

ANNUAL REPORT

2016~
2017



CHANGING LIVES FOR SAFER COMMUNITIES

**Probation Board for Northern Ireland Annual Report and Accounts
For the year ended 31 March 2017**

The Annual Report is laid before the Northern Ireland Assembly under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 by the Department of Justice.

The Statement of Accounts and Report of the Comptroller and Auditor General is laid before the Northern Ireland Assembly under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 by the Comptroller and Auditor General for Northern Ireland.

on

7 July 2017

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CHAIRMAN'S FOREWORD

I am delighted to present the Probation Board for Northern Ireland's Annual Report for 2016-17.

The Probation Board is an arms-length body of the Department of Justice. It is responsible for securing the maintenance of the probation service and determining the policies and strategic direction required for its delivery. It also monitors the service's performance against the Corporate Plan and the supporting annual Business Plan objectives.

The structure of the Board and its representation from across our communities in Northern Ireland provides a level of independence, accountability, oversight and strategic thinking which is to the benefit of probation practice and delivery. This includes a focus on ensuring the delivery of an effective and efficient service to reduce the number of victims of crime throughout Northern Ireland.

During the past 12 months the Board undertook an extensive consultation process to inform the development of its Corporate Plan for 2017-20. The high number of consultation responses we received, and the quality of those responses, indicate to me the high regard in which probation is held and the value placed on the services it delivers. The strength of a diverse community based Board with a broad range of experience and skills has added strength to strategic planning and monitoring of the outcomes. I take this opportunity to thank all the Members for their commitment and dedication to the Probation Board for NI.

Due to the current political situation the Corporate Plan will not be formally launched at this time, however that will not prevent probation from pushing forward with innovative projects and practice to deliver rehabilitation and resettlement of people who have offended.

The strategic priorities that we have identified are aligned to the draft Programme for Government with an outcome based accountability focus and will build on the significant work that has been carried out over the last year, with a particular focus on the area of problem solving justice.

It is the role of the probation service to deliver on the strategic priorities identified by the Board and in November 2016 the Board was delighted to appoint Cheryl Lamont as Chief Executive. Cheryl is the operational lead in the organisation, and alongside her senior team, will oversee probation's service delivery.

The Board also carried out a range of external engagements in order to build understanding and awareness of the role of probation in reducing reoffending.

In March 2017 the Board held a seminar entitled 'Probation Works' which was an opportunity to begin a new conversation about how best to reduce re-offending using a problem solving approach and, by doing so, prevent people becoming victims of crime. The seminar brought together a range of stakeholders from criminal justice, government, voluntary and community and business sectors. The event highlighted the opportunities for more collaborative working within the justice system and beyond to make communities safer.

This annual report highlights the performance of Probation over the last 12 months. Once again the organisation has performed extremely well achieving eight of its nine objectives. Those objectives have been met against the backdrop of reducing financial resources.

Since 2010/11, PBNI's budget has already been reduced by 17.6% (or some £3.5m) although there have also been some limited, short term funds provided for specific projects and initiatives. To date, the protection of frontline services has been prioritised and the back office costs have been reduced to a minimum. Any further reduction in the budget would inevitably adversely impact on frontline service delivery, including the level of supervision for those subject to court orders and licences.

There is no doubt that Probation is an innovative, effective and efficient organisation integral to delivering the rehabilitation and resettlement of offenders. This report gives a snapshot of the organisation's effectiveness and I have every confidence that over the next 12 months that work will be built upon and developed further.



Vilma Patterson MBE
Chairman

INTRODUCTION FROM THE CHIEF EXECUTIVE

I am delighted and privileged to have been appointed Chief Executive of Probation during 2016-17. As Chief Executive I am responsible for leading and developing all areas of the Probation Service. I am also the accounting officer for the organisation and it is my role to oversee the delivery of the Board's strategic priorities.

In this report you will see how we have performed over the last 12 months against the objectives set out in the Business Plan and how we have managed our resources.

I want to give just a preview of some of what we have achieved in the last 12 months.

- We have convened service user groups to better inform our practice and improve outcomes for victims and offenders;
- We have developed new partnerships with sporting organisations to change the behaviour of offenders in order to promote desistance;
- We launched a new PBNI Mobile Application (APP) for service users in order to support compliance;
- We have engaged with social enterprise schemes in order to promote employability opportunities for offenders;
- We launched a graffiti removal service in partnership with Belfast City Council to address fear of crime in communities;
- We introduced a victim's apology letter bank; and
- We have introduced a staff development mentoring programme

All of those achievements were made against the backdrop of reducing resources. Therefore in order to deliver on our objectives there was a need to be innovative, creative and collaborative. Innovation has been encouraged and supported in all elements of our practice and I have no doubt that the challenges we face in the future are best addressed through the development of imaginative practice in collaboration with our partners.

A key element of our work in the coming year will be to focus on dealing with the root causes of crime which are the reasons why people choose to offend. Resettlement mentoring schemes, problem solving courts, restorative practices, and practice interventions to tackle the underlying causes of offending will all be key in helping tackle the causes of crime.

In the coming year we also want to extend our partnerships into academic, business, and community and voluntary sectors. Rehabilitation and preventing reoffending extend far beyond the Criminal Justice system.

Of course everything that we achieve is down to the hard work and dedication of all the staff within the organisation. I was delighted this year to make some key appointments within Probation's leadership team. Paul Doran is now Director of Rehabilitation and Hugh Hamill has been appointed Director of Operations. There have also been appointments made at Assistant Director level with Stephen Hamilton appointed to Assistant Director for Urban & Courts and Liz Arthur appointed Assistant Director Rural. This senior team will play a key role in leading the organisation over the coming years.

Probation's staff have also been recognised at a number of levels externally. Area Manager Jean O'Neill received the Lifetime achievement award at the Social Work Awards. Head of Psychology and Interventions, Dr Geraldine O'Hare received a Winston Churchill fellowship for her work in researching mental health.

In the coming year probation will continue to develop its practice to reduce reoffending. We will consolidate and build new partnerships to help rehabilitate and resettle offender into the community. We will work with all communities to reduce the number of victims of crime and make all our streets safer places to live and work.

A handwritten signature in black ink that reads "Cheryl A Lamont". The signature is written in a cursive, flowing style.

Cheryl Lamont

Chief Executive

THE PERFORMANCE REPORT

The Performance Report comprises the:

- Overview; and
- Performance Analysis.

Overview

Statement from the Chief Executive on the overview of performance in 2016-17

The Probation Board for Northern Ireland (PBNI) set nine Business Plan objectives for the business year April 2016 to March 2017. The objectives were arranged under the five Strategic Themes of the PBNI Corporate Plan 2014-2017, which are outlined below. At the end of the fourth quarter, 31 March 2017, eight objectives were fully delivered, but one objective was not met.

The performance of the organisation, against the backdrop of a challenging financial situation, has been of a very high standard with a range of new initiatives implemented to enhance rehabilitation and resettlement of those who have offended.

1. Developing Probation Practice

New initiatives have been implemented to increase compliance with Orders and Licences, including the development of a PBNI Mobile Application (App) for service users.

In partnership with the Irish Football Association and other Criminal Justice partners in the Reducing Offending Partnership (ROP), PBNI is part of the 'Stay Onside' initiative, which provides the opportunity for young people to engage in a range of activities aimed at diverting them away from offending. Following consultation with service users and using internal research, PBNI has also made changes to practice aimed at targeting interventions to younger and more prolific offenders.

