

**Probation Board  
for Northern Ireland**

**Annual  
Report  
and Accounts  
2007 - 2008**

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**Probation Board for Northern Ireland**

**Annual Report and Accounts**  
**For the year ended 31 March 2008**  
**Together with the report of the Comptroller and Auditor General**

Laid before the Houses of Parliament by the Secretary of State for Northern Ireland in accordance with paragraph 2(3) of Schedule 3 to The Probation Board (Northern Ireland) Order 1982

21st July 2008

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## Chairman's Foreword

I am pleased to introduce the Probation Board for Northern Ireland's 2007/08 Annual Report and Accounts. As you read through this report you will see that PBNI has made considerable progress in achieving its objectives in this final year of the current Corporate Plan.

During this past year we celebrated the centenary of probation in the United Kingdom and Ireland and the 25th anniversary of the creation of PBNI as the public body responsible for probation services in Northern Ireland.

We also prepared our next Corporate Plan for the period 2008-2011. The Corporate Plan was prepared after extensive internal and external consultation. It is an ambitious Plan as we envisage PBNI being central to all that happens in criminal justice to change offenders' attitudes and behaviour and to reduce levels of re-offending.

I want to thank my fellow Board members for their contribution to the effective governance of PBNI. On behalf of the board I want to express our gratitude to the staff of PBNI for their professionalism, dedication and commitment.



**Ronnie Spence CB**

Chairman

# Chief Officers' Introduction

This past year was the final year of the current three year Corporate Plan and PBNI made considerable progress in achieving the objectives we set ourselves under each of the 5 key strategic areas of

- Public Protection
- Social Inclusion
- Modernisation
- Workforce Planning and
- Business Performance.

In the following pages we detail the significant achievements during the year in meeting these objectives and include in this report a full and audited Statement of Accounts.

Whilst we are proud of our past achievements we are also conscious of the tremendous challenges that lie ahead as we begin implementation of the new Criminal Justice Order. The organisation will grow significantly in size over the next 5 years and our new Corporate Plan 2008-2011 that was launched by the Minister in March 2008 clearly outlines how we intend to embrace the historic change in probation and the many challenges and opportunities we anticipate over the next three years.

We express our thanks to all members of staff for their contribution to PBNI during the year.



**Brian McCaughey**  
Chief Probation Officer



**David van der Merwe**  
Chief Management Officer

The Chief Officers submit the Annual Report and audited accounts for the year ended 31 March 2008. The accounts have been prepared in accordance with the accounts direction issued by the Northern Ireland Office in July 2000 on behalf of the Secretary of State.

## 1. The Board

The Chief Officers are responsible for the day to day operation and performance of the Board. The members of the Board during the year to 31 March 2008 were:

Mr R Spence CB	Chairman
Mrs G Shaw CBE	Deputy Chairman
Mrs J Daykin-Goodall	
Mr T Flanagan	
Mr A MacLaughlin	
Mr P McAteer	
Dr R McKee	
Ms K Yiasouma	
Ms M McKee OBE	
Mrs H McCartan	
Mr J McKeever MBE	
Mr R McNeill	
Mr W Osborne	
Mr J Quinn	

Under The Probation Board (Northern Ireland) Order 1982, the Board shall consist of a Chairman, a Deputy Chairman and not less than 10 nor more than 18 other members. Membership at 31 March 2008 stood at 14 (Chairman and 13 other members). Ms M McKee resigned from the Board with effect from 31 May 2008.



## The Board Audit Committee

The members of the Board Audit Committee during the year to 31 March 2008 were as follows:

Mr P McAteer	Chairman
Dr R McKee	Deputy Chairman
Mr A MacLaughlin	
Mrs H McCartan	
Mr J McKeever MBE	

Other attendees of the meetings included representatives from Internal Audit (HELM Corporation), External Audit, Chief Management Officer and Finance Manager of PBNI.

## The Senior Executives

PBNI's Senior Executives who served during the year were as follows:

Mr B McCaughey	Chief Probation Officer
Mr D van der Merwe	Chief Management Officer
Ms C Lamont	Deputy Chief Probation Officer
Mr P Doran	Deputy Chief Probation Officer

## 2. History and Principal Activities

### 2.1 Historical Background

The Probation Board was established as a Non Departmental Public Body (NDPB), under the Probation Board (Northern Ireland) Order 1982 in accordance with a recommendation in the Report of the Review Group on Legislation and Services for Children and Young Persons in Northern Ireland (1979), that the probation service in Northern Ireland should be separated from Central Government and become responsible to a community based Board. The first Board, appointed in December 1982, has been followed by eight others, each of three years' duration, the last appointed in December 2006.

### 2.2 Statutory Background

The Board's functions are set out in the Probation Board (Northern Ireland) Order 1982. In addition other legislation relating to probation activities is contained in the Criminal Justice (Northern Ireland) Order 1991, Criminal Justice (Northern Ireland) Order 1996, and the Criminal Justice (Children) (Northern Ireland) Order, and in relevant amendments thereto.

The Permanent Under Secretary of State, who is the principal Accounting Officer of the Northern Ireland Office, has designated the Chief Management Officer as NDPB Accounting Officer for the Probation Board for Northern Ireland.

### 2.3 Principal Activities

The main activities of the Board are the supply of information to the courts through Pre-Sentence Reports (formerly Social Enquiry Reports), the supervision of offenders made subject to Probation Orders and Community Service Orders and since January 1st 1998, Custody Probation Orders, Combination Orders, sex offenders released on licence and the provision of welfare services to prisoners and their families and assistance with resettlement after release. Community initiatives in the prevention of offending are encouraged and supported.

The Board contributes to the funding of community organisations for the provision of hostels and other facilities and schemes in connection with the supervision and assistance of offenders and the prevention of crime.

The Board also directly operates a wide range of projects with objectives similar to its own. In the year under review there were 24 projects of this kind.

The Board has both mandatory functions which it shall perform, and discretionary functions which it may perform with the approval of the Secretary of State.

The mandatory functions are to:

- secure the maintenance of an adequate and efficient probation service;
- make arrangements for persons to perform work under community service orders;
- provide such Probation Officers and other staff as the Secretary of State considers necessary to perform social welfare duties in Prisons and Young Offender Centres; and
- undertake such other duties as may be prescribed.

The discretionary functions are to:

- provide and maintain probation hostels and other establishments for use in connection with the supervision and assistance of offenders;
- provide and maintain bail hostels;
- make and give effect to schemes for the supervision and assistance of offenders and the prevention of crime;
- make arrangements with voluntary organisations or any other persons (including Government Departments and public bodies) to:
  - provide and maintain such hostels and other establishments as mentioned above;
  - give effect to schemes for the supervision and assistance of offenders and the prevention of

### 3. Events since the end of the financial year

There have been no significant events since the end of the financial year, which would affect the results for the year or the assets and liabilities at the year-end.



## 4. Future Developments

This coming year is the first of the 2008-2011 Corporate Plan that identifies five core strategic priorities. Within each of these areas a number of outcomes have been set for 2008-09:

### Strategic Priority

### Outcomes

#### Alliance and Partnerships

- PBNI will have an agreed position paper as its contribution to the cross departmental Northern Ireland Offender Management Strategy.
- PBNI will have an agreed policy and related procedures for working in partnership with providers of services to assist in the management of offenders.
- PBNI will have delivered its contribution to the agreed North/South Public Protection Advisory Group (PPAG) work plan.

#### Assessing the risk posed by offenders

- The highest risk violent and sexual offenders will be managed by a multi agency co-located team.
- PBNI will have commenced implementation of an agreed action plan for the formulation and introduction of new practice standards to support delivery of the Criminal Justice Order 2008.
- PBNI will have contributed to the review of the multi-agency sex offender assessment pilot and have agreed action for practice development.
- PBNI will have in place an assessment model for work with violent offenders.
- A pilot Bail Information Scheme will be in operation.
- PBNI will have reviewed its internal processes for the provision of reports to courts so as to maximise opportunities for reduction in delays

#### Changing offenders' attitudes and behaviours

- PBNI will have established pilot restorative justice practices and victim offender mediation within probation supervision in two geographical areas.
- PBNI will have agreed internal structures and dedicated personnel to commence the introduction of the Criminal Justice Order 2008.
- PBNI will have commenced the implementation of a new strategy for community service taking account of the recommendations of the planned Criminal Justice Inspection

#### Public understanding and confidence

- PBNI will continue to be responsive to media interest in criminal justice and generate opportunities to explain to the public how Probation works.
- PBNI will have an agreed external communication strategy with supporting structures and staffing to deliver its targets.

## Organisational excellence

- PBNI will have a new senior management structure to deliver the Corporate Plan.
- PBNI will have revised and improved our business processes in relation to workload, performance management and risk management across the organisation.
- PBNI will have an agreed workforce planning strategy to deliver the anticipated growth from the implementation of the Criminal Justice Order 2008.
- PBNI will have an agreed Estates Strategy and related action plan to meet our anticipated growth.
- There will be improvement in internal communications evidenced by the IIP review, staff survey and EFQM re-assessment.
- PBNI will have completed an EFQM re-assessment with an agreed action plan for implementation over the remainder of the Corporate Plan
- PBNI will develop proposals to improve the information available about the effectiveness of probation activities.
- PBNI will live within the resources available to it in 2008/09 and if necessary the Business Plan will be adjusted to ensure that the services provided are in line with the resources available.

## 5. Equal Opportunities Policy Statement

- It is the policy of PBNI that all staff and all applicants for employment shall, in accordance with legislative requirements and/or good employment practice, be given equal opportunity in all aspects of employment, training and career development irrespective of their sex, marital status, religion, political opinion, race or sexual orientation.
- The Board resolves that no applicant for employment, training, career development or promotion will receive less favourable treatment or be disadvantaged by unjustifiable conditions or requirements by virtue of any disability. The average number of disabled employees in 2007-08 was 29.
- The Board also resolves that no applicant for employment, training, career development or promotion will receive less favourable treatment or be disadvantaged by unjustifiable conditions or requirements by virtue of age.
- Application of conditions of service, all localised agreements and the operation of recruitment, training, career development, promotion and transfer policies for individuals shall be on the basis of service requirements and the individual's ability, qualifications and aptitude for the work.
- The Board fulfils its obligations under Section 75 of the Northern Ireland Act 1998 in respect of promoting equality and good relations

## 6. Employee Involvement

The Board maintains arrangements for regularly consulting employees so that their views may be taken into account in decision making. Almost all professional staff are members of the National Association of Probation Officers (NAPO) and almost all administrative staff belong to the Northern Ireland Public Service Alliance (NIPSA). A Joint Negotiating and Consultative Committee, on which management and the two unions are represented, provides the formal consultative machinery for discussion of policy and other issues of concern to employees. In addition employees at all levels are kept informed by circular of decisions taken by the Board and senior management, as well as of matters bearing on the performance of the organisation and directly on their terms and conditions of employment.

