by phone or in person at the visit centre. They help people cope with reduced incomes and debt issues while their partners are in custody. They also work directly with prisoners, particularly those nearing the end of their sentences, so they can make appropriate referrals to partners in the community to tackle debt and financial problems on release.

In-house services also provide advice and support to prisoners on how to manage outstanding debts and understand basic financial and budgeting skills. This aims to make sure that offenders do not fall into the same patterns on release – it gives them the skills to make different choices. Tackling debt issues early on and supporting family members in finding help also have a positive impact on stress levels and wellbeing – not only for the offender, but most importantly for their families.

Section six

Our people



NOMS is a commissioning agency. Probation Boards and Trusts and private prisons are employers in their own right, with the responsibilities that this entails. However, NOMS is also a major employer in public sector prisons and at our national headquarters. Our aim is to support staff through effective leadership and management, to provide clear roles and accountabilities and offer a wide range of learning and development opportunities to support their career development.

The right people and policies

We have made significant progress in recruiting the right number of people to do the jobs needed across NOMS. New recruitment processes make it far simpler and quicker to recruit staff. For example, prison officer recruitment now takes 88 days from application to job offer, compared with 273 days under the old system. This allowed us to select around 2,000 new prison officers in 2008–09, effectively closing our recruitment gap.

Since the Agency was created, we also simplified a number of HR policies and processes for directly employed staff including attendance management and the staff grievance policy. We introduced a revised Public Interest Transfer policy which provides greater financial protection to NOMS when we transfer staff for operational reasons at public expense.

Valuing diversity

Our values include our drive to 'incorporate equality and diversity into all we do' and we strive to be an employer of choice to all parts of the community.

We had some important achievements in 2008–09.

- We launched a new diversity package, 'Challenge it, Change it,' in November 2008 to encourage staff to challenge unacceptable behaviour. More than 750 staff members are rolling this out and have been trained to deliver the package.
- We organised our first residential national conference for more than 400 chaplains of all faiths. The event celebrated the diversity of chaplaincy and their willingness to work together to achieve common aims. Multi-faith chaplaincy teams provide religious and pastoral care to prisoners and staff and encourage effective interfaith activity. This can influence faith communities and others outside of prison, as well as impact positively on staff and prisoners.
- We published our first Annual Diversity Review, which demonstrates our commitment to monitoring and assessing the impact of our policies across all groups, and not just those for which we currently have a legal duty.

Employee engagement

Our People Strategy helps us to listen to staff and act on their feedback. Our 2008 staff engagement survey responses were up 18% on the previous year, with 67% of staff responding. 75% of staff said they were satisfied with the jobs that they do, an increase of 5% on 2007. Our Employee Engagement Index was equal to the MoJ benchmark, with 71% of our staff saying that they intended to be working for the MoJ in 12 months' time.

Our People Strategy is helping us engage and involve staff. This is reflected in the increasing number of prisons that have been able to achieve Investors in People (IIP) accreditation. By the end of the year, 55% of prisons had received accreditation with a target to increase this to 75% this year. NOMS headquarters also achieved IIP recognition in November 2008.

Over the coming year, we will look at ways to develop our engagement work with probation staff.

Developing our people

Staff at all levels of NOMS have new opportunities to gain qualifications and develop their professional skills.

Here are some examples:

- We made a major investment of £4.2 million in 2008 to provide additional Probation Service Officer (PSO) skills training. This investment in level 3 NVQs is part of preparing for the transition to the new modular probation qualification framework. We extended level 3 Custodial Care NVQ (CCNVQ) to all existing prison officers, on a voluntary basis. This programme builds skills and can keep prison staff motivated. At the end of March 2009, 2,745 new officers and 30 existing officers were registered for the level 3 CCNVQ. We have also offered a non-mandatory level 2 CCNVQ programme to Operational Support Grades since September 2008 and 760 officers are currently undertaking the level 2 qualification.

- Demand for the Trainee Probation Officer (TPO) Recruitment Programme continues to be high. There were 10,756 applications for the 305 TPOs who were recruited nationally. Of the 305 selected, 62 successful applicants are from Black and Minority Ethnic (BME) groups; 51 have declared disabilities and 147 applicants are male.
- We continue to invest in new NVQs for prison staff, including requiring all new prison officers to achieve NVQ level 3 in custodial care as part of their probation.

Communications and employee involvement

We attach great importance to communicating clearly, honestly and openly with our staff and the organisations we work with.

During the year, a project was started to restructure, streamline and improve the NOMS communications function. The project will help provide better communications for staff and our stakeholders.

There have been a number of communications landmarks during the first year of the Agency. The first Annual Conference took place in February 2009 with the theme 'Building Confidence'. Prison and probation staff and external stakeholders discussed how to increase partnership working and establish best practice.

A replacement intranet was launched across all prisons and NOMS Headquarters and over 300 local publishers were trained. The new system is much more efficient and lets staff access the information they need to do their jobs.

Meanwhile, the Probation Service intranet, EPIC, continued to be a useful tool for sharing information for staff based across England and Wales.

Prison Service News magazine gave staff in publicly and privately run prisons information on key developments and the chance to put questions directly to the Director General.

Externally, the Voice of the Stakeholder programme obtained detailed information about how key stakeholders see NOMS, and aspects of its performance, including its external communications. The results are shaping the redesign of the NOMS internal and stakeholder communications functions.

The Justice Seen Justice Done project – a partnership between the Home Office, Ministry of Justice and probation – let thousands of people across the country decide what work offenders in Community Payback should do in their district.

In the Judge for Yourself online game, players put themselves into the shoes of an offender manager preparing a pre-sentence report for the court and deciding how they should be punished. The award-winning game has helped support community engagement.

The Prison Service internet site continued its success with visitors to the site increasing by 16% compared to 2007–08. Our recruitment pages maintained their popularity with the number of individuals signed up to our email job alerts reaching 110,000.

Employee relations

We are committed to building effective working relationships. We hold regular meetings with all trades unions operating across NOMS. In 2008, we worked especially hard to build new relationships with probation trades unions.

We held the first Joint National Meeting in February 2009. The meeting brought together all recognised trades unions across NOMS to discuss the strategic issues and the NOMS corporate plan with the NOMS Management Board.

We manage employee relations within the Probation Service in accordance with the arrangements agreed with the National Negotiating Council. For prisons, we manage industrial relations through the Whitley process.

During 2008–09, discussions with prison trade unions were dominated by the negotiations on reform to prison management, grading and pay practices. Regrettably, these efforts did not result in an agreement. However, during the year, we did reach agreement with the POA to trial a new local dispute procedure and the introduction of 'Payment Plus' – a new policy for paid additional working hours.

Governance and risk management

The NOMS Management Board drives a well-established risk management process, reviewing key risks to the Agency on a quarterly basis, or more often where necessary. The Board has only partial control over some key risks. They escalate risk to the corporate MoJ risk register, if Board members agree that they can do little more to reduce the likelihood of the risk.

In 2008–09 the NOMS Management Board included: the Director General, eight Executive Directors and three non-executive Directors. Also supporting the Board are a Race Equality Advisor, a Legal Advisor, a Media Relations Advisor and a Communications Advisor.

The Board meets weekly to discuss day to day management and operational issues. Non-executive Directors attend monthly meetings to discuss key performance and financial information and risk management

Following well-publicised data loss incidents within NOMS and elsewhere across government, we undertook an energetic Information Assurance programme. The programme covers information held on paper as well as electronic data. We received recognition for the success of this initiative: ISO27001 Stage 1 certification by the British Standards Institute. NOMS is the largest public sector entity to have obtained this certification on an organisation-wide basis.





CASESTUDY
3

Employment preparation – HMP Forest Bank

“ Everything we do to make prisoners job-ready is underpinned by the need in the local community – we are bridging the gap into realistic employment.”

Steve Thomas - Deputy Director

Offenders at HMP Forest Bank are prepared for employment on release through training schemes such as catering NVQs and forklift truck driving licences.

All programmes reflect the job opportunities available in the Greater Manchester area. We want to make sure that offenders are trained in skills that employers actually need, to increase the chances of employment on release. Working with the local Employer Coalition, we analyse the local employment market to shape the skills programmes that the prison develops. The 'Food for Thought' programme trains offenders to NVQ level 3 in catering and front-of-house services. After completing the training and on release, interviews are arranged with local employers to fill vacancies in the local area.

The prison has also made links with a number of distribution companies in the area who were struggling to find qualified forklift truck drivers. In partnership with Kalyx, HMP Forest Bank developed a training programme for offenders to get their licence and certification. All employment preparation programmes are based on real community needs, leading to realistic employment opportunities on release.


 CASESTUDY
4

Women offenders – Adelaide House

“You get a lot of satisfaction when you see a change in somebody, when you have helped that person to change their life.” Charlotte Schofield, Residential Officer

Adelaide House in Liverpool provides practical support, advice and programmes for female offenders with a wide variety of complex needs.

It is a 20-bed all-female approved premises for women in the Criminal Justice System. Residents at Adelaide House fall into three categories: those who are sent from court subject to bail conditions; those who have received a community order with a condition that they live there; and those who have been released from custody on licence. The house provides a structured regime and support, with training and education to help rebuild relationships with family and children. It also helps women secure permanent accommodation and creates links with hostels and other support networks.

The programme at Adelaide House helps make women more confident, as well as more aware of the impact their offending behaviour has on others. Mentoring and befriending forms a key part of the programme, with ex-residents volunteering to mentor current residents to help them build contacts and support structures in the local community.

“I’ve had an amazing road to recovery. Extremely good support from the staff and outside agencies. It’s the kind of help that I would never have got being on the street on my own.” Hostel resident

Section seven

Accounts

Management Commentary

Statutory Background

On 1 April 2008 the National Offender Management Service (NOMS) became an Executive Agency of the Ministry of Justice, bringing together the Probation Service, NOMS and the Prison Service to enable more efficient and effective delivery of services.

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by the Treasury and in accordance with a direction given by the Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

Statement of Purpose and Vision

Preventing victims by changing lives

The National Offender Management Service operates through providers and partners in the public, private and third sectors to manage offenders in an integrated way. Our work protects victims, reduces re-offending and makes communities safer. What work needs to be done and who does the work is based on evidence and driven by ensuring value for money.

Our Statement of Purpose

We work to protect the public and reduce re-offending by delivering the punishment and orders of the courts and by helping offenders to reform their lives.

Our Vision

As part of the wider justice service we will give the public confidence in our ability to protect the public and reduce re-offending.

Our Values

In delivering prison and probation services, we will:

- be objective and take full account of public protection when assessing risk;
- be open, honest and transparent; incorporate equality and diversity in all we do;
- value and empower staff, and work collaboratively with others;
- treat offenders with decency and respect;
- embrace change and innovation; and
- use our resources in the most cost effective way.

Performance against Key Performance Indicators (KPIs) during 2008–2009

An analysis of the KPI targets and results are summarised in the Annual Report on pages 18 to 19.

The planning assumptions, the objectives and priorities for the year and the approach to delivery are set out in the main body of the Annual Report. Information on the objectives and targets and achievements for 2008–2009 can be found on pages 22 to 25.

Results for the Year

The Operating Cost Statement for the year is shown on page 66 together with the Statement of Recognised Gains and Losses.

Operating costs

The net operating cost for 2008–2009 stands at £4,944m compared to £4,230m in 2007–2008, an increase of 16.95%. This is mainly attributable to the impairment in land and buildings of £498m, the loss on the NOMIS project of £15.6m, increased Probation costs of £53m and general increases in prison food and utilities.

Balance Sheet

The Balance Sheet and Cash Flow Statement are on pages 66 and 67.

All land and building assets together with some other assets were transferred to the NOMS Agency on 1 April 2008.

Payment of Creditors

In the year to 31 March 2009, NOMS (excluding the National Probation Service) paid c565,000 trade invoices with a value of £1.9bn, of which 69% (c391,000) were paid within 30 days (71.4% in 2007–2008). Further technological projects were implemented at the Shared Service Centre (SSC) during Q1 and Q2 to improve the matching and scanning functionality, initially these had an adverse affect on invoice loading and payment resulting in a performance of around 60% against the target. Recovery actions were implemented which resulted in a March 2009 performance of 78%; work will continue in 2009–2010 to resolve the remaining approvals problems which sit outside of the SSC.

The percentage of undisputed invoices paid within 30 days by Probation Boards and Trusts is shown below in 5% ranges.

RANGE	No. of Boards/Trusts within range	
	2008–2009	2007–2008
Less than 55%	0	0
55% to 59.9%	0	0
60% to 64.9%	0	0
65% to 69.9%	0	0
70% to 74.9%	1	1
75% to 79.9%	2	2
80% to 84.9%	2	4
85% to 89.9%	8	4
90% to 94.9%	12	9
95% to 100%	17	22
Boards reported	42	42

Treatment of Pension Liabilities

Present and past employees of NOMS, excluding Probation Boards and Trusts receive pension benefits covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. NOMS meets the cost of pension cover, provided for the staff employed, by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

Past and present employees of the Probation Boards and Trust are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

Further information can be found in the Remuneration Report and in Note 16 to the accounts.