PBNI has become a member of the Turnaround Social Enterprise Board, which has formulated a plan for 2017-20 to develop a social enterprise to assist offenders (6 months pre-release and 6 months post-release) with employability skills, training and placements.

PBNI engaged with social enterprise schemes in order to promote employability opportunities for offenders. PBNI engaged with Groundwork NI and the Northern Ireland Prison Service to provide accredited work placements to those subject to PBNI supervision.

PBNI has also agreed a partnership with Belfast City Council, which will see PBNI Community Service providing a Graffiti Removal Service in the Council area.

2. Engaging with Communities

PBNI was party to the Northern Ireland Omnibus Survey. The results of the survey were incorporated into PBNI's 2017-20 Communications Strategy. PBNI also publicly consulted on the draft 2017-20 PBNI Corporate Plan. The informative results of this consultation helped shape PBNI's strategic priorities for 2017-20.

3. Working Effectively and Efficiently

A staff development mentoring scheme was introduced for managers in November 2016 and after favourable feedback is being rolled out to all grades across the organisation.

PBNI reviewed how it delivers its business in respect of reports to the Magistrates Courts and how it delivers services on the ground to people who have offended. As a consequence, a pilot project has commenced in respect of a new format for pre-sentence reports to the Magistrates Courts. In addition, PBNI implemented a pilot on a new case management model.

A strategic outline business case for a new electronic case management system was developed and approved.

4. Rehabilitation through Collaborative Working and Partnership

An interim evaluation of the Enhanced Combination Orders (ECO) pilot was completed in January 2017. Funding for the project was received until the end of the financial year.

A full and positive evaluation on the RESET mentoring project for offenders leaving custody was completed. Funding for the project was received until the end of the financial year.

PBNI introduced new administrative arrangements to allow staff to directly contact victims in respect of registering with the PBNI Victim Information Scheme. PBNI also introduced a Victims Apology Letter Bank.

PBNI put in place arrangements to facilitate the introduction of Supervised Activity Orders.

5. Northern Ireland Criminal Justice Strategy and Policy

PBNI responded and engaged with a range of public policy consultations, including the draft Programme for Government and the 'Fresh Start Agreement' Recommendations.

PBNI has delivered on the relevant recommendations from the 'Stopping Domestic and Sexual Violence and Abuse: A Seven Year Strategy'.

PBNI has engaged in the planning arrangements for the introduction of Problem Solving Courts pilots, in respect of domestic violence and substance misuse.

Statement of purpose and activities of the organisation

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice; its statutory responsibilities are set out in the Probation Board (NI) Order 1982. The mandatory functions of the Board 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 Department of Justice 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; and
- 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;
and
- give effect to schemes for the supervision and assistance of offenders and the prevention of crime.

The Probation Board plays an important role at each of the key stages of the criminal justice process at court, in custody and in the community and with victims of crime through the Victim's Unit. As an effective part of the criminal justice system, the Probation Board helps to reduce levels of offending, prevent further victims of crime and also contributes to increasing community confidence in the Northern Ireland criminal justice system.

The main strands of the Probation Board's work are to:

- Risk Assessment of convicted offenders
- Prepare approximately 9,000 reports annually, to assist decision-making in the criminal justice process
- Supervise approximately 4,300 offenders at any given time
- Provide a range of services to offenders in prisons
- Provide behavioural change programmes
- Maintain a Victim Information Scheme
- Work with partner organisations to reduce re-offending, and make Northern Ireland a safer place.

Judges have a range of sentencing options available to them to deal with young people and adults who are found guilty of a criminal offence. These range from monetary disposals (such as fines), to community service which requires the completion of unpaid work, other sentences which are based in the community, to prison sentences which require a person to comply with licence conditions when released from custody.

When conducting its work, the Probation Board aim to:

- Ensure that offenders keep to the requirements of their court order or conditions of a licence
- Challenge offenders to produce positive changes in behaviours and attitudes to reduce the likelihood of future offending
- Minimise harm to others and promote the safety of victims working in multi-agency risk management arrangements
- Promote responsible citizenship so that offenders will become better integrated into the community.
- Provide support to improve and safeguard the social well-being of individuals, families and communities.

The Probation Board supervises:

- Probation Orders
- Community Service Orders
- Combination Orders
- Custody Probation Orders
- Determinate Custodial Sentences
- Extended Custodial Sentences for Public Protection
- Indeterminate Custodial Sentences for Public Protection
- Juvenile Justice Centre Orders
- Article 26 Licences
- Life Sentence Licences
- Other Orders (e.g. Enhanced Combination Orders)

Partnership work underpins everything that probation does and it works with statutory partners as well as organisations in the voluntary and community sector.

The focus of all of the work undertaken by the Probation Board is to reduce offending and make communities safer.

Key issues and risks

At the beginning of the 2016-17 financial year, six risks were logged on PBNI's strategic risk register. At the end of the 2016-17 financial year there were seven risks, two of which were rated red (assessed as high likelihood and high impact). These risks relate to the potential failure of PBNI's ageing case management system and PBNI's sickness absence levels and its impact on the delivery of front-line services. PBNI has put in control measures to mitigate against the likelihood of occurrence and the impact of any occurrences of the risks. The risk in relation to sickness absence levels resulted in the red status of Objective 5 of the Business Plan not being achieved.

Going Concern

During 2016-17, the Probation Board was financed by a grant from the Department of Justice 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 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

In compliance with International Accounting Standard (IAS) 19, the Probation Board has had to recognise a pension scheme liability of £13,719k on its Statement of Financial Position (£6,039k in 2015-16). This year this has resulted in overall net liabilities of £12,594k (£4,870k in 2015-16). The large movement in the pension liability is largely driven by changes in actuarial financial assumptions as asset specifically the large drop in the discount rate which impacts the future value of funds and thus the long-term liabilities.

The Probation Board has paid pension contributions to NILGOSC in accordance with the scheme's specifications.

It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Probation Board is supply financed and draws its funding from the Consolidated Fund via the Department of Justice. Therefore there is no liquidity risk in respect of the liabilities due in future years.

The net liabilities resulting from the pension scheme deficit will not affect the Probation Board's ability to fulfil its functions, and the Probation Board will be able to meet whatever contributions are necessary to comply with NILGOSC's plan to make good the pension scheme deficit. It is therefore appropriate for the Probation Board's accounts to continue to be prepared on a going concern basis.

Performance Summary

2016-17 was the third year of the 2014-17 Corporate Plan. It identified five strategic themes:

- Developing Probation Practice
- Engaging with Communities
- Working Effectively and Efficiently
- Rehabilitation through Collaborative Working and Partnership
- Northern Ireland Criminal Justice Strategy and Policy

Performance against 2016-17 Business Plan Objectives

The Probation Board’s three year Corporate Plan is delivered through a series of Annual Business Plans. Key organisational objectives for 2016-17 Business Plan and the year-end achievements are listed below. There were a total of nine objectives and overall performance is described within the categories below:

Green: Achieved

Amber: Partially Achieved

Red: Not Achieved

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Strategic Theme	Green	Amber	Red
No. of Objectives			
DEVELOPING PROBATION PRACTICE	2		
ENGAGING WITH COMMUNITIES	1		
WORKING EFFECTIVELY AND EFFICIENTLY	3		1
REHABILITATION THROUGH COLLABORATIVE WORKING AND PARTNERSHIP	1		
NORTHERN IRELAND CRIMINAL JUSTICE STRATEGY AND POLICY	1		
TOTAL OBJECTIVES	8		1

- Eight business plan objectives were fully achieved
- One business plan objective was not achieved

Performance against objectives under these Strategic Themes is provided in the Performance Analysis section.