## 7. Supplier Payment Policy

The Board complies with the Confederation of British Industry's Better Payment Practice Code. Unless otherwise stated in the contract, payment is made within 30 days of receipt and agreement of invoices for goods and services completed to the satisfaction of the Board. The Board has in place a system for dealing quickly with complaints and disputes and advises suppliers without delay when invoices, or part invoices, are contested. Its Finance Section continually monitors

for any payment outside the "30 days period". Based on a sample of invoices for goods and services completed to the satisfaction of the Board during the year, 99.58 % of bills were paid within this standard.

## 8. Pension Liabilities and Remuneration

The Board is an employing authority within the scheme provided by the Local Government Pension Scheme (NI). Membership of the scheme is optional for employees. The accounts reflect the contributions payable to the scheme in the year 2007-08.

For further information of executive management remuneration and pension interests please refer to notes 1, 3, 17 and the Remuneration Report.

## 9. Registers of Interests

In accordance with the Probation Board's Code of Practice for Members, a Register of Members' Interests and a Register of Senior Management Interests is maintained for Board Members and Senior Management. The Registers are available for inspection on the Board's website and they are updated on a regular basis

## 10. Fixed Assets

Fixed assets are valued at cost, adjusted as appropriate to reflect estimated current replacement costs. The estimated useful lives of

assets are reviewed regularly and when necessary revised. There was £277,886 of additions to fixed assets during the year. Movements in fixed assets are disclosed in notes 11, 12 and 13.

## 11. Health and Safety

The Board continues to pay special attention to the welfare of staff and customers, including matters relating to their health and safety.

## 12. Charitable Donations

There were no charitable donations made by the Probation Board for Northern Ireland during the year.

## 13. Board Member Responsibilities

The responsibilities of the Board Members are set out in the Probation Board for Northern Ireland Management Statement which was issued by the Northern Ireland Office in April 1999.

## 14. Audit

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. The audit fee for the year was £12,750 and relates solely to the audit of these financial statements. No statutory activities unrelated to the audit of the Board's financial statements, such as value for money audits, were undertaken during the year. His certificate and report is produced at pages 29 and 30.

## 15. Disclosure of audit information

So far as the Accounting officer is aware, there is no relevant audit information of which the Board's auditors are unaware. The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

## 16. Risk Management and Register

Risk Management is embedded in the Probation Board. It identifies, evaluates and assigns ownership of risks attached to all areas of activity. Key risks are regularly reviewed, evaluated and reprioritised. Risk management is an integral part of the business planning process. The organisation maintains a Risk Register. The risk management framework is currently under review and PBNI is considering the implementation of departmental risk registers that will support the Strategic Risk Register.

The Senior Management Team regularly meet to review the following:

- the risks that threaten to undermine or prevent the achievement of the organisation's objectives as laid out in the Corporate and Business Plans.
- an assessment of the likelihood of the risks occurring and an assessment of the impact of the risks to the organisation should they occur.

- the controls in place to mitigate, minimise or eliminate risks identified.
- the gaps in the risk management framework i.e. inactions or omissions that exist after identifying the controls in place.
- the specific actions that are required to address the identified gaps which allows the risks to exist.
- assigning responsibilities to members of the Senior Management Team to actions to address gaps and therefore risks.

## 17. Statement on Information Risk

There have been no incidents of loss of protected personal data within PBNI. In light of the recent losses by

public sector organisations, PBNI will continue to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems.

## 18. Complaints

In 2007/08 the Board received 7 complaints. All complaints received were investigated and are still under consideration at the end of the year under review.

Offenders are advised of the complaints procedure during their induction interview. An information leaflet for offenders is available in all offices which explains how to make a complaint if they are dissatisfied with the services provided.



# Operating and Financial Review

## 1. Corporate Plan

2007-08 was the third and final year of the 2005-2008 Corporate Plan. It identified five core strategic areas:

- Public Protection
- Social Inclusion
- Modernisation
- Workforce Planning
- Business Performance

## 2. Funding

The Board is financed by a grant from the Northern Ireland Office Request for Resources 1 (supporting and developing an efficient, effective and responsive Criminal Justice System) the statutory authority being Article 7 (1) of the Probation Board (Northern Ireland) Order 1982.

## 3. Results for the year

The results of the Probation Board for Northern Ireland are set out on page 31, in the Income and Expenditure Account. The deficit for the year transferred to General Fund was £15,544,070 (2007 – deficit £15,653,569 as restated). The PBNI balance sheet shows net assets of £4,052,390 (2007 – liabilities of £2,668,295). The main reason for this movement has been the reduction in the pension liability from £7,316,000 in 2007 to £573,000 in 2008.

Local Government Pension Scheme (LGPS) benefits are linked to price inflation and salary inflation. Therefore, the actuary needs to compare the *real* discount rate (i.e. net of price inflation) from year to year when assessing the effect of changes in financial

assumptions on the FRS17 liabilities. In most cases, the real discount rate has increased significantly from 2.1% p.a. as at 31 March 2007 to 3.2% p.a. as at 31 March 2008. This is primarily due to the increase in corporate bond yields over the year. All else being equal, a higher real discount rate leads to a lower value being placed on the liabilities. Therefore the change in real discount rate between March 2007 and March 2008 has a positive impact on the FRS17 balance sheet, reducing the value of the liabilities by around 10% to 25% typically. There has been a reduction in the investment return on the assets, but the net effect on the overall liability has been a significant reduction.

## 4. Operating Performance in the year

The Probation Board for Northern Ireland works with a broad spectrum of offenders, ranging from minor first time offenders, to prolific, serious violent/sexual offenders.

Annually the organisation writes approximately 6,000 Pre-Sentence Reports. Other reports provided by the Probation Board include reports to the Life Sentence Review Commissioners (regarding release from custody), and reports to the courts when an offender has not complied with PBNI requirements in the community (breach and revocation reports).

At any time PBNI will be working with over 3,700 people who are subject to a range of court sentences. PBNI is responsible for the supervision

of people subject to Combination Orders, Community Service Orders and Probation Orders.

Additionally, PBNI undertakes a significant role in risk assessment while offenders are in custody, and on release supervises people on Juvenile Justice Centre Orders, Custody Probation Orders and people subject to licence requirements (licences transferred from other jurisdictions, Life Licences, and Sex Offender Licences).

PBNI supervises all offenders on the basis of agreed Northern Ireland Standards. It is the role of Probation to challenge offending behaviour, to hold offenders to account and to help them change their attitudes and behaviour by addressing issues in their lives which have contributed to their involvement in crime. The Probation Board works in partnership with other Criminal Justice Agencies, Government Departments and the Voluntary and Community Sectors.



## Volume of Work Undertaken

During the past year, 1 April 2007 to 31 March 2008, the Probation Board provided a total of 6,055 Pre-Sentence Reports to courts to assist sentencing decisions. A total of 2,897 Probation Supervised Orders were made at court in the same twelve month period (see Table 1).

**Table 1: Number of new orders made at court**

Type of Order Made	Number of Orders made
Combination Order	209
Community Service Order	766
Custody Probation Order	431
Juvenile Justice Centre Order	52
Licences*	46
Probation Order	1,363
<b>Total</b>	<b>2,897</b>

\*Persons subject to licence conditions (life licence or sex offender licence) on release from custody.

At the end of March 2008, the Probation Board was supervising 3,795 offenders subject to a total of 4,069 orders (see Table 2 following). At 31 March 2008, the majority of offenders subject to PBNI supervision were male (91% male, 9% female), and almost two thirds of people under supervision were aged between 18 and 34 years (63%).

**Table 2: Number of orders subject to PBNI supervision (31 March 2008)**

Type of Order	No of orders subject to supervision
Combination Order	236
Community Service Order	725
Custody Probation Order	995
Juvenile Justice Centre Order	28
Licences	353
Probation Order	1,663
Other orders	69
<b>Total</b>	<b>4,069</b>

## Future

The introduction of the Criminal Justice (NI) Order in 2008 will significantly expand the work required of the Probation Board. New public protection sentences will be available to the courts to deal with dangerous violent/sexual offenders, Parole Commissioners will make decisions about release from custody and all prisoners will be supervised in the community after release from custody. Other measures such as electronic monitoring and drug treatment and testing orders will strengthen community supervision.

# Operating and Financial Review

## PBNI Victim Information Scheme

The PBNI Victim Information Scheme (VIS) has been operational since the end of October 2005. Up to March 2006, services were offered to victims whose case had resulted in a Custody Probation Order. From April 2006 the scheme was operational in relation to all probation supervised sentences.

The scheme represents an important development in the work of PBNI, with the provision of information directly to victims. The aims of the scheme are to empower victims of crime, to contribute to community safety in a manner which is accessible, understandable, respectful and supportive and to work in partnership with other Criminal Justice agencies and victim organisations to provide an integrated service to victims when a Probation supervised sentence is imposed. The scheme is voluntary, and victims receive relevant information once they have registered with the scheme.

During the first eighteen months of the scheme operating, 201 individual victims received a service from the PBNI VIS. This included approximately 611 contacts with victims, the majority by telephone or in face-to-face meetings.

PBNI undertook an internal evaluation of the scheme, and two thirds of service users gave feedback on their experience of the scheme. 92% of respondents were very satisfied or satisfied with the information and/or contact they had received from PBNI VIS.

## Resettlement

PBNI are partners with the NI Prison Service in the provision of resettlement services to prisoners, with the aim of limiting the impact of social exclusion of this section of community. Prisoners are prepared for release by targeting their needs, including those relating to accommodation, education, health (both mental and physical), drugs and alcohol, finance and family circumstances.

## MASRAM

PBNI assesses and then contributes to the management of risk posed by sex offenders in the community in order to help protect the public from harm and reduce re-offending. Probation Officers supervise many offenders who are subject to MASRAM arrangements and probation staff undertake the role of chairperson on the Area Sex Offender Risk Management Committees.

PBNI staff work directly with offenders in their day-to-day management and supervision, alongside police and prison colleagues. PBNI also work with offenders while they serve their prison sentences and those who have been made subject to various legislative Orders and Licences.

## Probation Effectiveness

2004 adult reconviction rates were published by the Northern Ireland Office at the end of April 2008, and detail the two year reconviction rates of people given a community based court disposal during 2004 and released from custody in that year.