Sickness Absence data

The target (11.5 days) was met both in public prisons and the probation service, with average levels of staff sickness absence of 10.8 days and 11 days respectively.

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2008–2009, which were formally reported to the Information Commissioner's Officer.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification of steps
September	IT supplier EDS lost track of a portable disk containing personal data relating to staff of HM Prison Service, which had been used to transfer data between systems.	Personal data such as name and NI number for HMPS staff	256	NOMS/EDS cooperated to identify staff potentially affected and notify them individually. Comprehensive action plan invoked to improve security of data transfer and other operational processes. Jointly sponsored, wide-ranging security review undertaken by independent team. Comprehensive Information Assurance programme within NOMS, which has obtained ISO27001 stage 1 certification and is recognised as an example of good practice.

December	Probation Service placed court results sheet into Royal Mail system in error.	Name, dates of birth, address, details of offence and result of court case.	4	Documents were recovered so individuals were not informed.
December	Probation Service: Loss of locked four drawer cabinet during move to new location. This loss related to two external data controllers but because the information contained in the cabinet related to offenders MoJ reported this incident to ICO.	Name, dates of birth, addresses, offender history.	89	Police, individuals and other authorities informed.

In the above cases, a risk assessment was carried out to assess who, if anyone, should be notified and to ensure measures were in place to mitigate risk to individuals and prevent re-occurrence of the incident.

Post Balance Sheet Events

In accordance with the requirements of FRS 21, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

In April 2009, a major incident occurred at HMP Ashwell which caused damage to the prison building.

Sustainable Development

Sustainable Development is a priority for the Agency forming part of its drive for efficiency and effectiveness as well as reducing its adverse environmental impacts and meeting Government targets for sustainability.

Implementation of its sustainable development policy is overseen by the Sustainable Development Working Group, a sub-committee of the NOMS Management Board, chaired by the Director of Finance and Performance and which meets quarterly. Membership includes senior representatives from those areas with significant environmental impacts along with colleagues from the operational line and with the central Ministry of Justice also represented.

The Agency continues to make significant steps in its operational response to the Government's environmental agenda and integrating sustainable development into everyday business and also plays its part in contributing to the Ministry of Justice's own Sustainable Development Action Plan. Full details of the Agency's achievements are published in a separate Annual Sustainable Development Report which can be found on the website www.hmprisonservice.gov.uk.

Future Developments

NOMS contributes directly to the Ministry of Justice Departmental Strategic Objectives (DSO), specifically DSO 3 to 'Protect the Public and Reduce Re-Offending'.

The Agency's first published Strategic and Business Plan, covering the three years to 2010–2011, sets out the priorities for the organisation and the detailed targets to be achieved. The challenges are to better align the supply and demand for prison and probation services, to improve efficiency and effectiveness and to improve performance and public confidence. The Agency has implemented a streamline regional and national HQ structure and has appointed a Director of Offender Management (DOM) to lead each English region and Wales. DOMs have a key role to join up the strategic management of prison and probation and to implement new commissioning approaches to facilitate better management of offenders.

Research and Development

The National Research Committee (NRC), comprising cross departmental representation, continues to work to the Agency's strategic research priorities. The priorities, re-evaluated in 2008, include: decency; diversity and equality; organisational effectiveness; public protection; offender management and reducing re-offending; security; maintaining order and control; health; and mental health.

Research continues to play a pivotal role in enhancing policy development and programme evaluations. Ongoing work from 2008 to streamline the application process during 2009 includes preparations for an Integrated Research Application System (IRAS); this work critically seeks to include both NOMS and the wider MoJ. The Research Prison Service Order is also undergoing a re-draft in an effort to underpin the existing processes that provide support for external research proposals and make certain only high quality, business beneficial studies are sanctioned.

Communications and Employee Involvement

The Service attaches great importance to communicating clearly with its staff and stakeholders and uses a variety of channels to ensure messages are delivered and people engaged. The 2008 MoJ Staff Survey identified that 70% of staff across NOMS stated that they received the information to do their job well. During the Voice of the Stakeholder programme 2008–2009, 15 of 27 key stakeholders considered that NOMS communications fully met or exceeded their needs with just three marking their quality as less than average. A breakdown of some of the key communication channels and approaches is detailed below:

The Probation Service Intranet (EPIC) continues to be well used by the National Probation Service (NPS) staff accessing operational policy, guidance, NPS staff vacancies and the staff directory. EPIC also plays a key role in supporting the developing Knowledge Management initiative within the NPS and is a useful tool for staff.

Justice Seen, Justice Done – the Ministry of Justice recently ran the Community Payback element of the 'Justice Seen, Justice Done' campaign, a joint campaign on crime and justice with the Home Office. Probation areas supported the national

campaign and also provided information locally for the public on how they could have a say in the work offenders do to pay back for their crimes.

Judge for Yourself is an interactive video presentation commissioned by the National Probation Service, and allows the viewer to explore four crime case studies and sentence the offenders. As well as being accessible to the public online at the DirectGov website and many probation area websites, Judge for Yourself also exists in CD-Rom form, allowing probation presenters to deliver the presentation to community groups. This innovative product – which recently won a UK video industry award – helps to demystify the role of the probation officer and raise confidence in community sentences.

Prison Service News (PSN) features all the latest news, views and developments from the Prison Service, including policy initiatives and emerging front line programmes. This year PSN, through in-depth features, has ensured staff have been kept updated on a wide range of subjects. These include items such as dealing with disabled and elderly prisoners; the capacity expansion programme; the introduction of a new Inventory system; the NOMS restructure; the work of contracted prisons; maintaining security; and a feature on Principal Officer Lee Peck who was named Public Servant of the Year. Each edition is introduced with a comment piece from a different member of the NOMS Management Board and the design of the magazine is being regularly reviewed. The DG Feedback page has continued to be popular and allows staff the chance to have their questions answered by Director General, Phil Wheatley.

The Prison Service Internet website has continued its success with visitors to the site increasing by 16% on last year. The recruitment pages have maintained their popularity with the number of individuals signed up to email job alerts now reaching 110,000. The Internet team continues to work closely with Human Resources to ensure all jobs are advertised online and we are currently working to implement a new system which will allow candidates to apply for vacancies online.

The Intranet continues to be a very successful and an effective way of keeping staff informed. The Replacement Intranet Project is near completion and the new intranet has now been fully launched

across NOMS and HMPS. There are currently over 300 devolved publishers around the organisation and whilst the system is still being developed, it has introduced a number of new features and is a more future-proof communications tool for the Service.

The **'Forward Look' diary** is an important part of communications planning within the Service.

The **NOMS Annual Conference** took place in February 2009, the theme this year was 'Building Confidence'. The audience for the conference included HM Prison Service and Probation Service staff, and external stakeholders were invited to the conference to further increase partnership working and establish best practice. Key themes from the plenary sessions at the conference were the NOMS organisation, working with partners in the Criminal Justice arena (including the third sector), Examining Public perception, Equality & Human Rights, and a conference address from the Secretary of State. The plenary sessions were supplemented with workshop sessions and an exhibition area was also available for delegates to learn more about current work underway.

The **Voice of the Stakeholder programme 2008–2009** obtained, through in-depth interviews, detailed information about how 28 key stakeholders see the Agency and aspects of its performance including its external communications. The results, which are being shared with stakeholders, are helping the design of NOMS communications and stakeholder functions and activities including stakeholder communication. Individual NOMS Directors lead on relationships with specified stakeholders and over 150 stakeholders received updates on Agency developments of interest to them. NOMS and the Criminal Justice Group co-hosted a discussion event for many of their shared partners and other stakeholders in October 2008.

Staff Diversity

The 2007–2008 Annual Staff Diversity Review has been published. This review is an important demonstration of our commitment to monitor and assess the impact of our policies across all diversity criteria and not just those for which we currently have a legal duty. While there is still work to do to improve the robustness of data in some areas, this review provides a better understanding of the issues that impact on staff and the interplay of some factors such as ethnicity combined with gender and age.

The publication of the first Annual Diversity Review is an important step forward for us and provides us with a clear indication of where we need to concentrate our efforts to achieve our aim to be a fully inclusive employer.

A range of material has been produced centrally to support local outreach work. The material has been developed in conjunction with TMP, one of our recruitment advertising providers, and includes posters, leaflets and pop-up stands.

NOMS was voted 16th best place to work in Britain for gay, lesbian and bisexual employees, achieving its highest ever ranking in the Stonewall Equality Index. Director General Phil Wheatley said: "I am pleased that we have managed to build on last year's success in this important equality index for employees. This sends out a strong message the Agency is an employer of choice for gay, lesbian and bisexual employees".

Audit

In accordance with the direction given by the Treasury, these accounts have been prepared in accordance with the Government Financial Reporting Manual (FRM). The Certificate and Report of the Comptroller and Auditor General to the House of Commons is attached to the Accounts.

Total audit fees reported in the Accounts are £1,895k. This is made up of:

- the notional cost of the National Audit Office's audit of NOMS 2008–2009;
- the notional cost of the National Audit Office's audit of the Agency's Trigger Point 1 conversion to international Finance Reporting Standards is £38k;
- the notional cost of the National Audit Office's audit of the consolidated National Probation Service Accounts 2008–2009 is £69k;
- actual fees of £25k paid to the National Audit Office for audit work in respect of central NOMS re-charges to individual probation Boards and Trusts; and

- actual fees of £1,513k paid to the Audit Commission’s and Wales Audit Office’s appointed auditors of the individual Probation Boards and Trusts which are consolidated within the Agency Accounts.

As Accounting Officer, I have taken all steps to ensure that:

- I am aware of any relevant audit information;
- the Auditor is aware of that information; and
- there is no relevant audit information of which the Auditor is unaware.

The National Offender Management Service Management Board

The Permanent Secretary of the Ministry of Justice confirmed Phil Wheatley as the Director General of the National Offender Management Service (formerly of HM Prison Service). This was effective from 1 April 2008 and formalised in the framework document published on 17 July 2008.

The Director General’s pay is determined under the rules set out in chapter 7.1, Annex A, of the Senior Civil Service Management Code. Other members of the National Offender Management Service Management Board are appointed by the Director General with agreement of the Permanent Secretary of the Ministry of Justice. Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 55 to 59.

At 31 March 2009 the following were members of the National Offender Management Service Management Board:

Phil Wheatley	Director General
Michael Spurr	Chief Operating Officer
Roger Hill	Director of Probation
Steve Wagstaffe	Director of High Security Prisons
Robin Wilkinson	Director of Human Resources
Ann Beasley	Director of Finance and Performance
Ian Poree	Director of Commissioning and Operational Policy
John Aspinall	Director of Estate Capacity
Richard Bradshaw*	Director of Offender Health
Vic Luck	Non-Executive Director
Colin Muid	Non-Executive Director
Richard Rosser	Non-Executive Director

Ex-Officio Members

Beverly Thompson	Race and Equalities Adviser
Andrew Dodsworth**	Legal Adviser
Debbie Kirby**	Media Adviser
Pamela Herries	Communications and Stakeholder Engagement
Ken Everett	Secretary to the Management Board

* Employed by the Department of Health and therefore not within the NOMS Remuneration Report

** Employed by the Ministry of Justice

Colin Allars served as Director of Capacity until September 2008.

Matt Tucker served as Head of Internal Communications until November 2008.

My thanks and appreciation is extended to all past and present members of the Board for their hard work and effort during this reporting year.

Phil Wheatley, CB
 Agency Accounting Officer
 15 July 2009

Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

The salary and pension entitlements of the most senior managers of the National Offender Management Service (NOMS) were as follows:

a) Remuneration – Audited

	2008–2009		2007–2008	
	Salary (as defined below)	Benefits in kind (rounded to nearest £100)	Salary (as defined below)	Benefits in kind (rounded to nearest £100)
	£'000	£'000	£'000	£'000
Phil Wheatley Director General	170–175	–	165–170	–
Michael Spurr Chief Operating Officer	130–135	35,200	120–125	34,700
Steve Wagstaffe Director of High Security Prisons	100–105	45,000	95–100	41,400
Roger Hill Director of Probation	100–105	–	N/A ¹	–
Ann Beasley Director of Finance & Performance	130–135	–	125–130	–
Robin Wilkinson Director of Human Resources	110–115	–	110–115	–
Ian Poree Director of Commissioning and Operational Policy	145–150	–	110–115	–
John Aspinall Director of Estate Capacity (from 29 Sept 2008)	50–55 (full year equivalent 100–105)	–	N/A ²	–
Colin Allars Director of Estate Capacity (up to 28 Sept 2008)	55–60 (full year equivalent 100–105)	–	N/A ²	–
Vic Luck Non-Executive Director ³	10–15	–	5–10	–
Colin Muid Non-Executive Director ³	10–15	–	10–15	–
Richard Rosser Non-Executive Director ³	10–15	–	10–15	–

1 This post was newly created following the merger of NPS into NOMS on 1 April 2008. Roger Hill was previously Director of Probation within NPS.

2 This post was newly created on 1 April 2008.

3 The amount paid to the non-executive directors relates to fees and expenses in respect of work relating to the NOMS Management Board. There were no pension benefits to disclose below.