Performance Analysis

PBNI manages performance against the 2016-17 Business Plan Objectives. Progress is monitored on a quarterly basis by the Senior Management Team and results are reported to the Board. PBNI’s Sponsoring Directorate within the Department of Justice (DoJ) also receives a progress report each quarter. The performance against the 2016-17 Business Plan Objectives is set out in the table below:

Developing Probation Practice

Objective	Actions	Outcome
1. PBNI will implement a range of new initiatives to contribute to the reduction of reoffending	<ol style="list-style-type: none"> 1. Each Assistant Director and the Head of Psychology will convene a thematic service user group and compile clear and measurable recommendations to better inform our practice and improve outcomes for victims and offenders. 2. PBNI will implement new practice initiatives to increase completion of Orders and Licences, with particular reference to offenders aged under 24 years. The indicative results will be measured against breach and recall rates for 2015-16. 3. PBNI will identify potential funding opportunities and quantify successful applications in order to support new initiatives aimed at reducing reoffending and promoting desistance. 4. Practice changes will be implemented following discussion with all relevant staff and utilising evidence from the 15/16 Cohort Study, Service User Survey and other research. 5. PBNI will develop with sporting and lifestyle organisations ways of using sport and hobbies to change the behaviour of offenders in order to promote desistance. Initiatives arising from this area of work will be quantified. 6. Develop a PBNI Mobile Application (APP) for service users in order to support compliance. 	Achieved
2. PBNI will engage with social enterprise schemes in order to promote employability opportunities for offenders	<ol style="list-style-type: none"> 1. PBNI will identify potential employment and training opportunities in social enterprises throughout Northern Ireland for offenders subject to supervision. 2. PBNI will work with Groundwork NI and Northern Ireland Prison Service (NIPS) to design horticultural-related accredited work placements to those subject to PBNI supervision. 3. PBNI will work with the Lyric Theatre to enhance communication skills of offenders, as well as provision of Community Service work. 4. PBNI will work with the ‘Thinking Cup’/Book Reserve social enterprise scheme to provide placements for younger offenders and women. 	Achieved

Engaging with Communities

Objective	Actions	Outcome
<p>3. PBNI will implement agreed initiatives, including a new Communication Strategy, which addresses the fear of crime</p>	<ol style="list-style-type: none"> 1. PBNI will develop a three year Communication Strategy to support the 2017-20 Corporate Plan. 2. PBNI will publically consult on its 2017-20 Corporate Plan. 3. PBNI will be party to the Northern Ireland Omnibus Survey in 2016. 4. PBNI will develop two new initiatives (Rural and Urban areas) to address the rise in volume crime against older people (burglaries and robberies) in partnership with Policing and Community Safety Partnerships (PCSPs) and Reducing Offending Partnerships (ROP). 5. PBNI will provide graffiti removal services, in conjunction with local councils and PCSPs, to address fear of crime in communities. 6. PBNI will provide operational guidance and training, for all relevant staff, in the implementation of Violent Offences Prevention Orders (VOPOs). 	<p>Achieved</p>

Working Effectively and Efficiently

Objective	Actions	Outcome
<p>4. Implement a new business operating model for service delivery</p>	<ol style="list-style-type: none"> 1. PBNI will review the short-term recommendations from the Business Operating Model report, taking into account the expertise and working knowledge of the existing working groups. Agreed recommendations will be time lined for implementation. 2. PBNI will ensure we have the right workforce mix; operational and corporate staff and outsourced contracts. 3. PBNI will introduce a staff development mentoring scheme. 4. PBNI will communicate relevant changes to the organisation and stakeholders. 5. PBNI will train the appropriate staff in interventions to be delivered across custodial and community settings. 6. PBNI will consider the feasibility of progressing the medium-term recommendations of the Business Operating Model report, taking into account the external operating environment. This will include piloting a new case management model and trialling a new format of reports to the Magistrates Court. 	<p>Achieved</p>

<p>5. To reduce PBNI's sickness absence levels</p>	<ol style="list-style-type: none"> 1. To implement a clear and measurable Health and Wellbeing plan for staff. 2. Managers at all levels will undertake at least one wellbeing initiative in the Business Year 16-17. 3. Refresher training for managers will be delivered on PBNI's Sickness Absence Policy. 4. Managers at all levels will ensure that the Sickness Absence policy and procedures are accurately followed and adhered to including:- <ul style="list-style-type: none"> - Timely return to work interviews - Contact maintained during staff absence - Notices of improvement issued - All other supportive actions taken (compliance of these will be dip sampled by Human Resources). 5. Managers at all levels will ensure that sickness absence levels within their own areas are monitored monthly and discussed at supervision. 6. Human Resources Department will provide quarterly sickness management information (more often as required) to Assistant Directors, Heads of Department and Deputy Directors. 	<p>Not Achieved</p>
<p>6. Securing and managing resources for PBNI in 2016-17 in order to achieve business operating objectives</p>	<ol style="list-style-type: none"> 1. Finance Department will monitor expenditure each month and with Budget Holders will address any variances. 2. Finance Department will implement the Procurement Strategy. 3. PBNI will implement the Estates Strategy: Year 3 schedule of work. 4. IT Department will implement the Information Technology Strategy (Year 3). This will include: submitting a Strategic Outline (Business) Case for a new Case Management System and a Strategic Outline (Business) Case for IT Service Delivery. 5. PBNI will ensure the Annual Report and Accounts is laid before the Assembly. 6. PBNI will carry out a financial modelling exercise which will inform future budget planning and enable PBNI to quantify costs of core functions. 	<p>Achieved</p>

<p>7. PBNI will use research to improve its understanding of the impact of PBNI supervision on reoffending and prepare an action plan on research findings.</p>	<ol style="list-style-type: none"> 1. PBNI will link PBNI administrative data to 2012-13 reoffending data from DOJ for a full year cohort sample. 2. PBNI will implement the action plan arising out of the (2011) Cohort study published in 2015-16 in respect of Community Supervision and Community Service. The action plan will also address practice implications of the more recent DOJ Re-offending Statistics 2012-13 (PBNI Cohort). 3. PBNI will develop proposals to support the establishment of problem solving courts in Northern Ireland. 4. PBNI will provide training to improve staff knowledge and understanding of offenders with mental health problems, including communication and learning difficulties. 5. PBNI will extend existing opportunities for students and volunteers to work within PBNI. 6. PBNI will publish, with the Probation Service (Ireland), the 13th Edition of the Irish Probation Journal in November 2016. 	<p>Achieved</p>
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Rehabilitation Through Collaborative Working and Partnership

Objective	Actions	Outcome
<p>8. PBNI will deliver on its lead responsibilities for the Criminal Justice Board Programme for Justice and contribute to other criminal justice priorities.</p>	<ol style="list-style-type: none"> 1. PBNI will provide interim evaluation of the Enhanced Combination Orders (ECO) pilot by February 2017. Depending on the interim evaluation findings of ECO, including resource implications, PBNI will consider wider roll-out. 2. PBNI will provide a full evaluation of the RESET project, in order to conclude discussions with the DOJ regarding potential future funding for the project. 3. PBNI will implement new administrative arrangements to allow PBNI to directly contact victims in respect of registering with the PBNI Victims Information Scheme. 4. PBNI will introduce a victim’s apology letter bank. 5. PBNI will promote the value of Community Sentences in the context of the Criminal Justice Boards new Programme for Justice. 6. PBNI will prepare the service delivery requirements for the introduction of Supervised Activity Orders (SAO). 	<p>Achieved</p>