For those people who commenced community supervision during 2004 (a Combination Order, Community Service Order or Probation Order), 7 in ten people were not reconvicted of a further offence within two years, an overall reconviction rate of 31%. 3 in every 4 people who were sentenced to unpaid work (community service) were not reconvicted within two years. Furthermore, the impact of supervision in the community can be seen from the reconviction rates for those released from immediate custody, and those who are supervised by the Probation Board on a Custody Probation Order (reconviction rates of 48% for immediate custody and 38% for Custody Probation Orders).

Table 3 below outlines the reconviction rates for each type of court disposal.

**Table 3: 2004 Adult Reconviction Rates (published by NIO, April 2008)**

Disposal	Reconviction Rate
Combination Order	43%
Community Service Order	25%
Probation Order	32%
Community Supervision	31%
Custody Probation Order	38%
Immediate Custody	48%

PBNI's three year Corporate Plan is delivered through a series of Annual Business Plans. The key organisational targets of the 2007-08 business plan together with the year end achievements are listed below.

### Definitions

- GREEN** 100% of Objective Met within 12 months
- AMBER** 75% of Objective Met within 12 months with work ongoing into next Objective Year
- RED** Not Met

### Summary

Strategic Area	Number of Objectives	Number Met	Number Partially Met	Number Not Met	Overall Objectives
Public Protection	8	7	1	0	AMBER
Social Inclusion	3	2	1	0	AMBER
Modernisation	5	2	0	3	RED
Workforce Planning	5	1	3	1	AMBER
Business Performance	3	2	1	0	AMBER
<b>Total</b>	<b>24</b>	<b>14</b>	<b>6</b>	<b>4</b>	

### Public Protection

Key Area	Objective	Action	Outcome
Offender Management	To advance discussions about the measures required to reduce offending and re-offending	PBNI provided background papers including the outcome of the four Blue Skies Seminars. A literature review and cost of crime study are underway and PBNI also made a significant contribution to the developing strategy on female offenders.	Objective Met

# Operating and Financial Review

## Public Protection (continued)

Key Area	Objective	Action	Outcome
Reports	To operate and evaluate a pilot scheme for the provision of specific sentence reports to courts	A pilot scheme in Belfast Courts was completed in August 2007. The pilot was evaluated and a subsequent report made available. This evaluation and report is being used to promote the use of specific sentence reports across the sentencing courts in Northern Ireland. Uptake of specific sentence reports currently being monitored across the courts.	<b>Objective Met</b>
MASRAM	To deliver the recommendations relating to PBNI in accordance with the Implementation Plans arising from the Criminal Justice Inspection NI MASRAM Inspection Reports	MASRAM Implementation Plan agreed and specific PBNI targets outlined. Regular reviews carried out by NISOSMC affirming PBNI targets achieved.	<b>Objective Met</b>
Sentencing Framework	To agree with the Northern Ireland Office a costed and phased Implementation Plan for the Sentencing Framework Review	A paper was agreed with the Northern Ireland Office which fully costed the phased implementation of the Sentencing Reforms over the next three years. PBNI made a significant contribution to the development of the new legislation and subsequent workstreams in the Implementation Plan.	<b>Objective Met</b>
Programmes	To design and approve offending behaviour programme	PBNI have adopted the "Think First" Accredited Programme. Staff have been trained in the delivery of the programme, sentencers across Northern Ireland are aware of the programme with a commencement date agreed for 1 June 2008.	<b>Objective Met</b>

## Public Protection (continued)

Key Area	Objective	Action	Outcome
Resettlement	To deliver the recommendations relating to PBNI in accordance with an agreed action plan arising from the Resettlement Inspection	Year 2 of the Northern Ireland Prisoner Resettlement Strategy has been delivered with PBNI continuing to second a member of staff to the Resettlement Team. An Action Plan has been agreed and is in the process of implementation.	<b>Objective Met</b>
Youth Offenders	To agree a PBNI Strategy on the delivery of Youth Justice Services	A number of high level meetings have taken place between PBNI and the Youth Justice Agency with a number of proposals being discussed. A Strategy paper is in the process of being drafted for agreement next Objective Year.	<b>Objective Partially Met</b>
Victims	To develop and pilot two restorative interventions in relation to supervised offenders and victims	Using the PBNI Victim Unit and Community Service Scheme, two pilots were completed: one in Belfast and one in North Antrim. A working group has evaluated the two pilots and is recommending that the initiative is rolled-out to all service delivery centres.	<b>Objective Met</b>

# Operating and Financial Review

## Key Performance Targets

Key Performance Measure	Target %	Annual Results %
1. Proportion of induction interviews arranged within 5 working days of sentence	98	94
2. Achievement of agreed standards regarding minimum levels of contact A Offered	94	84
B Kept	72	80
3. Proportion of supervision plans written to agreed standards	83	80
4. Where breach proceedings are appropriate, the proportion commenced within 10 working days of the incident occurring	93	86
5. Proportion of offenders that work an average of 5 hours or more per week	90	90
6. Proportion of Community Service Orders which complete within 12 months	98	92
7. Proportion of offenders whose risk assessment is reviewed at least every sixteen weeks	93	85
8. Proportion of Pre-Sentence Reports delivered to the Courts by the date specified by the court	99	99

## 2 Social Inclusion

Key Area	Objective	Action	Outcome
Equality of Opportunity, Good Relations and Diversity	To implement Year 1 of the Action Plan contained within PBNI's Promoting Good Relations Strategy	The Working Group focused on foreign nationals and interpretation/translation services. Further training was facilitated to members of the Working Group and full staff training on Diversity and Equality to be rolled-out in next business year.	<b>Objective Partially Met</b>
Equality of Opportunity, Good Relations and Diversity	Submit a Board approved Disability Action Plan for PBNI to the Equality Commission by 30 June 2007 to meet our statutory obligation under the amended Disability Discrimination Act 1995	The Board's Disability Action Plan was approved and submitted on time to the Equality Commission.	<b>Objective Met</b>
Community Service	To agree and deliver the recommendations in accordance with an agreed Action Plan arising from the Audit of Community Service	A seventeen point Action Plan was developed following the Audit and nine of the Action Points have been achieved, the others are ongoing. A further Audit was conducted in December 2007 which demonstrated improved performance over the year. The Action Plan will continue into next year when a full Inspection of Community Service is proposed for Autumn 2008.	<b>Objective Met</b>

# Operating and Financial Review

## 3 Modernisation

Key Area	Objective	Action	Outcome
Estate Review	To define the requirements, specification and outcomes for an Estates Improvement Programme and to implement Phase 1 of the Programme	With the proposals regarding the Sentencing Framework Reforms and the likely impact in terms of staffing now agreed, the requirements of PBNI regarding its Estate is clearer. A detailed Strategy and Plan will be developed in the next business year.	<b>Objective Not Met</b>
Internal and External Communications	Internal Communications: to review the effectiveness of internal communication methods for use within the organisation and to develop an Internal Communications Action Plan	Work has continued on internal communications throughout the year and improvements have been made in communication from senior management to teams and across the organisation. A review of the effectiveness of internal communication methods has not taken place. Further work in this area will be undertaken in 2008/09.	<b>Objective Not Met</b>
Internal and External Communications	External Communications: to identify the key opinion formers and decision makers covering public representatives, government and the press and media and to proactively and effectively engage with those identified in order to assist in the strategic positioning of the organisation	Key contacts identified amongst public representatives, Government, the press and media. Briefing meetings held. This work is ongoing and will be developed further to cement relationships in the future.	<b>Objective Met</b>
Commissioning	To define the requirements, specification and outcomes for the service areas to be commissioned so that competitive tendering can begin in 2007/2008 for the delivery of services in 2008/2009	Work was completed in drafting a framework paper regarding commissioning but further work is required to align commissioning with partnerships, purchasing and community development.	<b>Objective Not Met</b>
Information	To deliver the approved Information Management Project Plan 2007/08 within the timescale specified	Finalised and implemented Records Management Guidance through newly established Local Information Managers' Forum. Commenced work on a Corporate File Plan for PBNI. Reviewed Personnel information held outside Human Resources Department and developed handling guidance for managers. Developed arrangements for the safety and security of PBNI files within PBNI and within an off-site storage facility. Reviewed PBNI Data Sharing Protocols.	<b>Objective Met</b>



## 4 Workforce Planning

Key Area	Objective	Action	Outcome
Reward and Recognition	To deliver Year 1 priorities identified within the Reward and Recognition Paper by November 2007	Work was completed throughout the year regarding Reward and Recognition including a long service awards event, an inaugural annual staff award event and the recognition of 100 years of probation. Work continues into next year with a staff suggestion and innovation scheme.	<b>Objective Met (by March 2008)</b>
Workforce Planning and Workload Management and Control	To carry out a review of the level of operational staffing in the light of present and known commitments	Review of operational staff undertaken and priorities set. Recruitment of new staff in line with the priorities set. Further work will be undertaken in 2008/09.	<b>Objective Partially Met</b>
Workforce Planning and Workload Management and Control	To develop a skills and capacity profile for all operational functions	A review of the appropriateness in the Diploma in Social Work in the delivery of probation services was completed and shared with relevant stakeholders. The review affirmed that the Social Work Qualification did deliver the knowledge and skills required to be a probation officer. Further work ongoing regarding job profiling, performance management and caseload weighting.	<b>Objective Partially Met</b>
Workforce Planning and Workload Management and Control	To implement a workload prioritisation and control model for operational grades	The Workload Measurement and Control Model was implemented for probation officers. The model was monitored throughout the year and was further refined and then fully implemented across the service. A pilot model was introduced for field team admin staff and will be established and fully implemented in 2008/09.	<b>Objective Partially Met</b>
Staff Survey	To complete a staff survey by March 2008	Work has been continuing from the previous staff survey with focus groups set up across the service to identify the key issues to be worked on. The outcome of the focus groups has informed the next staff survey which is now scheduled for June 2008. The Board took a decision to defer the staff survey to June 2008.	<b>Objective Not Met (Deferred)</b>

# Operating and Financial Review

## 5 Business Performance

Key Area	Objective	Action	Outcome
Corporate Planning and Resourcing	To develop a Corporate Plan for 2008-2011 that effectively positions PBNI within the Criminal Justice System	Consultations with staff, stakeholders and the general public developed the Corporate Plan for 2008-2011 which was launched by the Minister in March 2008.	<b>Objective Met</b>
Devolve financial responsibility	To develop a model for devolved financial responsibility	Work to develop a model was ongoing throughout the year with a paper prepared for consideration in April 2008. Implementation will commence during the 2008/09 reporting year.	<b>Objective Partially Met</b>
Business Performance Programme	To have met the evaluation criteria specified in the REACH Programme	The Business Performance Programme has been rolled-out to all management grades and evaluation criteria have been agreed. Key to the evaluation will be the next staff survey which is now scheduled for June 2008	<b>Objective Met</b>

## Remuneration Policy

### 1) Board Members

The Chair, and other members of the board were all appointed by the Secretary of State for Northern Ireland in line with the Commissioner for Public Appointments "Guidance on Appointments to Public Bodies". The Secretary of State determines the emoluments of these persons.