Vic Luck also received between £10–15k in 2008–2009 in respect of a contract to provide advisory services, outside the role of a non-executive director.

Salary

'Salary' includes the gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; termination payments; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. Director's bonuses are determined by the Ministry of Justice SCS Pay Committee – Chaired by Ursula Brennan, working within the parameters set by the Senior Salaries Review Body. The bonuses allocated to the above Directors vary within the range of 0% to 15% of their annual gross salary as at 31 March 2009.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefit received by Mr Spurr is in respect of costs for accommodation and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs. The benefit received by Mr Wagstaffe is in respect of costs for accommodation and travel and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs.

b) Pension Benefits – Audited

	2008–2009				
	Total accrued pension at age 60 at 31 March 2009 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31 March 2009	CETV at 31 March 2008*	Real increase in CETV after adjustment for inflation & changes in market investment factors
	£'000	£'000	£'000	£'000	£'000
Phil Wheatley Director General	75–80 plus lump sum of 230–235	0– -2.5 plus lump sum of 0– -2.5	1,812	1,727	-9
Michael Spurr Chief Operating Officer	35–40 plus lump sum of 110–115	2.5–5 plus lump sum of 10–12.5	592	506	50
Steve Wagstaffe Director of High Security Prisons	35–40 plus lump sum of 105–110	0–2.5 plus lump sum of 0–2.5	697	649	5
Roger Hill Director of Probation	50–55 plus lump sum of 0	0–2.5 plus lump sum of 0	861	821	29
Ann Beasley Director of Finance & Performance	40–45 plus lump sum of 120–125	0–2.5 plus lump sum of 0–2.5	721	660	11
Robin Wilkinson Director of Human Resources	25–30 plus lump sum of 80–85	5–7.5 plus lump sum of 17.5–20	350	252	64
Ian Poree Director of Commissioning and Operational Policy	0–5 plus lump sum of 0	0–2.5 plus lump sum of 0	38	16	16
John Aspinall Director of Estate capacity (from 29 Sept 2008)	25–30 plus lump sum of 80–85	5–7.5 plus lump sum of 17.5–20	486	378	104
Colin Allars Director of Estate Capacity (up to 28 Sept 2008)	25–30 plus lump sum of 80–85	0–2.5 plus lump sum of 0–2.5	456	429	3

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer values) (Amendment) Regulation 2008.

Civil Service Pensions

Present & past employees of NOMS, excluding Probation Boards and Trusts, receive pension benefits provided through the Principal Civil Service Pension Scheme (PCSPS). Until 30 July 2007, civil servants had the choice of one of three statutory based 'final salary' defined benefit schemes (Classic, Premium, and Classic Plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, and Classic Plus are increased annually in line with changes in the Retail Prices Index. New entrants after 30 July 2007 may no longer join a 'final salary' scheme and instead may choose between Nuvos, a defined benefit scheme based on members average earnings or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

Past and present employees of the Probation Boards and Trusts are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

(i) Nuvos Scheme

Pension accrues at the rate of 2.3% of pensionable pay earned in the scheme year (April-March). Members pay contributions of 3.5% of pensionable earnings and pension benefits will be limited to 75% of final pay. The minimum pension age is 65. Pensionable earnings elements will be as 'Premium' except that they will not be limited by reference to the earning cap. Interest is added on 31st March of every year, reflecting the balance on the pension account as that date. On death, pensions are payable to the surviving spouse usually at 3/8ths of the members pension. On death in service, the scheme pays either twice the final pay (less any lumps sums already paid) or five times the accumulated pension. In the event of Medical Retirement on the grounds of ill health the pension will be paid early without reduction. If the higher award is due because the member cannot ever work again, an enhancement will be made up to age 65.

(ii) Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions. All board members, (except Ian Poree and Roger Hill), are members of the Classic Scheme.

(iii) Premium Scheme

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, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60. Ian Poree and Roger Hill are members of the Premium Scheme.

(iv) Classic Plus Scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

(v) Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up 25% of the fund as a lump sum.

(vi) The Local Government Pension Scheme

This scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of 6% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

Cash Equivalent Transfer Value (CETV)

This 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 CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values)(Amendment) Regulations 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 drawn. The CETV figure for 31 March 2008 may not be the same as the figure quoted last year as the factors used to calculate the CETV were revised during the year.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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 current market valuation factors for the start and end of the period.

Phil Wheatley, CB
Agency Accounting Officer
15 July 2009

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, the National Offender Management Service (NOMS) is required to prepare accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the net resource outturn, recognised gains and losses, and cash flows for the financial year.

The Ministry of Justice has appointed the Director General of NOMS as the Agency Accounting Officer, with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the Accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual (FrEM) prepared by HM Treasury, and in particular to:

- observe 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 FrEM have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on the going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Managing Public Money.

Statement of Internal Control

1. Scope of Responsibility

As Agency Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of National Offender Management Service (NOMS) policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in Managing Public Money.

I am a member of the Ministry of Justice (MoJ) Corporate Management Board (CMB), the Offender Management Supervisory Board (OMSB) and have bi-lateral meetings with the Permanent Secretary of the MoJ and with the Minister with responsibility for Prisons and Probation. The results of NOMS risk reviews are shared with the CMB.

2. Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of NOMS policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NOMS for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

3. Capacity to handle risk

The NOMS Agency Management Board drives the risk management process. They review the key risks to NOMS on a quarterly basis (more often if necessary) and consider whether any new risks are emerging. The review involves an assessment of the effectiveness with which the systems in place to manage the risks are operating. The Board also assess the extent to which they have control over the management of the risk and in a number of

cases have concluded that they have only partial control. There is a process in place whereby I, as the Director General, escalate key risks, over which the Board has only partial control to the CMB risk register – if the Board are agreed that there is little more action they can take to reduce the likelihood of the risk materialising or its impact if it is realised. The risk register has been reviewed in its entirety more than once during the year to ensure that any new or emerging risks are considered as a result of the need to re-structure to realise the efficiencies necessary to operate within a tight budget. The risks were revised towards the end of 2008–2009 as part of the planning round and include risks related to the accommodation pressures and Industrial Relations and the extent of change being implemented in the Agency. It is anticipated that the Agency Board will be reviewing their risks very early in the new operational year, as the new organisational structure is put in place.

A regular programme of risk awareness training, in the form of facilitated workshops, is available to all staff in HQ, Prisons and Probation, and a description of the process is available on the Intranet or, for Probation Staff, on EPIC. However, there is still scope to strengthen training given to first line managers to ensure that they understand how the process can help them to manage better.

4. The risk and control framework

The key elements of the risk management strategy at the NOMS corporate level are:

- corporate risks identified at a workshop comprising all members of NOMSB;
- agreed criteria for assessing likelihood and impact;
- risk owners identified at Director level for key risks responsible for reporting back to NOMSB on what is in place to manage the risk and how well those systems and processes are working;
- risk owners assess how well the risk is being managed overall and, on the basis of actions proposed to improve risk management, forecast any change to impact and likelihood by the end of the next quarter;
- assessments – particularly changes – reviewed quarterly by the Board and agreed (or changed) following discussion and challenge;
- process for escalating and down-rating risks;
- regular consideration of new risks that may be emerging;
- risk workshops held at least annually (or more often if necessary) to validate the risk register; and
- a process for mapping Programme/Project risks against business risk registers.

Although operational risk management is well understood in Prisons and Probation, there are a number of ways in which business risk management is being embedded in the organisation:

- the requirement to identify, assess and evaluate key risks built into the planning guidance, meaning that key risks are being identified and managed throughout the Agency;
- the process followed by the Board is replicated at every level;
- maintenance of an organisation-wide register of key risks;
- a regular programme of facilitated workshops to identify and keep up to date the record of key risks facing the organisation; and
- Internal Audit provide advice and guidance on the development and maintenance of risk registers as part of their audit activity.

The most significant of the risks, in terms of high likelihood and high impact, managed during the year included the risks associated with Capacity, industrial action and the scale and pace of change. The Board have sought to strengthen their management of these risks and two of them were on target for being effectively managed by the end of the year. However, the risk of industrial action remains high in the longer term because of the challenges around agreeing workforce reforms.

5. Review of effectiveness

As Agency Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, and the executive managers who have responsibility for the development and maintenance of the internal control framework, Standards Audit and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review and the effectiveness of the system of internal control by the Board, the Audit Committee, which includes four independent members (one of whom chairs it), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I have established the following processes to maintain and review the effectiveness of the system of internal control and risk management:

- a Management Board which meets weekly to discuss and consider current business issues;
- a Change Programme Board which meets monthly to consider the plans and strategic direction of the Agency and, each quarter, to review performance and key risks. The Board comprises the Management Board plus three non-executive directors;
- annual assurance statements from each of my Directors covering the key systems for which they are responsible;
- regular reports by Internal Audit, which meet the Government Internal Audit Standards, which include the Head of Audit & Corporate Assurance's independent opinion on the adequacy and effectiveness of the Agency's risk, control and governance arrangements together with recommendations for improvement;
- bi-lateral meetings with the Head of Audit & Corporate Assurance to discuss emerging issues;
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects;
- for Prisons, a self audit process which requires all establishments, to assess their compliance with applicable standards. The process is subject to review by Internal Audit and compliance is monitored by Standards Audit;
- for Probation Areas/Trusts a self assessment process which requires staff to assess the quality of a sample of their casework;
- implementation of a robust prioritisation methodology for actions based on risk ranking and cost-benefit analysis;
- establishment of key performance indicators and regular review of performance against them;
- a report from the Chair of the Audit Committee concerning risk management and internal control; and
- attending Audit Committee meetings.

I have appointed a Senior Information Risk Officer to advise me on the effectiveness with which we manage the risks associated with information. She is informed by the work of an Information Assurance Programme and by the work of Internal Audit. We have achieved ISO 27001 stage 1 accreditation, which is a significant achievement. By the end of March 2009 there were detailed information asset registers for each of the Agency's 239 business units. These have been produced at information assurance workshops which have had the added benefit of raising awareness of information security, resulting in improved performance in handling information securely. The Information Assurance Programme has developed a culture change plan which reiterates NOMS and MoJ policies to all staff. The key risks that have been identified have been risk assessed using CRAMM risk assessment. The NOMS Information Assurance Programme will continue to identify further risks and increase performance through the transition to a permanent NOMS Information Assurance. During the year, Internal Audit conducted an audit of IT Security and found risk weaknesses which resulted in an audit rating of marginal; they also issued a draft report on document security which, subject to comments from management was rated as deficient. However, action plans have been or, in the case of the draft,

will be agreed to remedy the weakness identified. In addition, Internal Audit is reviewing its audit coverage at delivery unit level for 2009–10 and will update the audit test pack, in consultation with the Chief Information Officer, to confirm that it encompasses key aspects of Information Assurance.

I also take assurance from reports provided by the National Audit Office (NAO). In March 2009 the NAO published its report on the C-NOMIS Programme. In June 2004 C-NOMIS Programme was initiated to provide an IT system to support end to end offender management for use by both Prisons and Probation. During July 2007, an internal review reported that the programme had exceeded its budget and could not meet its original time, cost and quantity criteria for overall delivery. In January 2008, the programme (now known as NOMIS) was rescoped. The entire C-NOMIS programme (including subsequent rescoping) was examined by the NAO during 2008–09 and their report was published on 12 March 2009. The PAC hearing took place on 6 May 2009 and the subsequent report will be published in due course. I together with my senior management team will take forward and implement the report's recommendations.

NOMS HQ Internal Audit activity supports the Board's risk management framework and is focused on corporate systems that are key to the achievement of NOMS objectives, four of which were considered to be well controlled. Internal Audit has reported weaknesses in control in a number of systems, six of which were rated deficient, and comprehensive action plans have been agreed with Senior Managers to address them. Progress towards implementation of action plans has been actively monitored at Board level and by the Audit Committee who hold senior managers accountable for failing to meet implementation deadlines. Internal Audit also completed a further audit of the Accounts Payable system which remained deficient. However, at the time of the audit, a considerable amount of effort was being devoted to implementing agreed actions and new software had been implemented which it was anticipated would speed up invoice processing. Although Internal Audit concluded that there were still a number of weaknesses, they found no errors in the amounts paid which would have a material effect on the accounts. NOMS also deliver the Internal Audit

Service to the Probation Service. During 2008–09 the audit activity was focused, to a large extent, on topics that were considered important locally. We reported that 146 of the 179 systems reviewed were adequately controlled or better. On the basis of work conducted during the year 2008–09, the Head of Audit & Corporate Assurance was able to give a reasonable level of assurance that the risk management, control and governance processes were adequate to achieve the Agency's objectives.