Northern Ireland Criminal Justice Strategy and Policy

Objective	Actions	Outcome
<p>9. Taking into account the new political mandate, PBNI will work with the Reducing Offending Directorate and other Government Departments to contribute to the development and implementation of criminal justice strategy and policy in Northern Ireland.</p>	<ol style="list-style-type: none"> 1. PBNI will respond to public consultations on any DOJ or Government led initiatives, pertaining to Criminal Justice. 2. PBNI will implement relevant recommendations from the DOJ Scoping Study on Young People. 3. PBNI will review the pilot scheme for the supervision of Juvenile Justice Custody Orders. 4. PBNI will consider and deliver on time line actions arising from the introduction of the “Stopping Domestic Violence and Sexual Violence and Abuse in Northern Ireland – A Seven Year Strategy” 5. PBNI will implement the relevant recommendations from the pending strategy on Improving Health within Criminal Justice. 6. PBNI will implement relevant recommendations from the DOJ Desistance Strategy and the pending DOJ Restorative Justice Strategy, respectively, in line with Strategic Framework for Reducing Offending. 	<p>Achieved</p>

Work Undertaken during 2016-17

Report Writing (Table 4)

In 2016-17, the Probation Board provided 9,040 reports to assist decision making in the criminal justice process. The majority of these reports, some 4,734, were Pre-Sentence Reports to assist judges' decisions regarding the types of sentences to give at criminal courts; courts were also provided with 1,437 addendum reports, while 324 reports were Short Pre-Sentence Reports, a shorter report for judges that is prepared more quickly by the Probation Board, either on the same day or within several days of the request being made (this report is primarily provided to Magistrates Courts). There were also 407 Magistrates' Court Reports completed as part of a short term pilot. The majority of Pre-Sentence Reports and Short Pre-Sentence Reports completed during 2016-17 were provided to Magistrates' Courts (66%), with approximately one third (32%) provided to Crown Court. The proportion of Crown Court reports is higher than previous years and this may be due to the legal dispute leading to a backlog of Crown Court cases in 2015.

The quality of Pre-Sentence Reports is verified by managerial scrutiny against the requirements set out in the Probation Board's Best Practice Framework, which incorporates Northern Ireland Standards giving clear guidance in relation to the timely supply of reports to courts. 95% of the Pre-Sentence Reports supplied by the Probation Board in the last 12 months were within required timescales, in line with the target level of performance of 95-100% timeliness.

Table 4 provides a summary of the types of reports completed by the Probation Board over the past three years. The total number of reports completed has increased by 10% in the last year. Likely reasons for this increase include a resurgence in court following the backlog of Crown Court cases mentioned above.

Table 4: Reports* Completed: 2014-15 to 2016-17

Type of Report	2014-15	2015-16	2016-17	% change 2016-17 on 2015-16
Pre-Sentence Report	4,885	4,445	4,734	+7%
Short Pre-Sentence Report	572	501	324	-35%
Addendum Report	1,418	1,622	1,437	-11%
Breach / Recall / Revocation Reports	1,432	1,339	1,274	-5%
Parole Commissioners / Unit Reports	28	10	80	-
Other**	323	338	1,191	+252%
Total Reports	8,658	8,255	9,040	+10%

- Percentage change is not shown as the denominator is less than 50.

*All Report Types. Excludes explanatory letters to courts. **Includes Home Circumstances Report, Probation Officer's Report, Magistrates' Court Report, Prison Release Plan, and Home Leave Report.

Court Orders

At 3,341, the number of new statutory orders requiring PBNI supervision made between 1st April 2016 and 31st March 2017 was 8% higher than the number made in 2015/16 (3,091). The vast majority of those given an order at court requiring PBNI supervision were male (88%), while 12% were female.

In terms of the main community disposals, the number of Community Service Orders made in 2016-17 is 13% lower than in 2015/16, the number of Probation Orders made is 4% higher, and the number of Combination Orders is 9% lower.

The number of new Determinate Custodial Sentences (DCS) made has increased by 113%, this may be explained by the surge in court activity following the legal dispute leading to a backlog of Crown Court cases in 2015.

Table 5: New Supervision Orders starting during the year: 2014-15 to 2016-17

Type of Supervision	2014-15	2015-16	2016-17	% change 2016-17 on 2015-16
Orders				
Combination Order	249	365	333	-9%
Community Service Order	1,048	1,149	1,003	-13%
Custody Probation Order	20	12	15	-
Determinate Custodial Sentence	628	291	621	+113%
Juvenile Justice Centre Order	55	46	28	-
Probation Order	1,006	1,114	1,153	+4%
Other Orders*	7	51	112	+120%
Licences				
Life/Sentence Licence	8	4	10	-
Sex Offender Licence	15	8	2	-
GB Licence	29	20	25	-
Public Protection Sentences				
Extended Custodial Sentence	31	27	35	-
Indeterminate Custodial Sentence	5	4	4	-
Total Orders	3,101	3,091	3,341	+8%
Total People**	2,849	2,846	3,046	+7%

- Percentage change is not shown as the denominator is less than 50.

*Includes Community Responsibility Order, Enhanced Combination Order, Supervised Activity Order and Supervision & Treatment Order. **Please note that a person can receive more than one new order during the year. New Non-statutory cases are not included in these figures.

Orders Supervised at a Point in Time

At the end of March 2017, the Probation Board was supervising 4,301 people subject to 4,716 court orders (3% higher than the position twelve months previously). A breakdown of the types of orders under PBNI supervision at 31 March 2017 is given in Table 6. More than three-quarters of people were allocated to PBNI teams in the community, with the remainder in custody.

In terms of the 3 main types of community order under supervision, the number of Probation Orders under supervision has risen by 4% whilst the number of Community Service Orders has fallen by 5% and the number of Combination Orders has remained relatively consistent.

The number of Determinate Custodial Sentences under supervision has increased by 7%, again this may be explained by the legal dispute leading to a backlog of Crown Court cases in 2015.

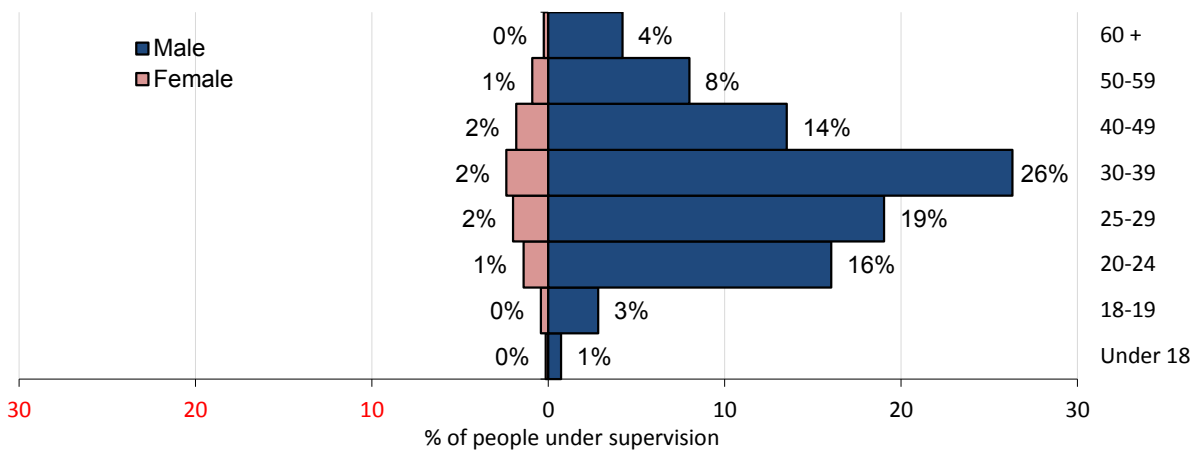
Table 6: Orders supervised at point in time: 31 March 2015 – 31 March 2017