### 2) Senior Executives

The senior executives of PBNI are employed by the Board under terms and conditions of employment that are contained in collective agreements reached under the auspices of the Standing Committee for Probation Chief Officer Grades (England and Wales). The parties to the Standing Committee are the Probation Boards' Association, the National Probation Directorate, the GMB Society of Chief Officers of Probation (GMB-SCOOP) and the National Association of Probation Officers (NAPO).

Implementation of any agreement within PBNI is subject to the approval of the Secretary of State for Northern Ireland, given with the consent of the Treasury.

In reaching its recommendations the parties to the Standing Committee have worked together to:

- Ensure that the pay system is fit for purpose and leads to higher quality service delivery

- Develop a fair and transparent pay and conditions structure which has the confidence and support of employees, employers and trade unions
- Assist the goal of building an excellent organisation with the right number of employees with the right skills and diversity, and organised in the right way
- Encourage working patterns which enable employees to achieve an acceptable balance between work and their private life
- Improve quality and availability of training and development opportunities to enhance service delivery and meet reasonable aspirations of employees
- Meet equal pay for work of equal value criteria, recognising that pay can be any benefit in cash or conditions
- Ensure implementation of new pay and conditions arrangements fairly and consistently across the service
- Ensure that the implementation of new pay and conditions arrangements is within financial and other constraints
- Ensure as far as possible that staffing and other resources are commensurate with workload.

## Service contracts

Appointments in PBNI are made in accordance with the Board's Equal Opportunities Policy and with reference to the Equality Commission's Advice and Guidance.

The compulsory retirement age in PBNI is 65 but officers may exercise the right to apply for continued employment beyond that age.

## PBNI Remuneration Committee

The Board has established a Remuneration Committee consisting of the Board Chairman, Board Deputy Chairman and the Chairs of the Corporate Services, Policy and Practice and Audit Committees to consider performance pay for the Chief Probation Officer and the Chief Management Officer.

The Remuneration Committee is a sub-committee of the PBNI Board.

The purpose of the Committee includes consideration and approval of the annual pay remit and the award of performance related pay, based on an assessment of performance against key performance measures.

# Remuneration Report

## Salary and Pensions Entitlement

The salary and pension entitlements of the senior executives of the Board were as follows:-

### AUDITED INFORMATION

Name & Title	Salary (Prior year) £K	Real incr in Pension & related Lump Sum at Age 60 £K	Total Accrued Pension at Age 60 and related Lump Sum £K	CETV at 31/03/08 £K	CETV at 31/03/07 £K	Real incr in CETV after adj £K
Mr D Van Der Merwe Chief Management Officer	75-80 (65-70)	0-2.5 plus lump sum 0-2.5	0-5 plus lump sum 5-10	31	21	10
Mr B McCaughey Chief Probation Officer	75-80 (65-70)	0-2.5 plus lump sum 0-2.5	20-25 plus lump sum 70-75	354	331	12
Ms C Lamont Deputy Chief Probation Officer	55-60 (45-50)	0-2.5 plus lump sum 2.5-5	15-20 plus lump sum 45-50	216	186	24
Mr P Doran Deputy Chief Probation Officer	55-60 (45-50)	0-2.5 Plus lump sum 2.5-5	10-15 plus lump sum 40-45	188	163	21

There were no benefits in kind provided to the senior executives of the Board which would require treatment by the Inland Revenue as a taxable emolument.

Column 5 (CETV at 31/03/08) and Column 6 (CETV at 31/03/07) show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period.

Column 7 (Real increase in CETV after adjustment for inflation and changes in market investment factors) 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 common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension

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

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Local Government Pension Scheme (NI) and for which the scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

Salary includes gross salary and performance pay but excludes travel lump sum.

The Chairman and Board members receive remuneration and expenses. The Board members are appointed for a fixed term of 3 years. The Board members received remuneration of £4,950 per annum paid at a monthly rate of £ 412.50. The Chairman and the Board members are not members of the Board's pension scheme.

		Remuneration and Expenses £k
Mr R Spence CB	Chairman	30-35
Mrs G Shaw CBE	Deputy Chairman	5-10
Mrs J Daykin-Goodall		5-10
Mr T Flanagan		5-10
Mr A MacLaughlin		5-10
Mr P McAteer		5-10
Dr R McKee		5-10
Ms K Yiasouma		0-5
Ms M McKee OBE		5-10
Mrs H McCartan		5-10
Mr J McKeever MBE		5-10
Mr R McNeill		5-10
Mr W Osborne		5-10
Mr J Quinn		5-10

**D. A. VAN DER MERWE**  
**CHIEF MANAGEMENT OFFICER**  
**PROBATION BOARD FOR NORTHERN IRELAND**  
**24 JUNE 2008**

# Statement of the Probation Board for Northern Ireland's and the Chief Management Officer's Responsibilities

Under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 the Probation Board for Northern Ireland is required to prepare a statement of accounts in the form and on the basis determined by the Secretary of State with the approval of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Probation Board for Northern Ireland's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Probation Board for Northern Ireland is required to:

- observe the accounts direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The principal Accounting Officer of the NIO has designated the Chief Management Officer as the Accounting Officer for the Probation Board for Northern Ireland. His relevant responsibilities as Accounting

Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in Managing Public Money, published by H.M. Treasury.



## Scope of Responsibility

As designated NDPB Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Probation Board policies, aims and objectives as set out in our three-year corporate plan supported by an annual business plan both of which take cognisance of the annual Ministerial Steer. I am personally responsible in accordance with the Treasury Memorandum entitled 'The responsibilities of an NDPB Accounting Officer' for the safeguarding of public funds and assets.

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 and prioritise the risks to the achievement of Board's 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 Probation Board for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to Handle Risk

The capacity to handle risk is given high priority in the Probation Board. As Chief Management Officer, I, together with the Chief Probation Officer and our Senior Management Team (SMT) are pivotally involved in risk identification, evaluation and control.

Senior Management have been trained on how to identify risks that threaten the objectives of the organisation, the controls in place to mitigate risk and how to devise actions to deal with gaps in the risk and control framework.

## The Risk and Control Framework

Risk Management is embedded in the Probation Board. For a number of years, the organisation has maintained a Risk Register. This is updated on an annual basis and is monitored throughout the year.

Each year, the SMT and I hold Risk Workshops in which the following areas are clearly identified and agreed:

- the risks that threaten to undermine or prevent the achievement of the organisation's objectives as laid out in the Corporate and Business Plans.
- an assessment of the likelihood of the risks occurring and an assessment of the impact of the risks to the organisation should they occur.

- the controls in place to mitigate, minimise or eliminate risks identified.
- the gaps in the risk management framework i.e. inactions or omissions that exist after identifying the controls in place.
- the specific actions that are required to address the identified gaps which allows the risks to exist.
- assigning responsibilities to members of the SMT to actions to address gaps and therefore risks.

Once the Risk Register has been agreed, it becomes a 'live document' which is monitored regularly by the SMT to ensure that identified actions are being carried out on a timely basis. Quarterly progress reports are provided for Audit Committee meetings, together with the updated register. The risk management framework is currently under review and PBNI is considering the implementation of department risk registers that will support the Strategic Risk Register.

# Statement on Internal Control

## Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control and the following processes are in place:

- an annual report on performance at the accountability review with the NIO;
- six monthly report to the Northern Ireland Office and the Minister on performance against targets and objectives contained in the annual business plan;
- regular reviews by internal audit, to standards defined in the Government Internal Audit Manual, which include an Annual Report which contains an independent opinion on the adequacy and effectiveness of the Probation Board's system of internal control together with recommendations for improvement;
- periodic reports from the Audit Committee to the Board concerning internal control;
- reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress on key projects;
- monthly Board Meetings that consider regular monitoring reports on performance against targets;
- annual Risk Workshops to maintain and update the Risk Register

My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Senior Managers within the organisation who have responsibility for the development and maintenance of the internal control framework, 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 of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**D. A. VAN DER MERWE**  
**CHIEF MANAGEMENT OFFICER**  
**PROBATION BOARD FOR**  
**NORTHERN IRELAND**  
**24 JUNE 2008**



# 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 Probation Board for Northern Ireland for the year ended 31 March 2008 under the Probation Board (Northern Ireland) Order 1982. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash flow Statement and Statement of Recognised Gains and Losses 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 Probation Board for Northern Ireland, Chief Management Officer and auditor

The Probation Board for Northern Ireland and Chief Management Officer as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Probation Board (Northern Ireland) Order 1982 and directions made thereunder by the Secretary of State for Northern Ireland and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of the Probation Board for Northern Ireland and the Chief Management Officer.

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 the Probation Board (Northern Ireland) Order 1982 and directions made thereunder by the Secretary of State for Northern Ireland. I report to you whether, in my opinion, 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 Probation Board for Northern Ireland 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 Probation Board for Northern Ireland'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 form an opinion on the effectiveness of the Probation Board for Northern Ireland'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 the Chairman's Foreword, the Chief Officers' introduction and the unaudited part of the Remuneration Report. 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 Probation Board for Northern Ireland and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Probation Board for Northern Ireland'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,

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

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 Probation Board (Northern Ireland) Order 1982 and directions made thereunder by the Secretary of State for Northern Ireland, of the state of Probation Board for Northern Ireland's affairs as at 31 March 2008 and of its net deficit 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 the Probation Board (Northern Ireland) Order 1982 and directions made thereunder by the Secretary of State for Northern Ireland; and
- 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.

**T J Burr**

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

8th July 2008

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

<b>Income</b>	<b>Note</b>	<b>2007/08 £</b>	<b>2006/07 £ restated</b>
Operating Income	2	<u>(1,858,553)</u>	<u>(1,771,106)</u>
<b>Expenditure</b>			
Salaries & Wages	3	12,100,854	11,922,141
Depreciation	11, 12 & 13	576,463	571,402
Grants For Community Development	4	1,323,744	1,208,420
Community Service & Other Schemes	5	195,219	160,910
Other Operating Costs	6	3,571,965	3,848,428
<b>Total Expenditure</b>		<u>17,768,245</u>	<u>17,711,301</u>
<b>Deficit before Interest</b>		15,909,692	15,940,195
<b>Interest</b>			
Finance income	7	(385,000)	(303,000)
Notional Cost of Capital	8	21,997	20,498
Loan Interest Receivable	10	(2,619)	(4,124)
<b>Deficit to General Fund</b>	18	<u>15,544,070</u>	<u>15,653,569</u>

All amounts above relate to the continuing activities of the Board.  
The movement on the General Fund is set out in Notes 18 and 19.

## STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2008

	<b>Note</b>	<b>2007/08 £</b>	<b>2006/07 £</b>
Unrealised surplus on revaluation of fixed assets	18	385,558	1,125,601
Net Actuarial gain/(loss) in pension deficit	17	6,563,000	(7,361,000)
Prior year adjustment		-	22,000
Donated asset movement		(19,867)	(23,666)
Government grant reserve movement		(1,397)	(949)
<b>Recognised Gains/(Losses) for the year</b>		<u>6,927,294</u>	<u>(6,238,014)</u>

The notes on pages 34 to 58 form part of the accounts.

# Probation Board for Northern Ireland

## BALANCE SHEET

AS AT 31 MARCH 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	11 & 12	4,564,675	4,989,921
Intangible assets	13	68,442	101,012
		<u>4,633,117</u>	<u>5,090,933</u>
<b>CURRENT ASSETS</b>			
Debtors and Prepayments	14	430,304	269,461
Cash at bank and in hand	25	327,757	120,429
		<u>758,061</u>	<u>389,890</u>
Creditors: Amounts falling due within one year	15	<u>(755,788)</u>	<u>(536,608)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>2,273</u>	<u>(146,718)</u>
<b>Total Assets Less Current Liabilities</b>		4,635,390	4,944,215
Provision for Liabilities and Charges	16	(10,000)	(296,510)
<b>Net assets excluding pension (deficit)</b>		<u>4,625,390</u>	<u>4,647,705</u>
Pension (deficit)	17	(573,000)	(7,316,000)
<b>Net assets/(liabilities) including pension (deficit)</b>		<u>4,052,390</u>	<u>(2,668,295)</u>
Financed by: <b>CAPITAL AND RESERVES</b>			
General Fund	18 & 19	1,646,917	(5,199,104)
Revaluation Reserve		2,349,714	2,453,798
Government Grant Reserve		2,133	3,518
Donated Asset Reserve		53,626	73,493
		<u>4,052,390</u>	<u>(2,688,295)</u>

The notes on pages 34 to 58 form part of the accounts

**D. A. van der Merwe**  
**Chief Management Officer**  
**Probation Board for Northern Ireland**  
**24 JUNE 2008**

## CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	£	2007/08 £	£	2006/07 £
<b>NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES</b>	23		(15,187,370)		(14,845,790)
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Car Loan Interest Received			<u>2,619</u>		<u>4,124</u>
<b>NET CASH INFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>			2,619		4,124
<b>CAPITAL EXPENDITURE</b>					
Proceeds from sale of Fixed Assets			500,870		337,739
Payments for Fixed Assets	20		<u>(301,867)</u>		<u>(590,892)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>			199,003		(253,153)
<b>FINANCIAL INVESTMENT</b>					
Car Loan Principal Advanced			<u>(21,389)</u>		<u>(7,600)</u>
<b>NET CASH (OUTFLOW) FROM FINANCIAL INVESTMENT</b>			(21,389)		(7,600)
<b>NET CASH (OUTFLOW) BEFORE FINANCING</b>			<u>(15,007,137)</u>		<u>(15,102,419)</u>
<b>FINANCING</b>					
Grant-in-Aid Received	18		15,191,139		15,237,218
Car Loan Principal Repaid			<u>23,326</u>		<u>29,769</u>
<b>NET CASH INFLOW FROM FINANCING</b>			<u>15,214,465</u>		<u>15,266,987</u>
<b>INCREASE IN CASH</b>			<u>207,328</u>		<u>164,568</u>

The notes on pages 34 to 58 form part of the accounts

## 1 STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### **Accounting Convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of tangible fixed assets, in accordance with the accounts direction issued by the Northern Ireland Office in July 2000 for year ended 31 March 2000 and in respect of all future financial years.

Without limiting the information given, the accounts meet:

- the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986;
- the accounting standards issued or adopted by the Accounting Standards Board; and
- the accounting and disclosure requirements issued by HM Treasury with particular regard to the Government Financial Reporting Manual

in so far as those requirements are appropriate.

### **Advances to Probation Offices**

Amounts advanced to Probation Offices in respect of Probation Projects and not expended during the year on the appropriate project are recognised at the end of the year as a debtor balance. Other advances to offices are also treated as debtor balances in the balance sheet.

### **Northern Ireland Office Grant**

Grant income in respect of revenue and capital expenditure is credited to the General Fund in accordance with guidance contained in the Government Financial Reporting Manual.

### **Value Added Tax**

The Board is not registered for Value Added Tax. All transactions are therefore stated gross of VAT.

## Fixed Assets – Tangible and Intangible

The threshold for fixed assets adopted by Probation Board is given below.

Category	Method Of Recording	Threshold	Estimated Useful Lives
Land	Individual	£ Nil	Freehold – Infinite Leasehold – Length of Lease
Buildings	Individual	£ Nil	Freehold – 20 to 100 years Leasehold – Length of Lease
Motor Vehicles	Individual	£1,000	5 years
Fixtures and fittings	Pooled	£1,000	10 years
Plant and equipment	Pooled	£1,000	5 years
Computer hardware	Pooled	£1,000	5 years
Computer Licence – (Intangible)	Individual	£5,000	7 years

The threshold levels will be reviewed regularly and revised to reflect the effect of inflation on asset values.

## Measurement and Valuation

Tangible and Intangible fixed assets should be valued at the lower of replacement cost and recoverable amount. Recoverable amount is defined as the higher of net realisable value and value in use.

The estimated useful lives of assets are reviewed regularly and when necessary revised. Land and assets in the course of construction are not depreciated. Depreciation is provided on a straight line basis in order to write off the valuation of all other fixed assets over their estimated useful lives. A full year's depreciation is charged in the year of acquisition of assets, but no depreciation is charged in the year of disposal of the assets.

The Board has capitalised its non property assets at depreciated replacement cost. Donated assets have been capitalised at current value on receipt.

All fixed assets with the exception of land and buildings, assets under construction and computer licence are revalued by reference to appropriate Office for National Statistics indices. Revaluations are recognised on an asset-by-asset basis with no account taken of potential profit or loss on other fixed assets. A desk-based valuation of land and buildings is completed annually by the Valuation & Lands Agency with a full professional valuation every 5 years. A full professional valuation was carried out as at 29 February 2008 and the next professional valuation will be carried out at 28 February 2013.

The computer licences for the Risk Assessment System and the Probation Information Management System are not revalued and are recorded at historic cost (See note 13).

## **Pension Costs**

Most staff of the Board are members of the Local Government Pension Scheme (NI). Further details regarding the operation of the pension scheme are contained in the pensions section of notes 3 and 17 to the accounts.

## **Early Departure Costs**

The Board is required to provide in full for the cost of paying pensions of employees who retire early from the date of their retirement until the pension is no longer due to the individuals or their spouses.

Payments during the year in respect of these individuals are charged to the provision. Each year the provision is recalculated and restated if necessary with any under or over provision charged or credited to other operating costs. From 2007-08, this is part of the FRS17 actuarial valuation and it is now shown in Note 17 – Pension Commitments.

## **Grants for Community Development**

Grants paid to community bodies are part of the ordinary activities of the Board and are charged to operating expenditure as incurred. Grants are offered and issued in accordance with the Board's grant terms, conditions and finance instructions. Community bodies are required to incur all expenditure by the Board's financial year end. There are no unclaimed grants at year end.

## **Insurance**

Except where there is a statutory requirement to do so, the Board does not take out general insurance. Instead, expenditure in connection with uninsured risks is charged as incurred.

## **Notional Costs**

A notional cost reflecting the cost of capital utilised by the Board is included in operating expenditure. The charge is calculated at the Treasury's standard rate of 3.5% of average net assets excluding donated assets. There are no other notional costs relating to the running of the Board borne by Government Departments or organisations.



## 2 OPERATING INCOME

	2007/08 £	2006/07 £
<b>Operating Income</b>		
Ratsdam	117,480	58,740
Interreg	42,176	82,375
Impact Scheme	165,780	169,636
Prison Service	1,203,682	1,108,163
Secondment	219,124	179,590
Government Grant Release (Note 21)	1,397	949
Donated Asset Release (Note 22)	19,867	28,057
Protect N&S	-	73,097
Miscellaneous	89,047	70,499
	1,858,553	1,771,106

**Ratsdam** – Funding of £117,480 has been provided for this project by the Eastern Health and Social Services Board. The aim of the scheme is to support the drug and alcohol coordination teams in the implementation of the New Strategic Direction on Alcohol and Drugs. The Probation Board for Northern Ireland is working in partnership with the Northern Ireland Community Addiction Services to deliver this scheme.

**Interreg** – Funding of £42,176 has been provided by European Regional Development Fund relating to the “Neighbours of Europe” project. The aim of the project is to provide local people with the skills to engage in the regeneration of their local space.

**Impact Scheme** – Funding of £165,780 has been provided for this project. The aim of the scheme is to address the level of car crime in Greater Belfast with a specific targeted initiative aimed at young people involved in car crime for the Greater West Belfast area.

**Prison Service** – £1,203,682 as per Service Level Agreement between the Probation Board for Northern Ireland and the Prison Service Agency for the provision of social welfare services in prisons and young offenders’ centres as set out in the 1982 Order.

**Secondment** – £219,124 represents salary and travel income of seconded staff and student placement fees.

**Government Grant Release** – £1,397 represents release of grant from government grant reserve to match the consumption of the related European Union assets over the expected useful economic lives.

**Donated Asset Release** – £19,867 represents release from donated asset reserve to match the consumption of the donated assets over the expected economic lives.

**Miscellaneous** – £89,047 represents drink drive project income.

Income represents services provided to the Board’s customers both in the public and private sectors as invoiced or transfer from government grant reserve or donated asset reserve.

# Notes to the Accounts

## 3 STAFF COSTS AND NUMBERS

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
		<b>restated</b>
Board Members' Remuneration and expenses	112,344	111,344
Probation Staff	9,659,644	9,319,143
The average number of staff in the period was 240 (2007:250)		
Administration Staff	1,891,922	2,036,667
The average number of staff in the period was 91 (2007:105)		
<b>SUB TOTAL</b>	<u>11,663,910</u>	<u>11,467,154</u>
Inward Secondments	178,048	208,634
Agency / Temporary staff and contract staff	<u>258,896</u>	<u>246,353</u>
<b>TOTAL</b>	12,100,854	11,922,141
Less recoveries in respect of outward secondments	(219,124)	(179,590)
<b>TOTAL NET COSTS</b>	<u>11,881,730</u>	<u>11,742,551</u>

- The staff on outward secondment have been excluded from staff numbers.
- Probation staff figures now include the numbers and costs of the sessional supervisors which were previously shown in Note 5, Community Service and other schemes. The 2006-07 comparative figures have been amended to reflect this change (see also Note 5).