Phil Wheatley, CB
Agency Accounting Officer
15 July 2009

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the National Offender Management Service (NOMS) Agency for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, the Director General and auditor

The Agency and Director General, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities. My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information, which comprises the Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises of the sections called: Foreword; About the National Offender Management Service; Our achievements in 2008-09; Our performance; Our planning assumptions; Delivering our priorities; Our people; and the Annexes. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Director General in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2009, and of the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
20 July 2009

151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Operating Cost Statement

	Notes	For the year ended 31 March 2009		Restated For the year ended 31 March 2008	
		£'000	£'000	£'000	£'000
Administration Costs					
Staff costs	3	104,309		98,443	
Other operating costs	5a	48,675		57,410	
Operating income	6	(13,948)	139,036	(8,131)	147,722
Programme Costs					
Staff costs	3	2,422,852		2,326,539	
Other operating costs	5b	2,752,956		2,121,527	
Operating income	6	(370,475)	4,805,333	(365,898)	4,082,168
Net operating cost for the year			4,944,369		4,229,890

All income and expenditure relates to continuing operations.

Statement of Recognised Gains and Losses

	Notes	For the year ended 31 March 2009		Restated For the year ended 31 March 2008	
		£'000	£'000	£'000	£'000
Revaluation of tangible fixed assets	18a	(939,813)		272,973	
Actuarial Gain/(Loss)	16	(192,614)		38,912	
Donated assets	18b	16		24	
Recognised gain for the year			(1,132,411)		311,909

Cash Flow Statement

	Notes	For the year ended 31 March 2009		Restated For the year ended 31 March 2008	
		£'000	£'000	£'000	£'000
Net cash Outflow from operating activities	21a		(4,053,501)		(3,568,282)
Capital expenditure and financial investment					
Purchase of tangible and intangible fixed assets	7c	(552,057)		(593,335)	
Proceeds on disposal of tangible fixed assets	7b	11,081	(540,976)	12,410	(580,925)
Net cash outflow before financing			(4,594,477)		(4,149,207)
Net funding received from Ministry of Justice	21c	4,595,047		4,214,572	
Payments to the consolidated Fund	21b	(2,908)		(2,086)	
Capital element of payments in respect of long term liability	21c	(16,737)		(15,581)	
			4,575,402		4,196,905
(Decrease)/Increase in cash	12		(19,075)		47,698

The notes on pages 68 to 87 form part of these accounts.

Balance Sheet

	Notes	As at 31 March 2009		Restated As at 31 March 2008	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7	6,407,684		7,548,797	
Intangible assets	8	5,254		1,411	
Investments	9	132		211	
			6,413,070		7,550,419
Debtors falling due after more than one year	11		13,274		24,307
Current assets					
Stock	10	38,279		30,689	
Debtors	11	105,798		86,329	
Cash at bank and in hand	12	75,150		71,995	
		219,227		189,013	
Creditors: Amounts falling due within one year	13	(548,120)		(619,616)	
Net current liabilities			(328,893)		(430,603)
Total assets less current liabilities			6,097,451		7,144,123
Creditors: Amounts falling due after more than one year	14	(314,028)		(332,091)	
Provisions for liabilities and changes	15	(110,215)		(100,464)	
Pensions deficit liability	16	(718,602)	(1,142,845)	(502,540)	(935,095)
			4,954,606		6,209,028
Taxpayer's equity					
General fund	17		3,667,465		3,982,090
Revaluation reserve	18a		1,287,052		2,226,865
Donated asset reserve	18b		89		73
			4,954,606		6,209,028

Phil Wheatley, CB
 Agency Accounting Officer
 15 July 2009

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2008–2009 *Government Financial Reporting Manual* (FReM) issued by HM Treasury, and the Accounts Direction issued by HM Treasury. The accounting policies in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the National Offender Management Service for the purpose of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of fixed assets and stocks, where material, at their value to the business by reference to their current costs.

1.2 Machinery of Government Changes and Restatement of Comparatives

Machinery of government changes, which involves the transfer of functions or responsibilities between two or more government departments, are accounted for using merger accounting in accordance with FReM. The prior year comparatives are restated as appropriate, so that it appears that the entity has always existed in its present form.

HM Prison Service, NOMS HQ and the consolidated National Probation Service Boards and Trusts have merged to form the National Offender Management Service (NOMS) effective from 1 April 2008, bringing in line the accounting policies. The opening balances on consolidation have been restated, aggregating the book value of net assets of each party at 1 April 2008.

The National Probation Service Boards also publish their own consolidated accounts (excluding the Trusts).

1.3 Land and Buildings

Freehold land and buildings where title is held by NOMS is capitalised. Operating assets held under short leaseholds are not capitalised.

Farms and surplus freehold land, prison officers' quarters, including some leaseholds, and some other non-specialised buildings are included at open market valuations. Freehold prison buildings, which are specialised buildings, are included at depreciated replacement cost. The land upon which freehold buildings are sited is valued at existing use value. In some cases alternative site values are used in accordance with RICS Appraisal and Standards 6th Edition. Building projects in progress at the year-end are carried forward as assets under construction at cost to date and are not subject to depreciation or valuation until the date of commissioning.

The Valuation Office Agency (VOA) carried out a revaluation of all land and buildings as at 31 March 2009. For further details see Note 7.

1.4 Other Fixed Assets

Other fixed assets, mainly equipment in excess of £5,000, are included in the Balance Sheet at cost and adjusted to their current cost value by the application of an appropriate index. These indices are taken from the Office for National Statistics publication entitled 'The Price Index numbers for Current Cost Accounting'.

Office furniture and prison cell furniture where individual items fall below the capitalisation threshold are capitalised at a standard value per item based on numbers of staff and prisoners and are not depreciated. An exception to this is for new furniture at the Shared Service Centre which has been capitalised and will be depreciated over its useful life.

1.5 Depreciation

Freehold land is not depreciated.

Depreciation on other assets is provided at rates calculated to write off the cost or valuation of the asset by equal instalments over its estimated useful life. Lives are normally in the following ranges:

Freehold buildings: 20–50 years
 Equipment including plant and vehicles: 5–15 years

1.6 Private Finance Initiative (PFI) Contracts

NOMS has entered into a number of PFI contracts. These contracts have been accounted for in accordance with Technical Note No. 1 (Revised), entitled *How to Account for PFI Transactions* as required by the FReM. Contract payments are apportioned between an imputed finance lease charge and a service charge. Where the balance of the risks and rewards of ownership of the PFI asset are borne by the PFI operator, the PFI payments are recorded as an operating cost.

1.7 Investments

NOMS holds a number of investments as a result of its trading activities. Quoted investments are valued at market value. Unquoted investments are valued on the basis of estimated realisable value.

1.8 Stocks and Work-in-Progress

Stocks for resale and work-in-progress (for NOMS excluding the National Probation Service (NPS)) are valued at the lower of cost and net realisable value. Consumable stocks are valued at current replacement cost which is not materially different from historical cost. NPS stocks of stationery and other consumables are not considered material and are written off in the period in which the services are provided.

1.9 Pension Costs

Present and past employees of NOMS, excluding Probation Boards and Trusts, receive pension benefits covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. NOMS meets the cost of pension cover, provided for the staff employed, by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

Past and present employees of the Probation Boards and Trusts are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme

and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate (Disclosure of Stakeholder Pensions Schemes is not included in these accounts). Where a central government entity has a share of a local government (or other) pension scheme liability on its balance sheet, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury.

1.10 Early Retirement Costs

NOMS is required to meet the additional cost of benefits beyond the normal PCSPS/LGPS benefits in respect of employees who retire early. NOMS provides in full for this cost when the early retirement programme is announced and is binding on NOMS. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury. A discount rate of 2.2% is used.

1.11 Research and Development Costs

Expenditure on pure and applied research is treated as an operating cost in the year in which it is incurred.

1.12 Operating Leases

Payments under operating leases are charged to the operating cost statement as incurred. Future lease and other long-term commitments are shown in Note 19.

1.13 Operating Income

Operating income is income which relates directly to the operating activities of NOMS. It comprises charges excluding Value Added Tax (VAT) for goods and services provided to external customers. It also includes receipts from the Youth Justice Board for the provision of places for juvenile offenders, from the UK Border Agency for the provision of custodial services, from the Department for Innovations, Universities and Skills for the provision of education services and from the Department of Health, Primary Care Trusts and Welsh Assembly Government for the provision of healthcare services.

Where income over and above budgeted levels are received these amounts are treated as Consolidated Funds Extra Receipts (CFERs) and are surrendered to HM Treasury.

The Probation Boards can earn interest from various sources but under the Criminal Justice and Court Service Act 2000, it is not allowed to retain any interest received from the investment funds received from the centre. This interest is accounted for as CFERs that are surrendered through the Ministry of Justice to HM Treasury.

1.14 Administration and Programme Expenditure

The operating cost statement is analysed between administration and programme income and expenditure. The classification of income and expenditure as administration or programme follows the definition set out in the Spending Review by HM Treasury. Broadly, programme costs relate to front line service delivery activities while administration costs reflect the costs of running the Agency.

1.15 Notional Costs and Income

A notional charge, reflecting the cost of capital utilised by NOMS, is included in operating costs. The charge is calculated at the Government's standard rate of 3.5% in real terms on all assets less liabilities, except for:

- (a) cash balances with the Office of the Paymaster General where the charge is nil;
- (b) liabilities for amounts surrendered to the Consolidated Fund for which no credit against the charge is allowed;
- (c) the Probation Boards use a discount rate of 2.2% for provisions for liabilities and charges;
- (d) the pension liability for the Probations Boards is charged at 2.5%. The discount rate applied to the various pension schemes of the Boards may differ as this is determined by the relevant authority;
- (e) donated assets, where the charge is nil;
- (f) tangible and intangible fixed assets, where the cost of capital charge is based on opening values, adjusted pro-rata in year for additions

at costs, disposals as valued in the opening balance sheet and impairments at the amount of reduction of the opening balance sheet value.

Notional amounts are also included as charges or income in respect of costs to NOMS borne by other Government Departments or organisations or vice versa.

1.16 Value Added Tax

Most of the activities of NOMS are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts stated are net of VAT.

The Prison Service, National Probation Service and NOMS HQ which merged to form NOMS, have transferred to within the MoJ VAT registration.

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Agency discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote as required by Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discontinued amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be reported under FRS 12 are stated at the amount reported to Parliament.

1.18 Third Party Assets

NOMS holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on-balance sheet and are disclosed within Note 28.

1.19 Funding

NOMS is financed by supply estimates voted by Parliament. Its provision is included in line H, I, J and Q of the Ministry of Justice Estimate.

2. Analysis of spend by section

The costs of NOMS are included within the following areas:

	2008–2009			Restated 2007–2008
	Gross spend	Income	Net spend	Net spend
	£'000	£'000	£'000	£'000
Public Prison Service	2,471,787	(262,824)	2,208,963	2,057,971
Private Prison Service	307,198	(24,121)	283,077	259,426
Probation Service	943,881	(46,409)	897,472	844,496
NOMS HQ	1,605,926	(51,069)	1,554,857	1,067,997
	5,328,792	(384,423)	4,944,369	4,229,890

3. Staff Costs

Staff costs consist of:

	2008–2009	Restated 2007–2008
	£'000	£'000
Wages and salaries	1,922,954	1,870,620
Social security costs	146,884	141,318
Other pension costs	359,359	356,997
Staff on secondment, agency and contract staff	97,964	56,047
	2,527,161	2,424,982

	2008–2009	Restated 2007–2008
	£'000	£'000
Administration related staff costs	104,309	98,443
Programme related staff costs	2,422,852	2,326,539
	2,527,161	2,424,982

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the National Offender Management Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the scheme was carried out at 31 March 2008 and details can be found in resource accounts of the Cabinet Office: Civil Superannuation, www.civilservice-pensions.gov.uk.

For 2008–2009, normal employer contributions of £253,245k were payable to the PCSPS (£233,600k in 2007–2008) at one of four rates in the range of 17.1% to 25.5% of pensionable pay (25.6% for Prison Officer grades with reserved rights). The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred; and they reflect past experience of the scheme.

The Local Government Pension Schemes (for the National Probation Boards and Trusts) are funded multi-employer defined benefit schemes. The Probation Boards' share of the underlying assets and liabilities are shown below in Note 16.

For 2008–2009, employers' contributions of £89,910k were payable to the LGPS (£90,299k in 2007–2008) in a range from 7.5% to 21.1%. The scheme's Actuaries review employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

161 persons retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £1,889k.

In cases of Public Interest Transfers, staff may be entitled to benefits in kind including housing loans. The balance of housing loans outstanding at 31 March 2009 is shown within staff debtors in Note 11.

4. Staff Numbers

The average number of whole time equivalent persons (including senior management) employed during the year was as follows:

	2008–2009			Restated 2007–2008		
	Admin	Programme	Total	Admin	Programme	Total
Administration	1,597	26,681	28,278	2,753	26,802	29,555
Industrial	432	3,153	3,585	99	3,368	3,467
Unified and Operational Grades*	603	34,168	34,771	549	33,459	34,008
Specialist	179	4,256	4,435	175	4,405	4,580
Agency and Contract Staff	228	1,215	1,443	366	821	1,187
	3,039	69,473	72,512	3,942	68,855	72,797

* This includes all officer grades, operational managers and operational support grades.