Type of Supervision	31 Mar 2015	31 Mar 2016	31 Mar 2017	% change 31 Mar 2017 on 31 Mar 2016
Orders				
Combination Order	306	395	394	0%
Community Service Order	660	732	694	-5%
Custody Probation Order	96	79	72	-9%
Determinate Custodial Sentence	1,562	1,218	1,302	+7%
Juvenile Justice Centre Order	27	29	7	-
Probation Order	1,408	1,405	1,464	+4%
Other Orders*	6	54	125	+131%
Licences				
Life/Sentence Licence	253	251	254	+1%
Sex Offender Licence	116	107	92	-14%
GB Licence	60	52	51	-2%
Public Protection Sentences				
Extended Custodial Sentence	207	206	209	+1%
Indeterminate Custodial Sentence	32	36	39	-
Non-statutory Sentences				
Inescapable Voluntary	23	10	12	-
Remand/Sentence	5	2	1	-
Total Orders	4,761	4,576	4,716	+3%
Total People	4,395	4,209	4,301	+2%

- Percentage change is not shown as the denominator is less than 50. * Includes Community Responsibility Order, Enhanced Combination Order, Supervised Activity Order and Supervision & Treatment Order.

In overall terms, males account for the vast majority of those under supervision (91% of the caseload). The chart provides a summary of the gender and age breakdown of PBNI’s caseload at 31 March 2017.

Gender and Age profile of people supervised by PBNI at 31st March 2017



Victims Information Scheme

There were 108 new registrations to the PBNI Victims Information Scheme during 2016-17. At the end of March 2017 there were 248 victims registered on the Scheme.

Complaints

As a public service, the Probation Service seeks to undertake its role and responsibilities in an open, transparent manner. Should there be occasions when someone wishes to express their dissatisfaction with the way the organisation has dealt with a particular matter, the PBNI Complaints Policy and supporting Procedures can be used.

If a complainant remains dissatisfied at the end of the internal Complaints Procedure, they may refer the matter to the Northern Ireland Ombudsman for independent consideration.

In 2015-16 extensive consultation took place in relation to revising the complaints policy and procedures. A revised policy and procedures was approved by the Board on 24th June 2016 and subsequently implemented throughout the organisation.

During 2016-17 the Probation Board received 37 complaints, (2015-16: 32 Complaints) an increase of 5 from the previous year.

Complaints received were primarily in respect of issues pertaining to the supervision and requirements of court orders and disputes about the contents of written reports and assessments. All complaints received were initially dealt with through local resolution; five complaints proceeded through to the formal investigation stage.

Financial Review

The results of the Probation Board are set out on page 63, in the Statement of Comprehensive Net Expenditure. The deficit for the year transferred to General Reserve was £18,368k (2015-16: £18,191k).

Net Expenditure Review

The net expenditure of Probation Board for 2016-17 is compared to the previous two financial years in the following table:

Net Expenditure Summary

	2016-17	2015-16	2014-15
	£'000	£'000	£'000
Total operating income	(1,450)	(1,591)	(2,118)
Staff costs	15,333	14,879	15,098
Purchase of goods and services	3,118	3,565	3,699
Depreciation and Impairment charges	385	384	363
Provision expense	212	216	227
Grants	773	741	1,190
Total operating expenditure	19,821	19,785	20,577
Net operating expenditure	18,371	18,194	18,459
Finance income	(3)	(3)	(5)
Net expenditure for the year	18,368	18,191	18,454

In 2016-17 overall net expenditure is consistent with 2015-16. Upward pressure on payroll costs and an increase in Employers NICS rate introduced in April 2017 is reflected in the 3% increase in staff costs. This has been balanced by a 5% reduction in non-pay costs- mostly cost reductions in Accommodation costs – energy and preventative/ planned maintenance in particular and reductions in contracts and overall client costs.

Summary of actual expenditure against budget

For 2016-17 PBNI had net Department Expenditure Limit (DEL) operating cost of £17,669k which was £43k less than the net budget allocation of £17,715k. The capital spend of £391k was £28k less than the net budget allocation of £419k. A comparison of net DEL operating costs against budget is summarised in following table:

Summary of Actual expenditure against budget

	2016-17 actual*	2016-17 budget*	Variance	Variance
	£'000	£'000	£'000	%
Net Operating Costs* (excluding depreciation)	17,287	17,315	28	0.2
Depreciation	385	400	15	3.7
Net Operating Costs*	17,672	17,715	43	0.2
Net Capital Expenditure	391	419	28	6.7
Overall Total Expenditure	18,063	18,134	71	0.4

*Excludes Annual Managed Expenditure (AME costs).

A reconciliation of net expenditure from the Statement of Comprehensive Net Expenditure to DEL operating costs is set out in table below.

Reconciliation Net expenditure from Statement of Comprehensive Net Expenditure to DEL Net Operating Costs

	£'000
Net Expenditure from Statement of Comprehensive Net Expenditure	18,368
Exclude Current Service Cost (AME cost)	(2,480)
Include cash payment of provision (DEL cost)	1,996
Exclude pension borrowing costs (AME cost)	(172)
Exclude administration costs (AME cost)	(40)
Net Operating Costs	17,672

Non-current Assets

The Probation Board's non-current asset expenditure movements are detailed in notes 6 & 7 to the financial statements. Capital expenditure in 2016-17 totalled £420k (2015-16 £387k).

Financial position

The Probation Board's Statement of Financial Position shows net liabilities of £12,594k (2015-16 net liabilities of £4,870k). The main reason for the increase of £7,724k is due to the movement in the NILGOSC pension liability. The value of the assets increased in the year as it did in 2015-16 however the actuarial losses driven by changes in actuarial assumptions such as a much reduced discount rate (the future value of funds) and increased inflation rate has eradicated any gains on

asset investments. This, with the average future life expectancy of members has greatly increased the pension actuarial liabilities estimates. Note 11 details all of the pension movements.

The breakdown of movement on the Defined Benefit Obligation liability is shown in the table below:

Defined Benefit Obligation liability at 31 March 2017

	£'000	Percentage Change in Liability
Defined Benefit Obligation 2016	98,718	
Interest on the obligation	3,325	6%
Current service cost and admin cost	2,510	2%
Contributions by members	669	-2%
Actuarial losses	19,194	-519%
Past service cost	10	-88%
Estimated benefits paid	(8)	0%
Estimated unfunded benefits paid	(2,600)	33%
Liability 2017	121,818	23%

Details of all pension movements are contained at Note 11 to the accounts.

Cash flow

The Probation Board’s net decrease in cash and cash equivalents in the year is £334k (2015-16 £94k increase).