The average number of staff employed by the Probation Board for Northern Ireland during 2007/08 together with details of staff costs were as follows: -

# Probation Board for Northern Ireland

Probation Staff	Numbers	Gross Emols £k	Employers Nat. Ins. £k	Superann Non cash £k
Probation Management	14	769	69	109
Probation Staff	226	7,285	483	945
Inward Secondments/Staff on Loan	3	83	-	-
<b>Administrative Staff</b>				
Management	1	48	4	10
Administrative	90	1,381	95	354
Agency / Temporary staff and contract staff	14	259	-	-
Inward secondments / Staff on loan	3	95	-	-

## Pensions

The Probation Board for Northern Ireland is an Employing Authority within the scheme provided by the Local Government Pension Scheme (NI).

Membership of the scheme is optional for employees, but in practice almost all staff opt into this pension provision arrangement.

Staff employed under National Negotiating Council based conditions (that is probation grades) contribute 6% of remuneration. The employer's contribution is determined by the Committee's Actuary every 3 years and for 2007/08 year is 13% of remuneration.

Staff employed under the conditions based on those of the NICS (Administrative Staff) contribute 1.5% and the Board's contribution is 17.5%.

Pension benefits are provided through the Local Government Pension Scheme (NI). This is a committee based scheme open to all permanent and temporary staff aged between 16 and 65 and provides benefits on final salary basis. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service.

In addition, a lump sum at a rate of 3/80th of pensionable salary for each year of service is paid. Members pay contributions of 6% and 1.5% respectively as Probation and Administrative staff. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse for a short-term period of 3 months payable at the rate of the member's pensionable remuneration at the date of death. Provided that the deceased member had statutory pension entitlement this is followed by a long-term pension which is payable for life. The calculation is 50% of the deceased's benefits had they taken early retirement. 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 Local Government Pension Scheme (NI) is a multi employer defined benefit scheme. The Board's contributions are affected by a surplus or deficit in the scheme. The most recent full actuarial valuation was completed as at 31 March 2007. The employer's rate for year commencing 1 April 2008 has been increased to 15%. An employer contribution rate of 16 % has been proposed for year commencing 1 April 2009.

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.

# Notes to the Accounts

## 4 GRANTS FOR COMMUNITY DEVELOPMENT

Grants in respect of schemes for the supervision and assistance of offenders and the prevention of crime:-

	2007/08 £	2006/07 £
<b>Grants over £100,000</b>		
Northern Ireland Association for the Care & Resettlement of Offenders	368,675	348,268
Extern Organisation	248,898	293,290
<b>Grants £50,001 - £100,000</b>		
Northern Ireland Alternatives	63,361	-
West Belfast Parent Youth Support Group - Roghanna	88,000	75,000
<b>Grants £25,001 - £50,000</b>		
Breakthru Drugs Awareness	26,000	-
First Housing Aid – Anchorage Resource Centre	30,000	-
Greater Village Regeneration Trust	26,200	-
React	25,850	-
Women's Aid Federation	43,370	48,497
<b>Grants up to £25,000</b>		
Action Cancer – Belfast	2,400	-
Action Cancer – Coleraine	2,145	-
Age Concern Derry	6,000	6,000
Altnaveigh House Limited	-	5,000
An Munia Tober	-	4,000
Antville Community Group	-	1,969
Arc HLC Ltd – Solace Centre	4,500	-
Ardoyne Youth Club	4,500	-
Artability NI Ltd	19,500	12,669
Artillery Youth Centre	3,000	-
Ascrt	-	8,000
Ballykeel 2 Residents Association	8,000	7,300
Ballymena Family & Addicts Support Group	8,000	8,655
Barnardos Beyond the Shadows	-	1,000
Barnardos Parenting Matters	-	12,669
Belfast Activity Centre	-	19,782
Brownlow Campus Sports Trust	-	15,500
The Bytes Project (Belfast)	-	6,600
The Bytes Project (Derry)	(79)	6,800
Carnany Community Centre	(14)	-
Carrickfergus YMCA	(1,628)	3,645

# Probation Board for Northern Ireland

	2007/08 £	2006/07 £
<b>Grants up to £25,000 continued</b>		
Challenge for Youth	17,863	20,000
Clandeboye Village Community Association	(1,471)	4,967
Cloona Oasis	9,148	-
Conservation Volunteers - Derry & Coleraine	12,000	12,000
Cookstown and District Women's Group	10,000	5,000
Corner House Cross Community Family Centre	19,500	28,000
Corpus Christi Youth Centre	-	(335)
County Down Community Leadership Group	-	3,704
Derryhill Community Sports Group	(140)	-
Devenish Partnership Youth Project	-	(132)
Dismas House	1,017	2,321
Divis Youth Project	-	1,680
Dunlewey Substance Advice Centre	20,000	-
Durlston Pastoral Care Centre	5,000	4,800
East Belfast Mission - Hosford House	-	(101)
Edward Street Hostel	-	2,150
The Ely Centre	(300)	2,000
First Step Drop-in Centre	-	3,096
Forward Learning Limited	(748)	4,000
Gems NI Limited	20,000	-
Gleann Amateur Boxing Club	-	1,000
Glen Community Parent Youth Group	-	4,000
Glen Rural Community Group	1,000	2,000
Greater Shankill Alternatives	7,840	-
Hurt	7,000	-
Include Youth	15,000	20,000
Intercomm	13,000	(309)
Keady Unattached Youth Project	-	(1)
Kilkeel Parish Bridge Association	-	1,000
The Link Family & Community Centre	11,410	-
Lisburn YMCA	2,500	-
The Logic Café	-	301
Londonderry YMCA	-	6,040
Lower Falls Newstart Project	2,136	3,540
The Lynx Project	-	6,310
Moyraverty Arts & Drama	2,419	-

# Notes to the Accounts

	2007/08 £	2006/07 £
<b>Grants up to £25,000 continued</b>		
Must Hostel	6,346	11,302
NI African Cultural Society	-	1,000
New Life Counselling Services	10,000	10,000
NICAS (NI Community Addiction Service)	-	7,830
North Belfast Play Forum	3,120	-
North Down Alternatives	16,374	-
North Down Local Strategy Partnership	5,997	-
Ocean Youth Trust	-	(1,100)
Opportunity Youth	20,000	14,041
Paragon Training Limited	24,994	-
Presbyterian Church in Ireland - Thompson House	3,064	3,478
Presbyterian Church in Ireland – Carlisle House	7,000	-
The Princes Trust	10,000	-
Prison Arts Foundation	-	21,259
Queens Quarter Housing	4,653	-
Riding for the Disabled	-	(864)
Roden Street Community Development Group	5,000	5,000
St Vincent De Paul	1,163	-
Salvation Army – Centenary House	7,024	223
Servite Trust NI	2,000	-
Shantallow Community Residents' Association	-	4,500
Stadium Youth & Community Centre	20,000	43,907
Star Neighbourhood Centre	2,000	-
Stop It Now!/NSPCC	-	9,000
Strabane & District Community Work Programme	(27)	2,250
Terry Enright Foundation	-	(480)
Upper Springfield Development Co Ltd - Top of the Rock	-	3,000
Voluntary Service Lisburn	21,379	18,660
Waterside Christian Outreach Project	(3,195)	5,000
West Kirk Community Project	6,000	11,300
Women's Aid - Causeway	-	(1,561)
Workspace	-	4,000
The Y Zone	-	10,000
Youthfirst Project	-	5,000
	<u>1,323,744</u>	<u>1,208,420</u>

Negative grants (amounts shown in brackets) represent returns from the previous year. If a grant is not fully spent and fully received, then the group must return the unspent amount.

## 5. COMMUNITY SERVICE AND OTHER SCHEMES

	2007/08 £	2006/07 £ restated
<b>Community Service and Other Schemes</b>		
Community Service	76,442	75,878
Befriending Fund	75,551	48,876
Schemes for the supervision and assistance of Offenders and the prevention of crime	43,226	36,156
	195,219	160,910

## 6. OTHER OPERATING COSTS

	2007/08 £	2006/07 £ restated
<b>Other operating costs include:</b>		
Travel and Subsistence	405,510	427,587
Rent, rates, maintenance of buildings, electricity and fuel	1,278,756	1,278,735
Telephones, postage, stationery, office equipment and supplies	888,185	906,164
Training courses, conferences, library costs	137,130	134,728
Service Costs	186,099	195,416
Professional fees related to buildings	15,831	26,370
Audit Fee	12,750	12,500
Early Departure Costs	-	307,116
District Valuer's Fees and Legal Fees	43,544	28,421
Subscriptions	12,629	12,556
Consultancy	258,994	169,927
Vehicle	11,839	24,841
Loss on Disposal of Fixed Assets	24,922	61,221
Permanent Diminution in Value of Fixed Assets	19,004	30,988
Legal costs provision	10,000	-
Miscellaneous	266,772	231,858
	3,571,965	3,848,428

Agency catering costs previously shown as service costs in note 6 are shown as miscellaneous costs in 2007/08. The 2006/07 figures have been restated to reflect this change.

# Notes to the Accounts

## 7. FINANCE COSTS

### NILGOSC Pension Liability

	2007/08 £	2006/07 £
Expected return on pension scheme assets	3,201,000	2,809,000
Interest on pension scheme liabilities	(2,816,000)	(2,506,000)
Net Return	<u>385,000</u>	<u>303,000</u>

## 8. NOTIONAL COST OF CAPITAL

	2007/08 £	2006/07 £
Interest on Capital Employed	21,997	20,498

The income and expenditure account bears a non-cash charge for interest relating to the use of capital by the Board calculated at the Treasury Discount rate of 3.5% of the average net assets excluding donated assets.

## 9. COMMITMENTS UNDER OPERATING LEASES

	Land and Buildings £	Other £	2007/08 Total £	2006/07 Total £
<b>Operating Leases expiring:</b>				
Within one year	33,999	26,932	60,931	37,952
Between two and five years	225,364	140,175	365,539	324,551
After 5 years	220,036	-	220,036	291,242
Total	<u>479,399</u>	<u>167,107</u>	<u>646,506</u>	<u>653,745</u>



## 10. LOAN INTEREST RECEIVABLE

	2007/08 £	2006/07 £
Interest Receivable	2,619	4,124

This represents the interest receivable during the year on loans issued to essential car users from the Assisted Car Purchase Scheme.