5. Other Operating Costs

5(a). Administration Costs

	Notes	2008–2009		Restated 2007–2008	
		£'000	£'000	£'000	£'000
Accommodation and maintenance costs		12,769		8,217	
Rentals under operating leases		359		175	
IT Services		2,140		14,543	
Auditor's remuneration		1,538		1,474	
Communications		2,634		2,372	
Travel, subsistence and hospitality		6,442		6,089	
Professional services		1,474		9,219	
Other staff related costs		7,361		7,070	
Other costs		5,756	40,473	3,517	52,676
Non cash items					
Depreciation and Amortisation	7b	5,546		4,702	
(Loss)/Profit on disposal of fixed assets	7b	(549)		1,110	
Cost of capital charge		2,397		(1,835)	
Auditor's remuneration		357		259	
Payroll administration charges		451	8,202	498	4,734
Total other administration costs			48,675		57,410

Rentals under operating leases are in respect of office equipment. There was no auditor's remuneration for non-audit work.

5(b). Programme Costs

	Notes	2008–2009		Restated 2007–2008	
		£'000	£'000	£'000	£'000
Accommodation and maintenance costs		372,281		411,554	
Rentals under operating leases		20,443		15,724	
Contracted out services – PFI		324,750		260,099	
IT Services		160,066		137,510	
Communications		32,632		40,607	
Offender related costs		543,328		438,444	
Travel, subsistence and hospitality		47,688		45,400	
Professional services		41,969		34,225	
Other staff related costs		85,152		77,061	
Other costs		125,582	1,753,891	183,706	1,644,330
Non cash items					
Depreciation and Amortisation	7b	229,116		210,013	
Loss/(Profit) on disposal of fixed assets	7b	1,999		(6,704)	
Provisions created net of releases	15	23,667		31,166	
Bad Debt provisions		3,012		749	
Cost of capital charge		223,047		214,757	
Impairment charge		514,088		23,006	
Decrease in value of investments		79		92	
Payroll administration charges		4,057	999,065	4,118	477,197
Total other administration costs			2,752,956		2,121,527

The impairment charge for 2008–2009 has arisen due to the following:

- the revaluation of land and buildings, resulting in an impairment of £498.5m; and
- the rescoping of the NOMS project, resulting in an impairment of £15.6m.

6. Operating Income

	2008–2009			Restated 2007–2008		
	Appropriated in aid	Not appropriated in aid	Total	Appropriated in aid	Not appropriated in aid	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Administration income						
Youth Justice Board receipts	6,079	0	6,079	2,626	0	2,626
Home Office receipts	2,922	0	2,922	0	0	0
External sales of industries	0	0	0	0	0	0
Other income	2,158	2,789	4,947	2,683	2,822	5,505
Total administration income	11,159	2,789	13,948	5,309	2,822	8,131
Programme income						
Youth Justice Board receipts	178,421	0	178,421	196,104	0	196,104
Dept. for Innovation, Universities and Skills receipts	18,672	0	18,672	17,669	0	17,669
Dept. of Health receipts	46	0	46	2,471	0	2,471
Home Office receipts	4,597	0	4,597	822	0	822
Primary Care Trusts receipts	85,565	0	85,565	67,789	0	67,789
Welsh Assembly receipts	3,144	0	3,144	3,015	0	3,015
UK Border Agency receipts	5,098	0	5,098	4,847	0	4,847
European Social Fund receipts	3,526	0	3,526	16,918	0	16,918
External sales of industries	6,923	0	6,923	7,079	0	7,079
Other income	62,788	1,695	64,483	49,184	0	49,184
Total programme income	368,780	1,695	370,475	365,898	0	365,898
Total operating income	379,939	4,484	384,423	371,207	2,822	374,029

Youth Justice Board receipts cover the cost of provision of juvenile custody. Department for Innovation, Universities and Skills receipts cover the cost of provision of education services purchased from Local Education Authorities and other contractors. Department of Health and Welsh Assembly Government receipts and receipts from PCTs cover the cost of the provision of healthcare.

7. Tangible Fixed Assets

	Land & Buildings	Assets under Construction	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2008	8,098,931	764,780	199,061	9,062,772
Additions	8,933	539,733	15,156	563,822
Disposals	(12,551)	0	(8,383)	(20,934)
Transfers	544,776	(553,406)	8,624	(6)
Re-classification as intangible assets	0	0	(7,485)	(7,485)
Indexation	0	0	3,647	3,647
Revaluation	(3,059,423)	(17,606)	675	(3,076,354)
At 31 March 2009	5,580,666	733,501	211,295	6,525,462
Depreciation				
At 1 April 2008	(1,427,868)	0	(86,107)	(1,513,975)
Charge in year	(217,645)	0	(14,772)	(232,417)
Disposals	874	0	7,475	8,349
Re-classification as intangible assets	0	0	2,541	2,541
Indexation	0	0	(1,823)	(1,823)
Revaluation	1,619,568	0	(21)	1,619,547
At 31 March 2009	(25,071)	0	(92,707)	(117,778)
Net Book Value				
At 31 March 2009	5,555,595	733,501	118,588	6,407,684
At 1 April 2008	6,671,063	764,780	112,954	7,548,797

Land and Buildings

The net book value of land and buildings comprises:

Freehold	£5,101,305
On Balance Sheet PFI	£454,290
Total	£5,555,595

Equipment

Equipment comprises Plant and Machinery, Motor Vehicles, Furniture and IT assets.

In accordance with accounting standards the custodial estate and Probation commercial properties were subject to external revaluation as at 31st March 2009. Land and Buildings relating to the custodial estate were valued by Michael Hardman, FRICS of the Valuation Office Agency at £5,236m. An allowance for depreciation due to Functional Obsolescence was incorporated in the depreciated replacement cost (DRC) valuations of the operational prisons for the first time in 2008–09; this reduced the value by £773m. Prisons are valued at depreciated replacement cost adopting where appropriate alternative site locations, non operational surplus property is valued at market value and other properties at existing use value. The commercial Probation properties were revalued by DTZ Plc (Jonathan K Crawford MRICS & Jeremy D Payne FRICS) on an existing use basis with the exception of properties deemed surplus to requirements and accorded an aggregate value of £68m. Both valuations were in accordance with the RICS Valuation Standards 6th Edition. Approved Premises were last valued in 2006 and were subject to indexation.

Plant, equipment, some furniture and vehicles are included at cost in the month of purchase and are restated annually thereafter using Price Index Numbers for current cost accounting (Office for National Statistics). Furniture used within the Prison Service is valued annually at a standard value per item based on numbers of staff and prisoners.

Lessors

The Agency holds, as lessor, properties with a value of £6,725k, these were all subject to revaluation as at 31st March 2009. No properties were acquired in the year for the purpose of letting.

7(a). Common User Estate Property

Freehold properties occupied by the Agency which are part of the former Common User Estate have never been included on the balance sheet as they are considered to be assets of the Home Office. The Home Office has made no charge in respect of these buildings.

7(b). Depreciation and Other Charges in respect of Tangible and Intangible Fixed Assets

	2008–2009		Restated 2007–2008	
	£'000	£'000	£'000	£,000
Depreciation based on cost or valuation	234,662		214,735	
Depreciation on donated assets	0		(20)	
Depreciation charged to Operating Cost Statement		234,662		214,715
Net book value of disposals	12,531		6,816	
Proceeds on disposals	(11,081)		(12,410)	
Loss on disposal of tangible fixed assets		1,450		(5,594)
Depreciation and other charges in respect of tangible fixed assets		236,112		209,121

7(c). Reconciliation of Asset Additions to Cash Flow

	2008–2009		Restated 2007–2008	
	£'000		£'000	
Fixed assets additions	565,225		608,386	
Less: Found assets	(9,600)		(321)	
Less: Donated assets	(16)		(44)	
	555,609		608,021	
Less: Movement in fixed Asset Creditor	(3,552)		(14,686)	
Cash purchase of fixed assets	552,057		593,335	

8. Intangible Fixed Assets

	Total £'000
Cost or Valuation	
At 1 April 2008	9,736
Additions	1,403
Disposals	0
Re-classifications	7,485
Indexation	(715)
Revaluation	0
At 31 March 2009	17,909
Amortisation	
At 1 April 2008	(8,325)
Charge in year	(2,245)
Disposals	0
Re-classifications	(2,541)
Indexation	456
Revaluation	0
At 31 March 2009	(12,655)
Net Book Value	
At 31 March 2009	5,254
At 1 April 2008	1,411

9. Investments

	Quoted £'000	Unquoted £'000	Total £'000
Balance at 1 April 2008	182	29	211
Movement in year	(80)	1	(79)
Balance at 31 March 2009	102	30	132

Quoted investments are stated at market value at 31 March 2009. Unquoted Investments relate mainly to the value of milk quota and are valued at estimated realisable value at 31 March 2009. These investments were acquired by NOMS (as a result of trading activities) at no cost.

10. Stocks and Work-in-progress

	31 March 2009 £'000	Restated 31 March 2008 £'000
Industries and Farms		
Raw materials	636	676
Work-in-progress	2,180	2,195
Stocks of finished goods	3,858	2,271
	6,674	5,142
Consumables	31,605	25,547
	38,279	30,689

11. Debtors

11(a). Analysis by Type

	31 March 2009	Restated 31 March 2008
	£'000	£'000
Amounts falling due within one year		
Trade debtors	31,608	12,937
HM Government debtors	48,432	17,925
Staff debtors	1,804	2,556
Other debtors	5,923	25,688
Prepayment and accrued income	18,031	27,223
	105,798	86,329
Amounts falling due after more than one year		
Other debtors	10,967	21,800
Staff debtors	2,307	2,507
	119,072	110,636

Staff debtors due after more than one year represent amounts in respect of home purchase loans, which are repayable over periods up to twelve years. The total number of outstanding loans is 538 (884 in 2007–2008).

11(b). Intra Government Debtors

	2008–2009		Restated 2007–2008	
	Debtors: Amounts falling due within one year	Debtors: Amounts falling due more than one year	Debtors: Amounts falling due within one year	Debtors: Amounts falling due more than one year
	£'000	£'000	£'000	£'000
Balances with other central government bodies	62,450	0	19,062	0
Balances with local authorities	4,153	0	4,355	0
Balances with NHS bodies	13,220	0	10,761	0
Balances with Public Corporations and Trading Funds	15		257	
	79,838	0	34,435	0
Balances with bodies external to Government	25,960	13,274	51,894	24,307
	105,798	13,274	86,329	24,307

12. Balances at Bank and Cash in Hand

	31 March 2009	Movement	Restated 31 March 2008
	£'000	£'000	£'000
Commercial banks and cash in hand	48,741	4,869	43,872
Balances at OPG	26,409	(1,714)	28,123
Cash at bank and in hand	75,150	3,155	71,995
Overdraft	(42,077)	(22,230)	(19,847)
	33,073	(19,075)	52,148

The Office of HM Paymaster General (OPG) provides a current account banking service.

The overdraft shown above arises as a result of unrepresented cheques and BACS payments at the balance sheet date.

In addition, NOMS holds third party monies of £9,488k (£9,274k in 2007–2008), not included in the above balances. This relates to monies held on behalf of prisoners.

13. Creditors: Amounts falling due within one year

13(a). Analysis by type

	31 March 2009	Restated 31 March 2008
	£'000	£'000
Trade creditors	266,680	267,050
Current part of imputed finance lease element of on balance sheet PFI contracts	18,063	16,737
HM Government creditors	9,542	8,641
Other creditors	1,543	2,014
Accruals and deferred income	208,361	302,491
	504,189	596,933
Overdraft	42,077	19,847
Amounts due to the Consolidated Fund: Consolidated Fund Extra Receipts (CFERs)	1,854	2,836
	548,120	619,616

The overdraft shown above arises as a result of unrepresented cheques and BACS payments at the balance sheet date. Amounts due to the Consolidated Fund are based on the accounting conventions adopted for resource-based supply.

13(b). Intra Government Creditors

	31 March 2009		Restated 31 March 2008	
	Creditors: amounts falling due within one year	Creditors: amounts falling due more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due more than one year
	£'000	£'000	£'000	£'000
Balances with other central government bodies	6,604	0	7,792	0
Balances with local authorities	34,880	0	11,261	0
Balances with NHS Trusts	2,819	0	11,110	0
Balances with Public Corporations & Trading Funds	140	0	174	0
	44,443	0	30,337	0
Balances with bodies external to government	503,677	314,028	589,279	332,091
	548,120	314,028	619,616	332,091

14. Commitments under PFI Contracts

	31 March 2009	Restated 31 March 2008
	£'000	£'000
PFI liability for capitalised assets	332,091	348,828
Less due within 1 year	(18,063)	(16,737)
	314,028	332,091

The maturity of obligations under PFI contracts is between 15 and 25 years. Repayments are made on a monthly basis and comprise a capital and interest element. Interest is calculated at 8% of the capital outstanding at the beginning of the year.