Prompt Payment of Suppliers

The Probation Board’s policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. Monthly statistics are uploaded by the Department of Justice through AccountNI. The prompt payment results for 2016-17 showed that 89.5% (90.6% for 2015-16) of invoices were paid within 10 working days following receipt of a properly rendered invoice. 96.4% (98% for 2015-16) of invoices were paid within 30 calendar days. The poorer performance on the 30 day target is common across the DoJ family due to departmental restructuring and consequential impact on AccountNI performance.

Sustainable Development

PBNI is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and

leadership in sustainability and work collaboratively to avoid and minimise adverse impacts of PBNI’s activities on the environment and society, and reduce the PBNI’s carbon footprint.

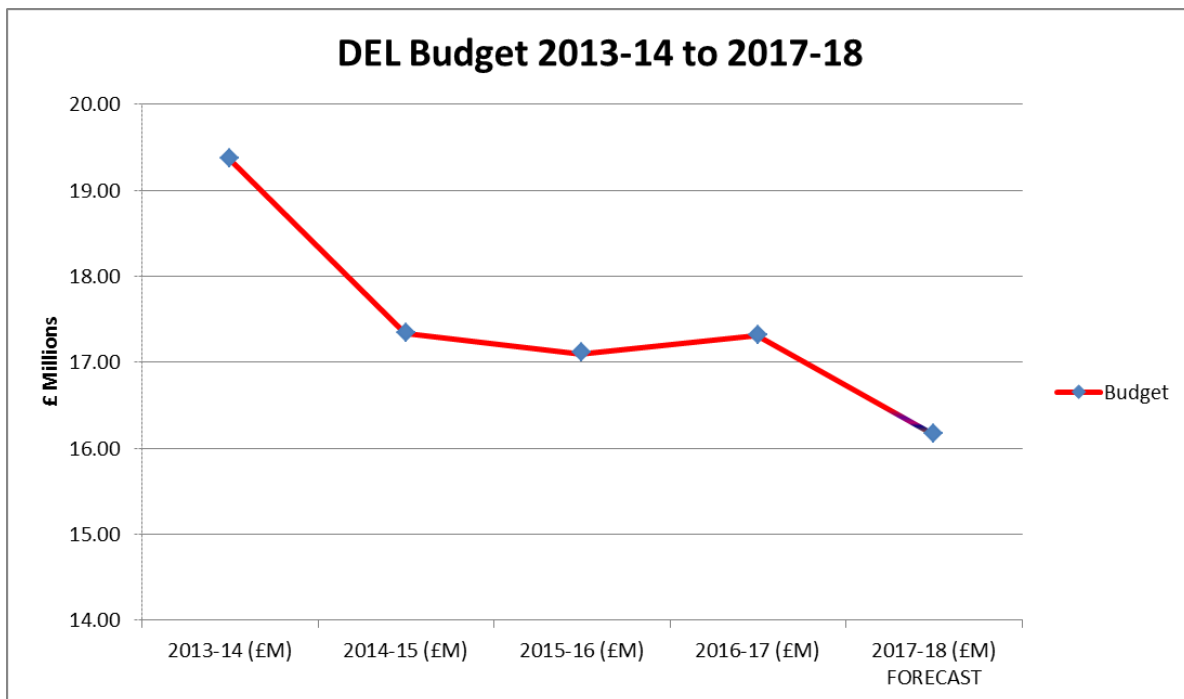
PBNI takes pride in its proactive approach to initiatives which have included continued participation in the Carbon Reduction Commitment Energy Efficiency Scheme. The NICS-wide contract for Recycling of Dry Office Waste is also being used by PBNI.

In February 2015 Central Procurement Directorate (CPD) issued a Procurement Guidance note PGN02/14 which enforces that procurement must be carried out in accordance with energy standards under Energy Efficiency Directive1 (EED) adopted by the European Union (EU). PBNI has adopted this guidance note.

Late 2015-16, significant improvements were made to PBNI’s property with a focus on energy efficiency and cost reduction. In 2016-17 detailed condition surveys on all properties was undertaken by PBNI. This will inform and prioritise essential and preventative maintenance programme for 2017-18.

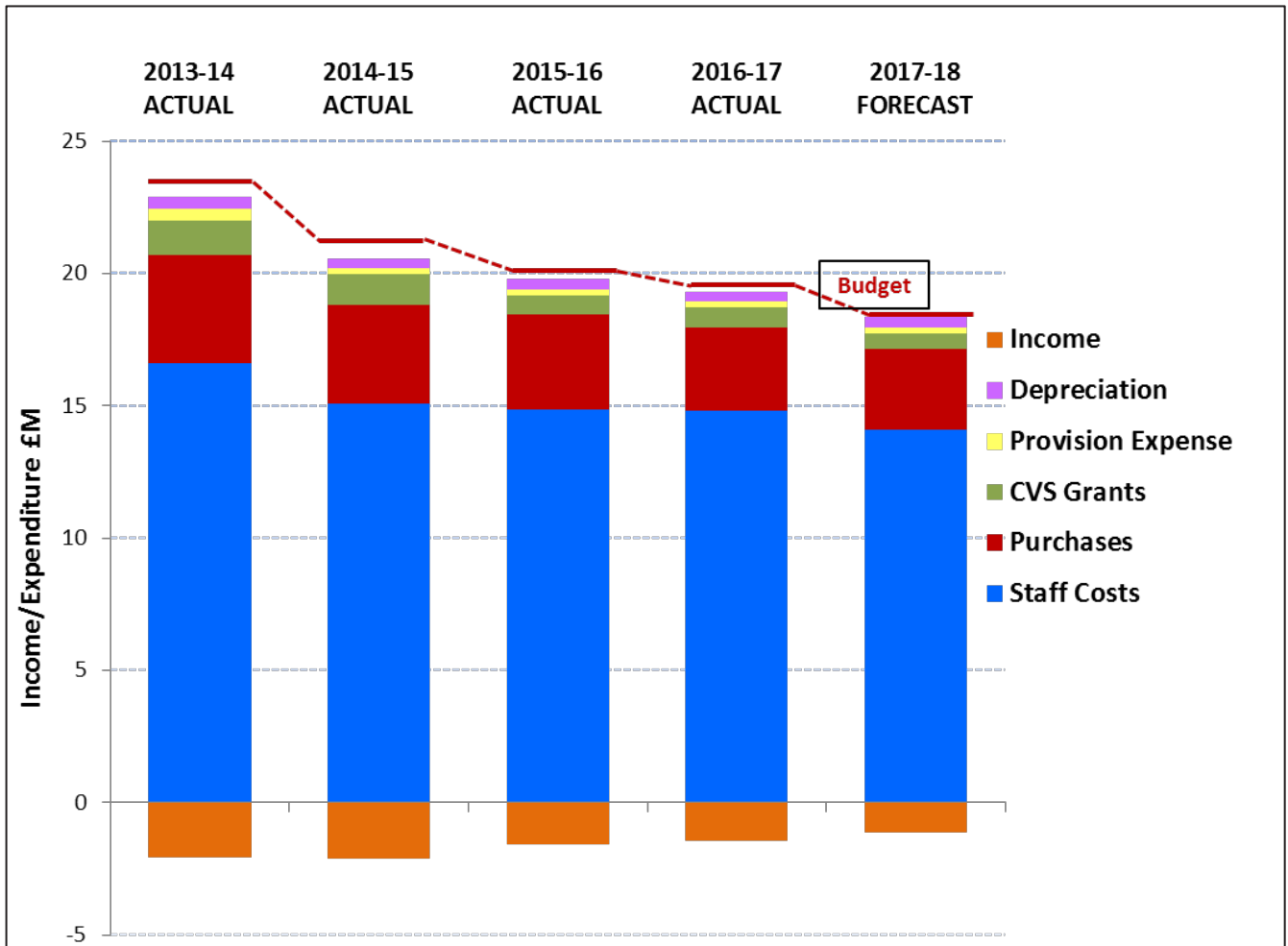
Long-term expenditure trends

The chart below captures the long-term summary expenditure profile of the PBNI budget over the financial years 2013-14 to 2017-18



The figures above reflect the final allocated budget. In 2016-17 an additional £398k was received for the “Fresh Start” programme.