## 11. TANGIBLE FIXED ASSETS

The Valuation & Lands Agency carried out a full valuation of land and buildings at 29 February 2008. There was no significant change in this valuation during March 2008. The valuations have been made in accordance with the Appraisal and Valuation Manual prepared and published by the Royal Institution of Chartered Surveyors on the basis of Existing Use Value or Open Market Value as appropriate.

The market value of land and buildings is £3,798,919 consisting of existing use value £ 2,948,919 and open market value £850,000. The corresponding historic net book value is £1,467,905. Included within land and buildings is land valued at £1,535,000, which is non-depreciable.

	Land and Buildings (Freehold) £	Expenditure on Leasehold Premises (Short Leasehold) £	Plant and Equipment £	Computers £	Fixtures and Fittings £	Motor Vehicles £	Assets Under Construction (AUC) £	Total £
<b>Cost/Valuation</b>								
At 1 April 2007	3,792,178	1,996,364	296,496	797,392	544,132	40,367	57,405	7,524,334
Additions	-	56,006	23,092	116,031	18,452	-	64,305	277,886
Completed AUC	-	55,812	-	-	-	-	(55,812)	-
Disposals	(544,003)	-	(36,469)	(52,168)	(28,507)	-	-	(661,147)
Revaluation	341,413	58,130	1,813	-	12,197	-	-	413,553
Diminution Reversal	-	-	4,868	-	-	-	-	4,868
Permanent Diminution in Value	-	-	-	(32,931)	-	-	-	(32,931)
At 31 March 2008	<u>3,589,588</u>	<u>2,166,312</u>	<u>289,800</u>	<u>828,324</u>	<u>546,274</u>	<u>40,367</u>	<u>65,898</u>	<u>7,526,563</u>

# Notes to the Accounts

## 11. TANGIBLE FIXED ASSETS (Continued)

	Land and Buildings (Freehold) £	Expenditure on Leasehold Premises (Short Leasehold) £	Plant and Equipment £	Computers £	Fixtures and Fittings £	Motor Vehicles £	Assets Under Construction £	Total £
<b>Accumulated Depreciation</b>								
At 1 April 2007	369,051	1,306,404	194,505	419,413	278,166	40,367	-	2,607,906
Provision for Year	65,689	234,855	40,619	140,387	44,290	-	-	525,840
Disposals	(41,913)	-	(20,210)	(49,723)	(24,499)	-	-	(136,345)
Backlog Depreciation	463	22,432	804	-	4,297	-	-	27,996
Diminution Reversal	-	-	2,144	-	-	-	-	2,144
Permanent Diminution in Value	-	-	-	(12,027)	-	-	-	(12,027)
At 31 March 2008	<u>393,290</u>	<u>1,563,691</u>	<u>217,862</u>	<u>498,050</u>	<u>302,254</u>	<u>40,367</u>	<u>-</u>	<u>3,015,514</u>
Net Book Value								
At 31 March 2008	3,196,298	602,621	71,938	330,274	244,020	-	65,898	4,511,049
At 31 March 2007	<u>3,423,127</u>	<u>689,960</u>	<u>101,991</u>	<u>377,979</u>	<u>265,966</u>	<u>-</u>	<u>57,405</u>	<u>4,916,428</u>

## 12. TANGIBLE DONATED ASSETS

	<b>Computers £</b>	<b>AUC £</b>	<b>Total £</b>
<b>Cost/Valuation</b>			
At 1 April 2007	86,923	53,450	140,373
Additions	-	-	-
Disposals	(9,815)	-	(9,815)
Permanent Diminution in Value	(2,044)	-	(2,044)
At 31 March 2008	<u>75,064</u>	<u>53,450</u>	<u>128,514</u>
<b>Accumulated Depreciation</b>			
At 1 April 2007	66,880	-	66,880
Provision for year	18,053	-	18,053
Disposals	(8,825)	-	(8,825)
Permanent Diminution in Value	(1,220)	-	(1,220)
At 31 March 2008	<u>74,888</u>	<u>-</u>	<u>74,888</u>
<b>Net Book Value</b>			
At 31 March 2008	176	53,450	53,626
At 31 March 2007	<u>20,043</u>	<u>53,450</u>	<u>73,493</u>

# Notes to the Accounts

## 13. INTANGIBLE FIXED ASSETS

	<b>Software Licences £</b>
<b>Cost/Valuation</b>	
At 1 April 2007	227,989
Additions	-
Disposals	-
At 31 March 2008	<u>227,989</u>
<b>Accumulated Depreciation</b>	
At 1 April 2007	126,977
Provision for Year	32,570
Disposals	-
At 31 March 2008	<u>159,547</u>
<b>Net Book Value</b>	
At 31 March 2008	68,442
At 31 March 2007	<u>101,012</u>

## 14. DEBTORS

	<b>2008</b> £	<b>2007</b> £
Amounts falling due within one year		
Prepayments	234,577	143,072
Assisted Car Purchase Scheme	12,196	15,700
Interreg Debtor	30,148	39,761
Office Imprests	12,725	11,405
Other Debtors	127,303	47,735
	<u>416,949</u>	<u>257,673</u>
Amount falling due after one year		
Assisted Car Purchase Scheme	13,355	11,788
	<u>430,304</u>	<u>269,461</u>

Debtors in note 14 include an Inter-Governmental balance of £85,061 (£Nil 2006/07) with Prison Service Agency.

# Notes to the Accounts

## 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Accruals	359,934	442,180
Deferred Grant and Income	395,854	94,428
	<u>755,788</u>	<u>536,608</u>

Creditors in note 15 include an Inter-Governmental balance of £130,272 (£83,064 2006/07) with Northern Ireland Office.

## 16. PROVISION FOR LIABILITES AND CHARGES

	<b>Legal Cost Provision</b>	<b>Early Departure Provision</b>	<b>Total 2007-08</b>	<b>Total 2006-07</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2007	-	296,510	296,510	179,467
Arising During Year	10,000	-	10,000	131,942
Utilised During Year	-	(172,185)	(172,185)	(14,899)
Movement to general fund	-	(124,325)	(124,325)	-
At 31 March 2008	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>296,510</u>

The provisions for liabilities and charges represent the best estimate of amounts payable at the balance sheet date:

- Early Departure provision: The valuation of this is now carried out as part of the FRS17 report prepared by the actuary (see Note 17 below). This provision is now disclosed within Note 17.
- Legal Costs provision: This relates to legal costs payable in relation to a claim made against PBNI by an offender for wrongful arrest and false imprisonment. This amount is likely to be payable in the 2008-09 financial year.

## 17. PENSION COMMITMENTS

The Probation Board for Northern Ireland makes employer contributions to the Northern Ireland Local Government's Officers Superannuation Scheme (NILGOSC) which is a funded scheme of the defined benefit type.

Previously the Board took advantage of the multi employer provisions within FRS 17 and accounted for pension costs in line with the employer contributions paid. However, from 2006/07 it is now possible to define the Board's share of the funds assets/liabilities and as a result the following disclosures are provided in line with FRS 17.

The latest actuarial valuation of the scheme was carried out at 31 March 2008; the liability and cost calculations are as follows:

Assumptions as at	31/03/08	31/03/07	31/03/06
Rate of increase in prices	3.60%	3.20%	3.10%
Rate of increase in salaries	5.10%	4.70%	4.60%
Rate of increase in pensions	3.60%	3.20%	3.10%
Discount rate	6.90%	5.40%	6.00%

Assets (Employer)	Long Term return at	Assets at	Long Term return at	Assets at	Long Term return at	Assets at
	31/03/2008	31/03/2008	31/03/2007	31/03/2007	31/03/2006	31/03/2006
	% p.a		% p.a		% p.a	
		£		£		£
Equities	7.70%	34,820,000	7.80%	33,195,000	7.40%	33,000,000
Bonds	5.70%	5,118,000	4.90%	6,214,000	4.60%	4,950,000
Property	5.70%	3,586,000	5.80%	4,531,000	5.50%	2,888,000
Cash	4.80%	683,000	4.90%	503,000	4.60%	412,000
<b>Total</b>	<b>7.30%</b>	<b>44,207,000</b>	<b>7.20%</b>	<b>44,443,000</b>	<b>6.70%</b>	<b>41,250,000</b>

Net Pension Asset as at	31/03/2008 £	31/03/2007 £	31/03/2006 £
Estimated Employer Assets	44,207,000	44,443,000	41,250,000
Present Value of Scheme Liabilities	44,644,000	51,759,000	41,228,000
Present Value of Unfunded Liabilities*	136,000	-	-
Net Pension Asset	(573,000)	(7,316,000)	22,000

- This liability relates to early departures provision, previously disclosed at Note 16. It is assumed that all unfunded pensions are payable for the remainder of the member's life.

# Notes to the Accounts

## 17. PENSION COMMITMENTS (continued)

Analysis of amount charged to Income and Expenditure Account in respect of defined benefit scheme

	2007/08 £	2007/08 % of payroll	2006/07 £	2006/07 % of payroll
<b>Income and Expenditure Account</b>				
Current Service cost	1,418,000	18.8%	1,208,000	16.1%
Past Service Cost	-	-	103,000	1.4%
<b>Total Operating Charge</b>	<b>1,418,000</b>	<b>18.8%</b>	<b>1,311,000</b>	<b>17.5%</b>
<b>Analysis of amount charged to other finance costs</b>				
Expected return on pension scheme assets	3,201,000	42.5%	2,809,000	37.4%
Interest on pension scheme liabilities	(2,816,000)	(37.3%)	(2,506,000)	(33.4%)
<b>Net Return</b>	<b>385,000</b>	<b>5.2%</b>	<b>303,000</b>	<b>4.0%</b>
<b>Net Revenue Account cost</b>	<b>1,033,000</b>	<b>13.6%</b>	<b>1,008,000</b>	<b>13.4%</b>

### Statement of recognised gains and losses

	2007/08 £	2006/07 £
Actual return less expected return on pension scheme assets	(4,822,000)	(431,000)
Experience gains and losses arising on the scheme liabilities	2,210,000	(1,000)
Changes in assumptions underlying the present value of the scheme liabilities	9,175,000	(6,929,000)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>6,563,000</b>	<b>(7,361,000)</b>