14(a). On balance sheet PFI contracts

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
HMP Altcourse	December 1995	27	63.0	Design, build, finance and operate an 850 place new prison at HMP Altcourse
HMP Parc	December 1995	27	66.2	Design, build, finance and operate an 800 place category B prison near Bridgend, South Wales
HMP Lowdham Grange	November 1996	27	33.7	Design, build, finance and operate a 500 place category B prison at HMP Lowdham Grange, Nottingham
HMIYOI Ashfeild	June 1998	27	26.0	Design, build, finance and operate a 400 place young offenders and juveniles' prison at Pucklechurch, near Bristol
HMP Forest Bank	July 1998	27	47.0	Design, build, finance and operate an 800 place category B prison HMP Forest Bank, on site of former Agecroft power station
HMP Rye Hill	July 1999	27	38.1	Design, build, finance and operate a 600 place category B prison HMP Rye Hill at Onley, near Rugby
HMP Dovegate Marchington	September 1999	27	55.5	Design, build, finance and operate an 800 place prison and therapeutic community facility at HMP Dovegate Marchington
HMP Bronzefield	December 2002	27	43.6	Design, build, finance and operate new custodial services at Ashford in Middlesex
HMP Peterborough	February 2003	27	81.1	Design, build, finance and operate new custodial services at Peterborough in Cambridgeshire
Prison Service - Heat/Energy Tranche 1	November 1998	15	9.0	The installation and maintenance of boilers in prisons and the provision of heating/energy services
Prison Service - Heat/Energy Tranche 2	August 2001	15	16.0	The installation and maintenance of boilers in prisons and the provision of heating/energy services

The total PFI liability above is repayable within the following periods:

	31 March 2009	Restated 31 March 2008
	£'000	£'000
In not more than 1 year	43,623	42,428
In more than 1 year but not more than 5 years	169,417	169,713
In more than 5 years	349,665	390,212
	562,705	602,353
Less interest element	(230,614)	(253,525)
	332,091	348,828

15. Provisions for Liabilities and Charges

	Early Retirement Costs	Other Provisions	Total
	£'000	£'000	£'000
Balance at 1 April 2008	46,211	54,253	100,464
Provided in year	8,817	28,823	37,640
Provisions not required written back	(9)	(13,964)	(13,973)
Provisions utilised in year	(5,058)	(8,858)	(13,916)
Balance at 31 March 2009	49,961	60,254	110,215

Early retirement costs

The Agency meets the additional costs of benefits beyond the normal PCSPS benefits (Local Government Pension Scheme (LGPS) benefits for Probation Service) in respect of employees who retire early by paying the required amounts annually to the PCSPS/LGPS over the period between early departure and normal retirement date. The Agency provides for this in full when the early retirement programme becomes binding on the Agency by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms, where material.

Other Provisions

Provision has been made for various legal claims against the Agency. The provision reflects all known claims where legal advice indicates that it is more likely than not that the claim will be successful and the amount of the claim can be reliably estimated. The figures represent the best estimate of the amount payable in respect of the claims indicated, as the claims are subject to litigation which would affect the time period of utilisation. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 24.

16. Pension Provision

As part of the terms and conditions of employment of its officers and other employees, the 42 Probation Areas (36 Boards and 6 Trusts) offer retirement benefits. Although these will not actually be payable until employees retire, the Areas have a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The provisions of the Local Government Pension Scheme (LGPS), which is statutory and fully funded, cover present and past employees. The 42 Probation Areas participate in the Local Government Pension Scheme administered by various bodies.

The Local Government Pension Schemes provide benefits on a 'final salary' basis at a normal retirement age of 65. Benefits accrue at the rate of one-eightieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three-eighths of final pay of every year of total membership is payable on retirement. The schemes permit employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

Members pay contributions of 6% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits.

A full actuarial valuation was carried out at 31 March 2007 by various actuaries. For 2008–09, employers' contributions of £89,910k were payable to the LGPS (2007–08 £90,299k) in a range from 14% to 21.1%. The schemes' Actuaries review employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the schemes.

Partnership accounts are excluded under FRS17.

The average for the current year's employers' contributions and an approximate average value for the next two years are as follows:

Employer's contributions for 2008–2009 were 17.8% of salaries; and,
Employer's contributions for 2009–2010 will be 17.8% of salaries; and
Employer's contributions for 2010–2011 will be 17.9% of salaries.

The major assumptions used by the Actuary were:

	31 March 2009	31 March 2008
	%	%
Inflation assumption	3.2	3.6
Rate of increase in salaries	4.7	5.2
Rate of increase for pensions in payment and deferred pensions	3.7	3.9
Discount rate	6.9	6.6

Mortality Assumption

Life expectancy is based on PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners

The assets in the scheme and the expected rate of return were:

	Expected long term rate of return at 31 March 2009	Value at 31 March 2009	Expected long term rate of return at 31 March 2008	Value at 31 March 2008
	%	£'000	%	£'000
Equities	8.2	963,112	8.9	1,243,008
Government Bonds	3.8	191,525	4.4	244,300
Other Bonds	5.4	150,843	5.0	148,267
Property	5.3	120,745	5.8	137,726
Other	3.7	102,873	5.2	102,249
Total		1,529,098		1,875,550
(Present value of scheme liabilities)		(2,247,700)		(2,375,686)
Adjustment arising from merger and restatement of comparatives		0		(2,404)
Deficit of the scheme		(718,602)		(502,540)
Net pension Asset/(Liability)		(718,602)		(502,540)

	2008–2009	2007–2008
Pension Cost	£'000	£'000
Current service cost	75,458	88,078
Past service cost	12,167	13,024
Effect of Curtailment or Settlement	908	1,219
Total operating charge	88,533	102,321
Analysis of amount credited to other finance income or debited to other finance charge	2008–2009	2007–2008
	£'000	£'000
Expected return on pension scheme assets	(130,196)	(136,791)
Interest on pension scheme liabilities	156,597	135,442
Net return	26,401	(1,349)
Changes to the present value of Liabilities during the year	2008–2009	2007–2008
	£'000	£'000
Opening present value of liabilities	2,375,686	2,492,880
Current service cost	75,458	88,078
Interest cost	156,597	135,442
Contributions by Members	33,366	28,916
Actuarial (gains)/losses on liabilities*	(329,634)	(310,960)
Benefits paid	(76,848)	(72,913)
Past service cost	12,167	13,024
Curtailments/Settlements	908	1,219
Closing present value of liabilities	2,247,700	2,375,686
* Includes changes to actuarial assumptions		
Changes to the Fair Value of Assets during the year	2008–2009	2007–2008
	£'000	£'000
Opening fair value of assets	1,875,550	1,958,555
Expected return on assets	130,196	136,791
Actuarial (gains)/losses on assets	(522,248)	(272,048)
Contributions by the Employer	89,910	90,299
Contributions by Members	33,356	28,916
Benefits paid	(76,838)	(72,868)
Net increase from disposals and acquisitions	0	0
Settlements	0	0
Adjustment arising from merger and restatement of comparatives	(828)	0
Closing fair value of assets	1,529,098	1,875,550
Actual Return on Assets	2008–2009	2007–2008
	£'000	£'000
Expected return on assets	130,196	136,791
Actuarial gains/(losses) on assets	(522,248)	(272,048)
Actual return on assets	(392,052)	(135,257)
Analysis of Amount Recognised in SRGL	2008–2009	2007–2008
	£'000	£'000
Total actuarial gains/(losses)	(192,614)	38,912
Cumulative actuarial gains/(losses)	(297,365)	(100,625)

History of Asset Values, Present Values of Liabilities, Surplus/Deficit and Experience Gains and Losses

	2008–2009	2007–2008	2006–2007	2005–2006	2004–2005
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	1,529,098	1,873,146	1,959,247	1,776,536	1,408,181
Present value of liabilities	(2,247,700)	(2,375,686)	(2,494,112)	(2,033,143)	(1,705,688)
Surplus/(Deficit)	(718,602)	(502,540)	(534,865)	(256,607)	(297,507)
Experience gains/(losses) on scheme assets	(465,503)	(244,436)	12,370	222,538	50,838
Experience gains/(losses) on scheme liabilities	(3,368)	109,225	9,021	(14,276)	19,653

17. Reconciliation of Net Operating Costs to Changes in General Fund

		2008–2009	Restated 2007–2008
	Notes	£'000	£'000
Net operating cost for the year		(4,944,369)	(4,229,890)
Notional items			
Cost of capital charge - Administration costs	5a	2,397	(1,835)
Cost of capital charge - Programme costs	5b	223,046	214,757
Auditor's remuneration	5a	357	259
Payroll administration	5a, 5b	4,508	4,616
Funding from the Consolidated Fund (Supply) - current year		3,278,000	
Funding in respect of Probation		710,264	3,988,264
Funding in respect of units transferred	21c	606,783	4,214,572
Transfer from other reserves	18a	0	536
Found assets	7c	9,600	321
Prior year assets transferred to NOMS		0	0
Land & Building Revaluation Reserve to NOMS		0	0
Pension Actuarial (Loss)/Gain		(192,614)	38,912
Income not appropriated in aid paid to Consolidated Fund	6	(4,484)	(2,822)
Payroll Interface Suspense		0	0
Machinery of Government changes		(8,112)	6,699
Net decrease in General Fund		(314,624)	246,125
General Fund at 1 April 2008		3,982,089	3,735,965
General Fund at 31 March 2009		3,667,465	3,982,090

18. Reserves

18(a). Revaluation Reserve

		2008–2009	Restated 2007–2008
	Notes	£'000	£'000
Balance at 1 April 2008		2,226,865	1,954,428
Arising on revaluation during the year (net)		(939,813)	272,973
Transfer to General Fund	17	0	(536)
Balance at 31 March 2009		1,287,052	2,226,865

The revaluation reserve represents the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

18(b). Donated Asset Reserve

		2008–2009	Restated 2007–2008
		£'000	£'000
Balance at 1 April 2008		73	49
Additions		16	44
Release to Operating Cost Statement		0	(20)
Balance at 31 March 2009		89	73

The donated asset reserve reflects the net book value of assets donated to NOMS.

19. Operating Commitments

Operating Leases:

	2008–2009		Restated 2007–2008	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
At 31 March 2009 NOMS was committed to making the following payments during the next year in respect of operating leases expiring:				
Within 1 year	1,047	958	926	1,217
Between 2-5 years	7,705	1,676	4,122	1,704
After 5 years	15,154	95	12,535	79
	23,906	2,729	17,583	3,000

Other Non-Cancellable Contracts:

	2008–2009	Restated 2007–2008
	Other Contracts	Other Contracts
	£'000	£'000
At 31 March 2009 NOMS was committed to making the following payments during the next year in respect of contracts expiring:		
Within 1 year	53,306	46,478
Between 2-5 years	417,337	376,912
After 5 years	70,970	54,049
	541,613	477,439

Within other non-cancellable contracts are 3 off-balance sheet contracts where the assets are not the property of the Agency. Their estimated capital values at March 2009 are:

- provision of escort services (PECS) of £20.4m
- electronic monitoring system of £11.1m
- supply of IT & telephony equipment of £6.1m

Project name	Contract start date	Duration (years)	Estimated Capital value (£m)	Description
HM Prison Service IT Management Service contract – Quantum	February 2000	12	125.3	HM Prison Service IT Managed Service contract runs for a period of 12 years expiring in 2012.

20. Capital Commitments

Commitments for capital expenditure and major maintenance works for which no provision has been made in these accounts were as follows:

	31 March 2009	Restated 31 March 2008
	£'000	£'000
Contracted capital commitments	498,007	428,078

21. Notes to the Cash Flow Statement

21(a). Reconciliation of Net Operating Cost to Net Cash Outflow

		2008–2009		Restated* 2007–2008	
	Notes	£'000	£'000	£'000	£'000
Net operating cost			(4,944,369)		(4,229,890)
Adjustments for non-cash transactions					
Non-cash administration costs	5a	8,202		4,734	
Non-cash programme costs	5b	998,986		477,105	
Change in value of investments	9	79		92	
			1,007,267		481,931
Adjustments for movements in working capital other than cash					
Stocks – (increase)/decrease	10	(7,590)		4,074	
Debtors – (increase)/decrease	11	(11,448)		29,043	
Creditors – increase/(decrease)	13	(108,469)		151,995	
Adjustment for NPS Pension Funding		25,024		10,685	
Provisions utilised	15	(13,916)		(16,120)	
			(116,399)		179,677
Net cash flow from operating activities			(4,053,501)		(3,568,282)

Movements in working capital other than cash exclude overdrafts and amounts due to Government funding.

21(b). Payments to the Consolidated Fund

		2008–2009	Restated 2007–2008
	Notes	£'000	£'000
Surrender of prior year CFER*		2,836	2,086
Surrender of current year CFER*		72	0
		2,908	2,086

* CFER: Consolidated Fund Extra Receipts. £12k of the surrender of prior year CFER relates to 2006–2007.

21(c). Analysis of Financing and Reconciliation to the Net Cash Requirement

		2008–2009	Restated 2007–2008
	Notes	£'000	£'000
Funding from the Consolidated Fund (Supply) – current year	17	4,595,047	4,214,572
Less: Amounts due to Consolidated Fund – Received in prior year and paid over	21b	(2,836)	(2,086)
Less: Amounts due to Consolidated Fund – Received in year and paid over		(72)	0
Less: Capital element of payments in respect of long term liabilities		(16,737)	(15,581)
Net financing		4,575,402	4,196,905
(Increase)/Decrease in cash	12	19,075	(47,698)
Net cash requirement		4,594,477	4,149,207

22. Related Party Transactions

The Ministry of Justice is regarded as a related party. During the year, NOMS had various transactions with the Ministry of Justice and provided custodial services to the Youth Justice Board (part of the Ministry of Justice) and UK Border Agency (part of the Home Office). In addition the Agency received funding from other Government Departments for education, healthcare and resettlement services. Income from the Departments is shown in Note 6.