The following chart shows the actual PBNI capital and revenue budget split by the major expense headings for the financial years 2013-14 to 2017-18 with the final DEL and capital budget included as reference.



2013-14 to 2015-16 financial years

Budgets in early years 2013-14 to 2014-15 were set as part of the four year Budget 2011-15 period. Budgets since 2015-16 have been set on an annual basis. During the financial years 2013-14 to 2015-16 PBNI’s DEL baseline budget was reduced by 11.8% or £2.3m and income for services supplied to the Northern Ireland Prison Service has been reduced by £534k or 25%.

2016-17 financial year

PBNI’s budget reduced in 2016-17 by 2.9% (487k) which posed a challenge due to pressures in pay and an increase in national insurance contributions. PBNI managed to deliver savings through:

- Reductions in preventative maintenance programmes, employee and client travel and further reductions in back-office costs
- Reductions in payroll costs due to higher than average staff turnover in the financial year. This necessitated a large recruitment programme for probation officer grade staff. All new staff were in post by March 2017.

2017-18 financial year

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

Due to the suspension of the Northern Ireland Executive, no budget has been set for PBNI for 2017-18 financial year. DOJ advised a potential 3% budget reduction in 2017-18.

In addition PBNI is facing inescapable pressures of £454k or 2.8% resulting from the increase in National Insurance, a decrease in NIPS income, contractual pay increases and the introduction of the Apprenticeship Levy.

With the addition of a 3.0% reduction imposed on the opening baseline this could equate to an overall pressure of £1.1m or 5.8% in 2017-18.

Whilst this has not yet been confirmed, PBNI has expressed concerns on the impact of such budget reductions to the DOJ. Along with the Senior Management Team, I will work to ensure any budget reduction will have the least impact possible on the core, front-line work we do in Probation.



Cheryl Lamont
Chief Executive
09 June 2017

THE ACCOUNTABILITY REPORT

The Accountability Report comprises:

- Corporate Governance Report
- Remuneration and Staff Report
- Assembly Accountability and Audit Report

Corporate Governance Report

The Corporate Governance Report contains the following three sections:

- The Director's Report
- The Statement of Accounting Officer's Responsibilities
- The Governance Statement

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 was appointed in December 1982. Each Board is of three years' duration and the current Board was appointed in December 2015.

The Board's main functions are set out in the Probation Board (Northern Ireland) Order 1982. In addition, other legislation relating to probation activities is in the Criminal Justice (Northern Ireland) Order 1991, Criminal Justice (Northern Ireland) Order 1996, Criminal Justice (Northern Ireland) Order 2008 and the Criminal Justice (Children) (Northern Ireland) Order 1998, and in relevant amendments thereto.

The Probation Board is an executive NDPB of the Department of Justice (DOJ).

The Permanent Secretary of the Department of Justice, who is the principal Accounting Officer of the Department of Justice, designated the Chief Executive as NDPB Accounting Officer for the Probation Board.

Chief Executive's Report

The Board

The Chief Executive is responsible for the day to day operation and performance of PBNI.

The Senior Executives

The PBNI Management Executive Team who served during the year were as follows:

Ms C Lamont	Chief Executive
Mr P Doran	Director of Rehabilitation
Mr H Hamill	Director Operations
Mrs G Robinson	Head of Human Resource
Mrs C Teggart	Head of Finance

The Probation Board for Northern Ireland is governed by the Probation Board. The Board Members are appointed on a fixed term of 3 years with the possibility of reappointment for a further period of 3 years. These appointments are made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments. Details of Board members during 2016-17 are as follows:

Mrs V Patterson MBE	Chairman
Mrs J Erskine	Deputy Chair
Mr R Mullan	
Mr D Brown	
Mr E Jardine CB	
Mr T O'Hanlon	
Ms P Shepherd	
Ms J Gillespie CBE	
Mr I Jeffers	
Ms B Stewart	
Mr G OhEara	
Ms A Matthews	
Mr D Wall	

Under The Probation Board (Northern Ireland) Order 1982, the Board shall consist of a Chairman, a Deputy Chairman and not less than 10 or more than 18 other members. Membership at 31 March 2017 stood at 13 (Chairman and 12 other members).

The Board's Audit & Risk Assurance Committee

The current members of the Board's Audit & Risk Assurance Committee are:

Mrs J Erskine	Chair
Mr G OhEara	Deputy Chair
Mr E Jardine CB	Member
Mr D Brown	Member
Ms A Matthews	Member

Other attendees of the meetings included representatives from Internal Audit, External Auditors, Department of Justice as well as the Chief Executive of Probation, the Director of Operations, the Head of Finance and the Board Secretary.

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 are maintained for Board Members and Senior Management respectively. The Registers are available for inspection on the Probation Board's website and they are reviewed and regularly. Note 17 to the Accounts provide details of any relevant related party transactions.

Personal data related incidents

The Probation Board continues to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems. There was one incident of loss of protected personal data within the Probation Board in the 2016-17 year which was reported to the Information Commissioner's Office (ICO); this incident occurred on 22 August 2016 and was reported to the Department of Justice (DOJ) on 2 September and to ICO on 16 September 2016 with the final full report, after full internal investigation and associated procedures were completed, sent on 21 December 2016. The ICO's investigation outcome as of 11 January 2017, found that there was no further action required.

There were eight localised incidents which were thoroughly investigated and did not require reporting to the Information Commissioner's Office.

The following information Assurance training was delivered to PBNI staff by e-learning during 2016-17:

- Responsible for Information – Level 1 (on commencement of employment of new staff, or return from long-term career break)
- Government Security Classifications (NI) (on commencement of employment of new staff, or return from long-term career break)

Reminder memoranda have been issued to all staff in respect of Information Assurance throughout the 2016-17 year.

Statement of Accounting Officer Responsibilities

Under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Probation Board for Northern Ireland is required to prepare a statement of accounts in the form and on the basis determined by the Department of Justice with the approval of the Department of Finance. 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, changes in Taxpayers' Equity, 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 Department of Finance including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- 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 Department of Justice has designated the Chief Executive as the Accounting Officer for the Probation Board for Northern Ireland. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Probation Board for Northern Ireland's assets are set out in Managing Public Money published by the HM Treasury.

Governance Statement 2016-17

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control to support the achievement of the Probation Board's policies, aims and objectives as set out in our three year corporate plan and associated annual business plans, whilst safeguarding the public funds and assets for which I am directly responsible. This is carried out in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice; its statutory responsibilities are set out in the Probation Board (NI) Order 1982. The mandatory functions of the Board 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 Department of Justice 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 of the Board which it may enter into with the agreement of the Department of Justice 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; and
- 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; and
 - give effect to schemes for the supervision and assistance of offenders and the prevention of crime.