## 17. PENSION COMMITMENTS (continued)

	2007/08 £	2006/07 £
<b>Movement in deficit during the year</b>		
(Deficit)/surplus in scheme at the beginning of the year	(7,316,000)	22,000
Movement in the year:		
Current service cost	(1,418,000)	(1,208,000)
Employer contributions	1,207,000	1,031,000
Contributions in respect of Unfunded Benefits	6,000	-
Past service cost	-	(103,000)
Net return on assets	385,000	303,000
Actuarial gain/(loss)	6,563,000	(7,361,000)
<b>(Deficit) in scheme at the end of the year</b>	<b>(573,000)</b>	<b>(7,316,000)</b>
<b>Details of experience gains and losses</b>		
	2007/08 £	2006/07 £
Difference between the expected and actual return on scheme assets	(4,822,000)	(431,000)
Value of assets	44,207,000	44,443,000
<b>Percentage of scheme assets (%)</b>	<b>(10.9%)</b>	<b>(1.0%)</b>
<b>Experience gains and (losses) on scheme liabilities</b>		
Amount	2,210,000	(1,000)
Total Present Value of Liabilities	44,780,000	51,759,000
<b>Percentage of the present value of the scheme liabilities (%)</b>	<b>4.9%</b>	<b>(0.0%)</b>
<b>Total amount recognised in statement of recognised gains and (losses):</b>		
Amount	6,563,000	(7,361,000)
Total Present Value of Liabilities	44,780,000	51,759,000
<b>Percentage of the present value of the scheme liabilities (%)</b>	<b>14.7%</b>	<b>(14.2%)</b>

## 18. RECONCILIATION OF MOVEMENT ON GENERAL FUND AND RESERVES

	General Fund £	Government Grant Reserve £	Revaluation Reserve £	Donated Asset Reserve £	2008 Total £	2007 Total £
At 1 April 2007	(5,199,104)	3,518	2,453,798	73,493	(2,668,295)	3,987,572
Grant-in-Aid Revenue	15,135,646	-	-	-	15,135,646	14,977,541
Grant-in-Aid Capital	55,493	-	-	-	55,493	259,677
Net Cost of Operations	(15,544,070)	-	-	-	(15,544,070)	(15,653,569)
Surplus on Revaluation of Fixed Assets	-	12	385,546	-	385,558	1,125,601
Realised element of revaluation reserve	489,630	-	(489,630)	-	-	-
Actuarial Gain/(Loss)	6,563,000	-	-	-	6,563,000	(7,361,000)
Interest on Capital Employed	21,997	-	-	-	21,997	20,498
Donated additions (non cash)	-	-	-	-	-	4,391
Early departure balance	124,325	-	-	-	124,325	-
Grant credits to Income & Expenditure Account	-	(1,397)	-	(19,867)	(21,264)	(29,006)
Balance at 31 March 2008	1,646,917	2,133	2,349,714	53,626	4,052,390	(2,668,295)

## 19. ANALYSIS OF GENERAL FUND

	<b>2007/08</b> £	<b>2006/07</b> £
General Fund excluding pension	2,219,917	2,116,896
Pension Fund	(573,000)	(7,316,000)
General Fund including pension (Note 18)	<u>1,646,917</u>	<u>(5,199,104)</u>

## 20. RECONCILIATION OF FIXED ASSET ADDITIONS

	<b>2007/08</b> £	<b>2006/07</b> £
Fixed Asset Additions (Note 11, 12 part & 13)	277,886	480,767
Opening Fixed Asset Creditor	42,842	152,967
Closing Fixed Asset Creditor	(18,861)	(42,842)
Cash Outflow in respect of Capital Expenditure	<u>301,867</u>	<u>590,892</u>

## 21. ANALYSIS OF GOVERNMENT GRANT RELEASE

	<b>2007/08</b> £	<b>2006/07</b> £
Depreciation Charge matched by Government Grant Release	485	837
Permanent Diminution matched by Government Grant Release	30	112
Loss on Disposal Matched by Government Grant Release	882	-
Government Grant Release	<u>1,397</u>	<u>949</u>

## 22. ANALYSIS OF DONATED ASSET RELEASE

	<b>2007/08</b> £	<b>2006/07</b> £
Depreciation Charge	18,053	24,636
Permanent Diminution matched by Donated Asset Release	824	3,020
Loss on Disposal Matched by Donated Asset Release	990	401
Donated Asset Release	<u>19,867</u>	<u>28,057</u>

# Notes to the Accounts

## 23. RECONCILIATION OF NET OPERATING EXPENDITURE TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	<b>2008</b> £	<b>2007</b> £
Net Operating Expenditure	(15,909,692)	(15,940,195)
Depreciation Charge	576,463	571,402
Net non cash Pension Costs	205,000	280,000
Government Grant Credit	(1,397)	(949)
Permanent Diminution in value of Fixed Assets	19,004	30,988
(Increase)/Decrease in Debtors	(162,780)	60,549
Increase in Creditors	243,161	2,207
Loss on disposal of Fixed Assets	24,922	61,221
Net (Decrease)/Increase in provision for Liabilities and Charges	(162,184)	117,043
Donated Asset Credit	(19,867)	(28,056)
Net Cash (Outflow) from Operating Activities	<u>(15,187,370)</u>	<u>(14,845,790)</u>

## 24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<b>2008</b>		<b>2007</b>	
	£	£	£	£
Increase in cash in the period	207,328		164,568	
Debt (Paid)	<u>(10,230)</u>		<u>(62,690)</u>	
Change in debt		197,098		101,878
Net funds at 1 April 2007		199,083		97,205
Net funds at 31 March 2008 (Note 25)		<u>396,181</u>		<u>199,083</u>

## 25. ANALYSIS OF CHANGES IN NET FUNDS

	<b>At 1 April 2007</b> £	<b>Cash Flows</b> £	<b>At 31 March 2008</b> £
Cash in Hand, at Bank	120,429	207,328	327,757
Debt Receivable within one year	66,866	(11,797)	55,069
Debt Receivable after one year	11,788	1,567	13,355
Total	<u>199,083</u>	<u>197,098</u>	<u>396,181</u>

## 26. CONTINGENT LIABILITIES

There are currently three cases in which proceedings have been issued against the Probation Board for Northern Ireland in relation to wrongful arrest and/or false imprisonment of offenders. The probable liability in each case is estimated to be less than £5,000, although, in one of the cases, counsel has advised that there is potential for exemplary damages up to £25,000. However, the outcome of these cases is not yet known.

There are also two cases brought by an employee and a former employee, (claims for non-physical injury related to working conditions). The outcome of these cases is also uncertain.

## 27. RELATED PARTY TRANSACTIONS

The Probation Board for Northern Ireland is a Non Departmental Public Body sponsored by the Northern Ireland Office.

The Northern Ireland Office is regarded as a related party. During the year the Board has had various transactions with the Department and other entities for which the Northern Ireland Office is regarded as the parent Department, ie Prison Service Agency as disclosed in note 2.

To capture information on related party transactions, the Board has circularised members and senior management. Due to the nature of the Board's operations and the composition of the Board, it is inevitable that transactions will take place with organisations in which a member of the Board or senior manager may have an interest. All such transactions are conducted at arm's length and in accordance with the Board's policies.

The Following Related Party Transactions Were Incurred During The Year:

The senior managers and Board members listed below were not involved in the decision making process for the transactions listed:

- Mrs. J Daykin-Goodall, a member of the Board, was Chairperson of Dunlewey Substance Advice Centre, which received £20,000 in grant from the Probation Board.
- The wife of Mr. T Flanagan, a member of the Board, was a Volunteer Mentor for the Northern Ireland Association for the Care & Resettlement of Offenders (NIACRO), which received £368,675 in grant from the Probation Board.
- Ms M McKee OBE, a member of the Board, was Director of Groundwork Northern Ireland (until September 2007), which received £12,657 in payments from the Probation Board, relating to an Inter-Reg 111 project, Neighbours of Europe.
- Mr. A Rooke, a Senior Manager of the Probation Board, was a non voting member of the Management Committee of Opportunity Youth, which received £20,000 in grant from the Probation Board.
- Ms K Yiasouma, a member of the Board, was Director of Include Youth, which received £15,000 in grant from the Probation Board. She is also on the Board of NI Alternatives which received £63,361 in grant from the Probation Board.

## 28. KEY FINANCIAL TARGETS

There were no key financial targets for the Probation Board for Northern Ireland.

## 29. FINANCIAL INSTRUMENTS

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which executive Non-Departmental Public Bodies are financed, the Probation Board for Northern Ireland is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Probation Board for Northern Ireland has no powers to invest funds and has limited year flexibility. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the Office in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been excluded from this disclosure.

### Liquidity Risk

The Board's revenue resources requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The Board is not therefore exposed to significant liquidity risk.

### Interest Rate Risk

The Board has no loans on which interest is payable and is therefore not exposed to any significant interest rate risk.

### Foreign Currency Risk

The Board has no foreign currency income and expenditure is restricted to secondee payments and some other operating costs. It is not therefore exposed to significant foreign currency risk.

### Fair Values

The book values and fair values of the Probation Board for Northern Ireland's financial assets and financial liabilities as at 31 March 2008 are set out below:

<b>Primary Financial Instruments</b>	<b>Book Value £</b>	<b>Fair Value £</b>
<b>Financial assets:</b>		
Cash at bank and in hand	327,757	327,757
Debtor amount due after one year	13,355	13,355
<b>Financial liabilities:</b>		
None	N/A	N/A

## 30. LOSSES STATEMENT

Total Losses (14 cases)      £7,036

## 31. POST BALANCE SHEET EVENTS

The Annual Report and Accounts were authorised to be issued on 8th July 2008. There are no other material post balance sheet events.

# Probation Board for Northern Ireland

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*info@pbni.org.uk*

## Service Delivery Centres

Antrim	028 9442 8475
Armagh	028 3752 5243
Ballymena	028 2565 2549
Belfast	
Assessment Unit	028 9026 2400
Integrated Supervision Unit	028 9064 4953
Programme Delivery Unit	028 9033 3332
Victim Information Scheme	028 9032 1972
Youth Justice Unit	028 9031 3162
East	028 9073 9445
North	028 9075 7631
South	028 9031 3162
West	028 9060 2988
Carrickfergus	028 9336 2088
Coleraine	028 7035 3141
Dungannon	028 8772 2866
Enniskillen	028 6632 4383
Larne	028 2827 9231
Lisburn	028 9267 4211
Londonderry	
Waterside	028 7126 4774
Cityside	028 7134 6701
Magherafelt	028 7963 3341
Newry	028 3026 3955
Newtownards	028 9181 7778
Omagh	028 8224 6051
Portadown	028 3833 3301

## Prison Teams

H M P Maghaberry	028 9261 2665
H M P Magilligan	028 7775 0434
H M YOC & P Hydebank	028 9049 1015

## Reporting Centres

Banbridge  
Belfast, Shankill  
Cookstown  
Downpatrick  
Glengormley  
Limavady  
Lurgan  
Strabane

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