The Agency Accounting Officer of NOMS and the Chief Executive of the Youth Justice Board are related parties.

23. Financial Instruments

NOMS has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

24. Contingent Liabilities

NOMS has contingent liabilities in respect of the following matters:

Claims for injury to staff, prisoners and the public amounting to £19.5m (£9.1m in 2007–2008) have been indicated to the Agency, where the likelihood of a liability arising is possible but not likely. Other claims for compensation where it is more likely than not that a liability will arise have been provided for in the accounts – see Note 15. Where staff have transferred location under the public expense transfer (PIT) scheme, requiring a house sale, the Agency is liable for the difference between the market value and actual sale price. This is currently a contingent liability as it is not quantifiable.

Other Contingent Liabilities reported to Parliament:

An indemnity of up to £50m, in respect of any one accident, has been given to the British Airports Authority (BAA). This is in respect of damage or injury caused to third parties arising out of the negligence of the Agency in their use of vehicles travelling airside for the repatriation of prisoners. The likelihood of a liability arising from these contingencies is considered to be remote.

The Agency would be liable to meet any uninsured costs incurred by the privately managed prisons.

The National Probation Service has reported the Provision of Indemnity to members of the local area Probation Boards to maintain the same status of indemnity that was provided by local authorities. The government has agreed that an individual board member should be indemnified against legal damages and costs arising from advice given, or actions done, honestly and in good faith in the execution of his or her board functions, except where the member has acted recklessly (Minute of 6th June 2005).

Mubarek Inquiry team. An indemnity in relation to any legal action taken against the chairman or members of the independent inquiry into the death of Zahid Mubarek at the Feltham Young Offenders Institution. (Minute laid 10th March 2006).

25. Events occurring after the Balance Sheet Date

In accordance with the requirements of FRS 21, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

In April 2009, a major incident occurred at HMP Ashwell which caused damage to the prison building.

26. Financial Targets

There were no key financial targets for the Agency.

27. Losses and Special Payments

The following losses and special payments are included within the Operating Cost Statement.

	2008–2009		Restated 2007–2008	
	Cases	£'000	Cases	£'000
Cash losses	460	68	992	466
Losses of accountable stores	3,386	1,157	2,714	616
Fruitless payments and constructive losses	312	15,637	291	25
Claims waived or abandoned	31	38	170	410
Administrative write-offs	64	18	86	45
Special payments	4,704	19,097	4,769	20,013
	8,957	36,015	9,022	21,575

In 2008–2009 there were 3 payments in respect of compensation claims by staff over £250,000 (6 in 2007–2008), 2 compensation payments in respect of prisoners' claims over £250,000 (nil in 2007–2008) and 1 compensation payment made in respect of claims from members of the public over £250,000 (nil in 2007–2008).

As a result of the rescoping of the NOMS project in 2008–2009, the expenditure relating to the Probation element of the NOMS project of £15.6m was treated as a fruitless payment.

During 2008–2009, £90k (£198k in 2007–2008) was paid as interest on late payment of invoices to commercial organisations.

28. Third Party Assets

NOMS holds third parties monies of £9,488k (£9,274k in 2007–2008). This refers to monies held on behalf of prisoners and are therefore not included in the accounts. NOMS also holds records of IT equipment for the Prison and Probation Ombudsman (PPO) on its fixed asset system. The assets though are not recorded in the accounts.

A number of assets are held by Probation Boards and Trusts on behalf of third parties. These assets are not therefore included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised of monetary assets, such as bank balances and monies on deposit, listed securities, trust funds and an amenity fund. The following Probation Boards administer a trust fund. They are Cheshire, Staffordshire, Warwickshire, Greater Manchester, Northumbria and North Wales. Kent and Suffolk administers an amenity fund. Humberside Probation Trust administers a trust fund. West Mercia has monetary assets. The combined value of these third party assets is set out in the table below:

	2008–2009		Restated 2007–2008	
	£'000		£'000	
Balance at 1 April 2008	206		213	
Funds paid in during the year	41		101	
Funds paid out during the year	(43)		(108)	
Balance at 31 March 2009	204		206	

Section eight

Annexes

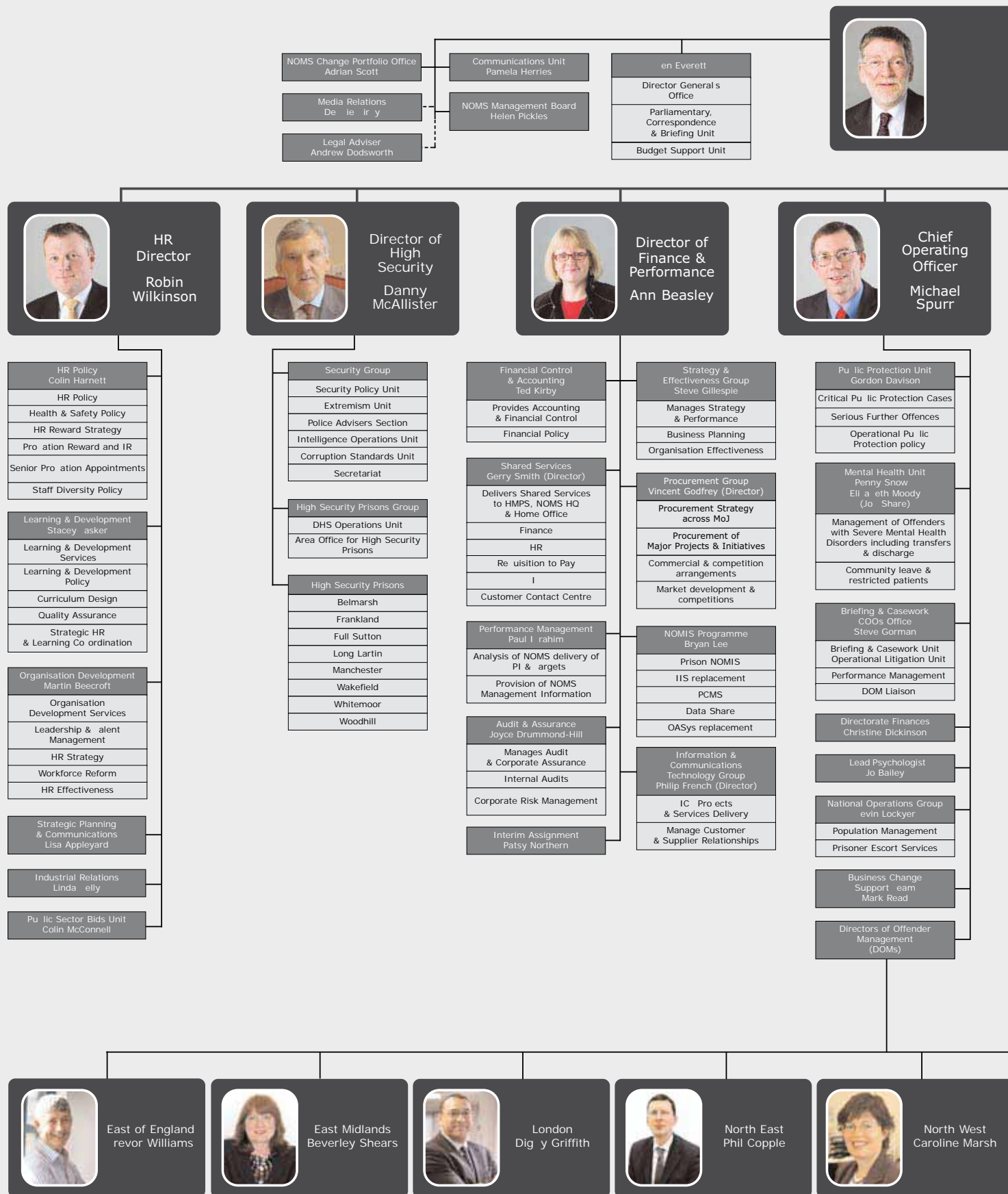
Annex 1 – Recruitment

Joiners by ethnicity, disability and gender between 1 April 2008 to 31 March 2009*

	Gender		Ethnicity			Disability		
	Male	Female	BME	White	Not Stated	Non Disabled	Disabled	Status Undeclared
AA	47	145	3	117	72	85	3	104
AO	137	542	30	402	247	293	16	370
Chaplain	11	8	3	5	11	4	-	15
EO	30	60	3	47	40	33	-	57
Industrial	335	52	9	229	149	175	2	210
Instructional Officer	49	16	2	41	22	27	-	38
Manager	73	82	8	79	68	62	1	92
Medical Technical Officer	1	3	-	3	1	2	-	2
Nursing Grades	13	74	7	33	47	22	-	65
OSG	821	498	46	804	469	545	21	753
Personal Secretary	-	7	-	5	2	3	-	4
Pharmacist	1	7	-	3	5	3	-	5
Principal Officer	1	1	-	1	1	1	-	1
Prison Officer	1,090	578	74	1,277	317	1,337	15	316
Prof & Tech Officer	-	2	-	-	2	2	-	-
Psychological Assistant	25	162	11	112	64	76	-	111
Senior Civil Servant	5	2	-	3	4	1	-	6
Senior Manager	47	29	3	23	50	9	1	66
Senior Officer	2	2	-	3	1	3	-	1
Substance Misuse Worker	7	28	6	13	16	6	1	28
Support Band 2	15	39	6	25	23	19	2	33
Trainee Psychologist	-	5	-	3	2	1	-	4
Typist	-	9	-	8	1	5	-	4
Unknown Grade	6	7	-	2	11	1	-	12
Total	2,716	2,358	211	3,238	1,625	2,715	62	2,297

* Source: Oracle HRMS, Basis: Actual headcount (part timers count as one)

Annex 2 – NOMS Organisational Chart 2009



**Director General
Phil Wheatley**

Race Equalities Advisor & Head of Race & Equalities Action Group (REAG) Matt Wotton			
Policy Development	Performance Monitoring & Analysis	Service Delivery	Business & Programme Management



Director of Estate Capacity
John Aspinall

Strategy & Programme Development Nicola Lowit
Provide Estates Planning & Development including Strategic Planning
Programme Management Office Simon Dixon
Developing PPM Processes & Methodologies
Managing Programme & Assurance
Protect Delivery Priority Stocks
Managing & Delivering Construction and Maintenance Projects
Asset Management Paul Swinburn
Management of NOMS Property
Estate Capacity Procurement Morag Stuart
Developing Procurement Strategy
Finance & Governance John McGovern
Business & Financial Planning Assurance



Director of Commissioning & Operational Policy
Ian Poree

Safer Custody & Offender Policy Group Pat Baskerville
Offender Policy and Rights
Foreign National Offender Policy
Safer Custody Policy
Offender Assessment & Management Group Sarah Mann
Develops Policy on Offender Assessment and Offender Management
Commissioning (SB & CP) & Head of Women & Young People's Group Ian Blakeman
Offender Policy
Policy on Women & Young People
Develops Commissioning Policy & leads on specification
Benchmarking & Costing
Offender Employment, Skills and Services Simon Boddis
Skills, employment and services for offenders
Reducing Reoffending Policy Unit Simon Marshall
Reducing Reoffending Policy Coordination
National, Regional Policy Coordination (e.g. PSA Plans, RRRDPs, CDRPs, LAAAs etc.)
Accommodation
Finance Benefit & Debt
Children & Families
Third Sector Policy & National Grants

Interventions & Substance Misuse Group Lori Chilton
Accredited Offending Behaviour & Drug Treatment Programmes
Non Accredited Interventions
CARA Services
Intensive Drug Treatment Service
Mandatory & Voluntary Drug Testing
Chaplaincy William Nolett
Policy on Religion & Spirituality for Prisoners
Chaplaincy Support & Provision
Partnership Working with the Faith Based Voluntary Sector
Operational Policy Group Tony Watson
Resettlement & Discharge Policy
Operational Practice Briefing
Prison & Probation Instructions System
International Business & Development Unit Tony Challinor
Development & Maintenance of International Relationships
Sharing of Best Practice with International Partners
Winning & Management of Funding (Including Delivery & Performance Management)
Lead the Exploitation of Intellectual Property Rights



Director of Offender Health
Richard Bradshaw

Health in Criminal Justice Susannah Nisbett
Police Debbie Parkin
NOMS Susan Russell
Courts Dave Knight
Lord Bradley Review of Diversion from CJS
Offender Health & Social Care Strategy
Criminal Justice Mental Health Teams
Programme Office
Senior Medical Advisors Cliff Howells Mark Williamson
Primary & Social Care Mark Freeman
Older Offenders
Offenders with Learning Disability
Social Care & Policy in Prison
Children & Young People Caroline Hitchcott
Offender Health Strategy for Children & Young People

Women's Health Debbie Parkin
Health Recommendations from Corston
Health Services for Women Offenders
Deputy Director of Offender Health - Head of Policy, Strategy & Business Debbie Parkin
Capacity Programme & Estates
Regional Delivery
Performance Indicators
Commissioning
Financial Allocation
Briefing Communications
Equality & Diversity
Women's Health
Information Technology
Information Technology Debbie Parkin
Prison Health I Programme
Physical & Public Health Mary Piper
Health Promotion
Physical Activity
Communicable Disease Control
PPO Reports
Choosing Health
Suicide & Self Harm
Research & Development
Integrated Drug Treatment Programme
Alcohol



South East
Roger Hill



South West
Colin Allars



Yorkshire & Humberside
Steve Wagstaffe



Wales & Probation Trust Programme
Vonne Thomas



West Midlands
Gill Mortlock

Annex 3 – Staff Recognition

The Queen’s Birthday Honours list 2008 saw a range of staff from across the Agency recognised for their dedication and professionalism. **Alan Brown**, the Governor of HMP Liverpool was awarded an OBE, while MBEs were awarded to **Steven Allen, Angela Christopher, Martyn Barnsley, Gillian Lewis, David Pratt, Brian Smith and Robert Spratt**. Further MBEs were awarded to Salvation Army Chaplain **Marjorie East** and Prison & Community Chaplain **Elizabeth McGurk**.

The New Year Honours list 2009 saw further awards to staff with the then East Midlands Area Manager, **Danny McAllister**, being awarded a CBE and OBEs being awarded to **Stephen Rodford** and **Catherine Beswick**. MBEs were awarded to **Peter Allen, Clive Barber, Christine Bickerdyke, Carol Burke, Muhammed Irfan Faizi Chishti, Gillian Eweis, Robert Jost, Douglas Kietley, Andrew Platt, Catherine Smith and Jane Smith**. **Dr Indarjit Singh**, the national Sikh faith advisor to NOMS was awarded the CBE.

Principal Officer **Lee Peck** of HMYOI Warren Hill was named Public Servant of the Year in The Guardian newspaper’s Public Service Awards. One of five nominees shortlisted for the prestigious title, Lee won his category in a national public vote. Lee says: “This award is a boost for staff right across the country. It’s great to receive some recognition for the good work being done in the young offenders’ estate.”

NOMS also scored a second award in the Innovation and Progress, Partnership Working category, won by **HMP Liverpool** for its innovative kitchen-work scheme.

Internally, the Prison Officer of the Year Award went to Senior Officer **David Wingfield** from HMYOI Castington. Winner of the Managing Difficult Prisoners category, he was chosen as overall winner. He was commended for taking on the role of an “inspirational, significant adult” to the young offenders he works with. The award highlighted his compassion, understanding and the determination not to give up. He was praised for the way he confronts issues openly and fairly, working with staff and the young offenders to set targets to improve their behaviour. “Even if I just made a small impact on somebody’s life it would be worth it,” says David.

At the 2008–09 Butler Trust Awards, **NOMS staff received 29 separate honours, including 22 major awards**. The Butler Trust Awards recognise outstanding dedication, skill and creativity by those working in correctional settings across the UK (prisons, probation, Community Justice Social Work (in Scotland) and Prisoner Escort & Court Services). The winners attended a ceremony at Buckingham Palace hosted by HRH The Princess Royal, the Butler Trust’s patron.

NOMS staff won two awards and took the runner-up position in five further categories at the 2008 Justice Awards. **The Dorset Probation Service’s Unpaid Work Team**

won the team Commitment to Diversity award for their long partnership with Club 21, a small voluntary group for adults with learning disabilities, “For many of the offenders who do their unpaid work orders at Club 21 it has turned their life around,” says Community Service Supervisor Jane Tolman. Prison Officer **Sue Gibson** of HMP Risley won the Working with Offenders individual award for her pioneering work in sex offender treatment.

The National Probation Service won an award from the British Film Institute in the Interactive Media Category of the Clarion Awards for excellence in the communication of diversity, CSR, sustainable development and ethical debate. Judge for Yourself is an interactive sentencing exercise designed to help people understand sentencing and the role of the Probation Service. The **National Probation Service** also received the External Interactive Media Gold Winner Award at the IVCA Awards 2009, an internationally recognised benchmark for effective communications.

Jacky Burrows, trainee probation officer from Avon and Somerset won the Perrie Lecture Award for her essay ‘What are Prisons for?’.

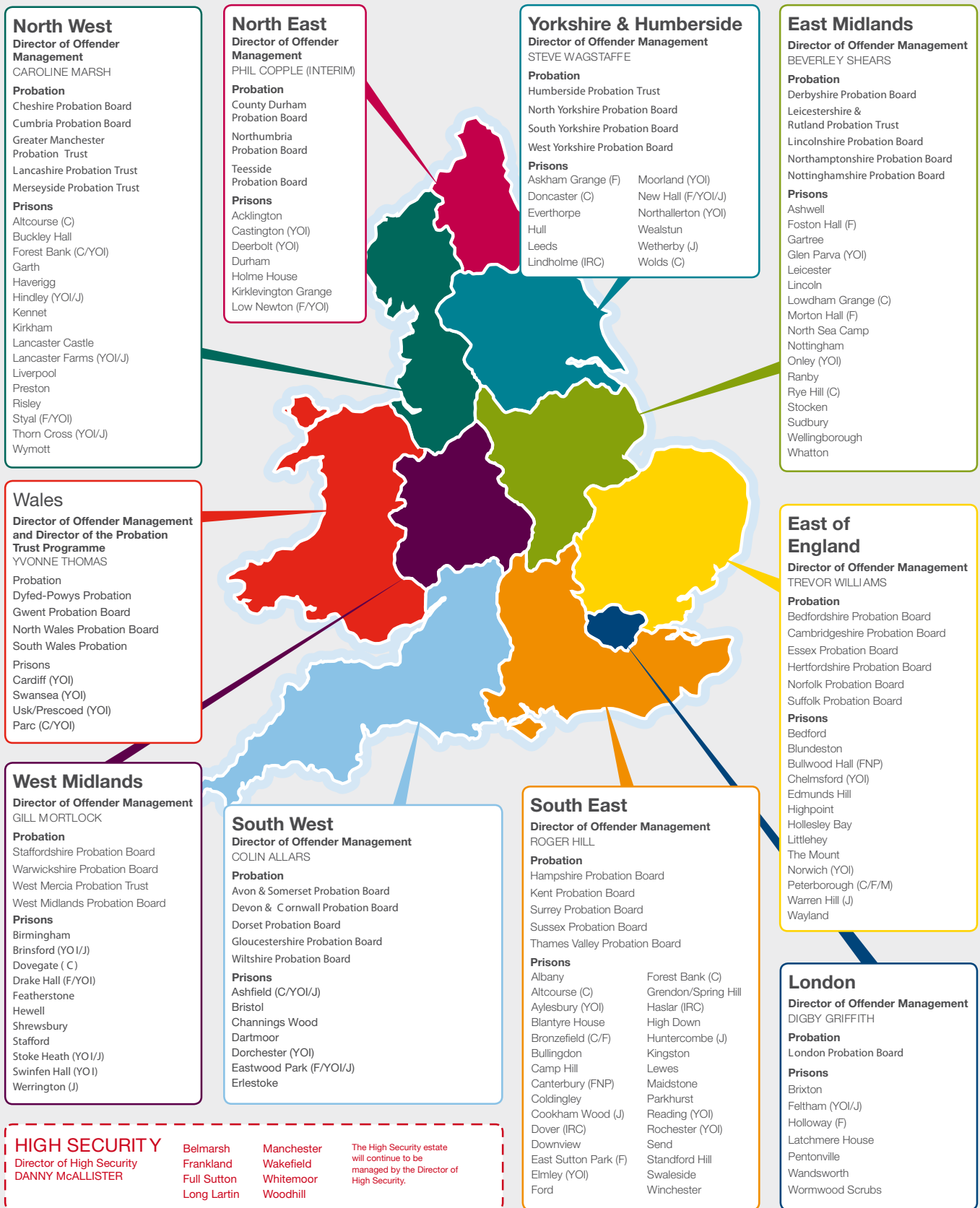
Senior Officer **Fiona Brown** from HMP Wakefield won an award at the Civil Service Diversity and Equality Awards for her work on projects with elderly and disabled prisoners, including a new scheme to promote a healthier lifestyle.

HMP Wandsworth’s Shame/Violence Intervention (SVI) unit received a prestigious award from the British Association for Counselling & Psychotherapy (BACP). The Innovation in Counselling & Psychotherapy Award recognises those undertaking innovative work within the field, particularly people who develop new ideas or techniques.

Iraq Reconstruction Medals have been presented to staff to recognise their work in the country, and two members of staff have also received Police Service Contingent Commanders Commendations for their work in post-war Iraq. The medallists **Matt Barton, Dave Bramley, Lance Ewington, Steve Fradley, Adrian Fry, Gus Korotana and Phil Robinson** were seconded to Iraq at various times between 2004 and 2008.

Other award winners include: **Sue Walker**, Head of Finance at HMP Low Newton, who received the Unsung Hero award in the Treasury’s Government Finance Awards 2008 and **Lisa Appleyard**, Head of HR Strategic Planning & Communications who was awarded with the Central Government Communicator of the Year at the Good Communication Awards. **The Prison Service** also won four prizes at the IT Training Awards 2008, with a gold and three silvers presented to staff for their efforts in improving IT skills across the estate.

Annex 4 – Directors of Offender Management



Key: (C) Contracted, (FNP) Foreign Nationals Prison, (J) Juvenile, (F) Female, (IRC) Immigration Removal Centre, (YOI) Young Offenders Institution

Annex 5 – Glossary of Terms

ATR	Alcohol Treatment Requirement
ACAS	Advisory, Conciliation and Arbitration Service
BACP	British Association for Counselling & Psychotherapy
BME	Black and Minority Ethnic
CAB	Citizens Advice Bureau
CARATs	Counselling, Assessment, Referral Advice and Throughcare services – part of the drugs strategy
Category A	That category of prisoner posing the highest security risk. There are also Category B, C and D prisoners
CBE	Commander of the British Empire
CCNVQ	Custodial Care National Vocational Qualification
CDRP	Crime and Disorder Reduction Partnerships
CETV	Cash Equivalent Transfer Value
CJG	Criminal Justice Group
CJS	Criminal Justice System
CLG	Communities and Local Government
CLINKS	A membership body that supports work that voluntary organisations undertake within the Criminal Justice System in England and Wales
CPO	Community Punishment Order
CPRO	Community Punishment and Rehabilitation Order
CRE	Commission for Racial Equality
CRO	Community Rehabilitation Order
DEL	Departmental Expenditure Limit
DOM	Director of Offender Management
DSO	Departmental Strategic Objective – NOMS has the lead in MoJ for DSO3 ‘Protecting the public and reducing re-offending’
DRR	Drug Rehabilitation Requirement
DTTO	Drug Treatment and Testing Order
EHRC	Equality and Human Rights Commission
EPIC	Electronic Probation Information Centre
ETE	Employment, Training and Education
FReM	Government Financial Reporting Manual
HMP	Her Majesty’s Prison
HMPS	Her Majesty’s Prison Service
HMYOI	Her Majesty’s Young Offender Institute
HO	Home Office
HR	Human Resources
ICT	Information and Communication Technology
IDTS	Integrated Drug Treatment System
iIP	Investors in People
IPP	Indeterminate sentence for Public Protection
IVCA	International Visual Communications Association
KPI	Key Performance Indicator
KPT	Key Performance Target
LAA	Local Area Agreement
LCJB	Local Criminal Justice Board
LGBT	Local Criminal Justice Board
LSC	Learning and Skills Council
MAPP	Multi Agency Protection Panel
MAPPA	Multi Agency Public Protection Arrangements
MBE	Member of the British Empire
MDT	Mandatory Drug Testing
MI	Management Information
MoJ	Ministry of Justice
MPSO	Money Payment Supervision Order
NAPO	National Association of Probation Officers
NHS	National Health Service
NOMIS	National Offender Management Information System
NOMS	National Offender Management Service
NPS	National Probation Service
NVQ	National Vocational Qualification
OASys	Offender Assessment System
OBE	Order of the British Empire
OBP	Offending Behaviour Programme
OLASS	Offender Learning and Skills Service
OSG	Operational Support Grade
PCT	Primary Care Trust
PEP	Performance and Efficiency Programme
PGA	Prison Governors Association
Phoenix	The Prison Service’s Oracle-based Enterprise Resource Planning System covering finance, HR and procurement
POA	Prison Officers Association
PSA	Public Service Agreement
PSN	Prison Service News
PSO	Probation Service Officer
RTITB	Road Transport Industry Training Board
SBC	Specifications, Benchmarking and Costing
SES	Single Equality Scheme
SLA	Service Level Agreement
SOTP	Sex Offender Treatment Programme
SSC	Shared Service Centre
SSSO	Suspended Sentence Supervision Order
SVI	Shame/Violence Intervention
TPO	Trainee Probation Officer
UKBA	UK Border Agency
YJB	Youth Justice Board
YOI	Young Offender Institution
YOT	Youth Offender Team



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