More recent legislation outlining Board responsibilities include the Criminal Justice (Northern Ireland) Orders 1996, 2005 and 2008, while the requirements of PBNI as a designated organisation of Policing and Community Safety Partnerships are contained in the Justice Act (Northern Ireland) 2011.

The Probation Board plays an important role at each of the key stages of the criminal justice process at court, in custody, in the community and with victims of crime. As an integral, effective part of the Criminal Justice System, the Probation Board helps to reduce levels of offending, prevent further victims of crime and also contributes to increasing community confidence in the Northern Ireland Criminal Justice System.

The main strands of the Probation Board's work are to:

- Assess convicted offenders and prepare reports to assist decision-making in the criminal justice process. PBNI provided 9,040 reports in 2016-17.
- Supervise approximately 4,300 offenders at any given time
- Provide a range of services to offenders in prisons
- Provide behavioural change programmes
- Maintain a Victim Information Scheme
- Work with partner organisations to manage the risk posed by the most serious offenders as part of the Public Protection Arrangements Northern Ireland.
- Work in local communities as designated members of Policing and Community Safety Partnerships.

Judges have a range of sentencing options available to them to deal with young people and adults who are found guilty of a criminal offence. These include monetary disposals (such as fines), community service which requires the completion of unpaid work and other sentences which are based in the community and sentences which require a person to comply with licence conditions when released from custody.

The Probation Board supervises the following orders and licences:

- Probation Orders
- Community Service Orders
- Combination Orders
- Custody Probation Orders
- Determinate Custodial Sentences
- Extended Custodial Sentences for Public Protection
- Indeterminate Custodial Sentences for Public Protection
- Juvenile Justice Centre Orders
- Article 26 Licences

- Life Sentence Licences
- Other Orders (e.g. Enhanced Combination Orders)

The work of Probation is often complex, but can be summarised under five core elements:

- Ensuring sentence compliance
- Rehabilitation - challenging offending behaviours
- Reducing reoffending – by minimising harm
- Resettlement through promoting responsible citizenship
- Providing support to offenders: all Probation Officers are professionally qualified social workers

All of the work conducted by Probation seeks to reduce offending and make communities safer.

Purpose of the Governance Framework

The Probation Board's governance framework sets out the arrangements for how the organisation is directed and controlled (incorporating behaviours, values, systems and processes) and how its responsibilities are discharged. It enables the setting of corporate objectives, the efficient deployment of resources towards the delivery of these priorities and monitoring of organisational performance. This governance framework is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to achieve policies, aims and objectives; therefore it can only provide reasonable not absolute assurance of effectiveness.

The Governance Framework

(i) Sponsorship Arrangements

Within the Department of Justice, the Safer Communities Directorate is the sponsoring branch for PBNI. The branch, in consultation as necessary with the Departmental Accounting Officer, is the primary source of advice and point of contact for PBNI. The sponsoring branch monitors PBNI's activities on a continuing basis through an adequate and timely flow of information from PBNI on performance, budgeting, control and risk management and keeps PBNI informed of relevant Executive/Government policy, advising on interpretation and issuing specific guidance as necessary.

On a six monthly basis, departmental officials meet with PBNI to review performance. The Board directly reports to the Minister of Justice on its performance on an annual basis.

A Management Statement and Financial Memorandum document is in place between the Probation Board and Department of Justice. The Management Statement sets out the broad framework within which PBNI will operate, in particular:

- PBNI's overall purpose, objectives and targets in support of the DOJ's wider strategic aim(s) and the outcomes and targets contained in its current Public Service Agreement;
- The rules and guidelines relevant to the exercise of PBNI's functions, duties and powers;
- The conditions under which any public funds are paid to PBNI; and
- How PBNI is to be held to account for its performance.

The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which PBNI shall observe.

(ii) The Board

The Probation Board for Northern Ireland is governed by the Probation Board. The Board Members are appointed on a fixed term of 3 years with the possibility of reappointment for a further period of 3 years. These appointments are made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments.

The Board has corporate responsibility for leading and providing the strategic direction for the organisation for: developing the Corporate and Business Plans, taking account of government policies, aims and objectives, for monitoring the organisation in the effective and efficient performance of its statutory duties and ensuring PBNI complies with statutory requirements for the use of public monies.

In terms of governance oversight, the Board has a specific responsibility, outlined in the Management Statement, to:

'...ensure that any statutory or administrative requirements for the use of public funds are complied with; that PBNI operates within the limits of its statutory authority and any delegated authority agreed with the DOJ, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, PBNI takes into account all relevant guidance issued by DOF and DOJ.'

The Management Statement requires all Board members to:

- Comply at all times with the Code of Practice
- Not misuse information gained in the course of their public service for personal gain or political profit; and to declare publicly and to the board any private interests that may be perceived to conflict with their public duties
- Comply with PBNI rules on the acceptance of gifts and hospitality, and of business appointments;
- Act in good faith and in the best interests of PBNI.

With regard to declaring conflicts of interest, on an annual basis Board Members complete a register of interests form which is published via PBNI's website. Likewise, members of the Senior Management Team also complete an annual register of interests' declaration. At the preliminary stages of each Board and Committee meeting Members are asked whether they have any conflicts of interest to declare and this is recorded in the minutes.

Details of Board Members during 2016-17 are as follows:

Mrs V Patterson MBE	Chairman
Mrs J Erskine	Deputy Chair
Mr D Brown	
Mrs J Gillespie CBE	
Mr E Jardine CB	
Mr I Jeffers	
Ms A Matthews	
Mr R Mullan	
Mr T O'Hanlon	
Mr G OhEara	
Mrs P Shepherd	
Mrs B Stuart	
Mr D Wall	

The Board meets on a monthly basis to discuss and oversee matters of strategic significance, as set out in the Standing Orders and Management Statement and Financial Memorandum. All Board meetings held during 2016-17 were quorate with an overall attendance record of 76.9%. The table

below provides details of the number of Board and Audit Committee meetings attended by respective Board members in the course of the year.

There are three committees of the Board, the Audit & Risk Assurance Committee, the Corporate Resources Committee and the Policy and Practice Committee. The Board’s Standing Orders provide for a Remuneration Committee and an Emergency Committee, meetings of each are convened as required.

(iii) Audit & Risk Assurance Committee

In accordance with the Management Statement, PBNI has established an Audit and Risk Assurance Committee independent of the organisation’s structure. The Department of Justice and representatives from both PBNI Internal and External Auditors attend Audit Committee meetings. The responsibilities of the Audit & Risk Assurance Committee include:

- Review of the effectiveness of the risk management, control and governance arrangements;
- Review of the adequacy of the structures, processes and responsibilities for identifying and managing key risks facing the organisation;
- Review the Annual Report and Statutory Accounts including the Governance Statement before submission to the Board;
- Review the reports from the Internal and External auditors;
- Review the adequacy of the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements as issued by the sponsoring department and Government departments; and
- Monitor the implementation of agreed audit-based recommendations.

The Audit Committee had an overall 70% attendance rate in 2016-17.

The attendance of Board Members at Board and Audit & Risk Assurance Committee meetings during the twelve month period is provided in the following table:

Board Member Attendance at Board and Audit & Risk Assurance Committee Meetings during 2016-17

From April 2016 – March 2017

Board Member	Number of Board Meetings	Number of Board Meetings Attended
Mrs V Patterson MBE	11	11

Mrs J Erskine	11	9
Mr D Brown	11	9
Mrs J Gillespie CBE	11	11
Mr E Jardine CB	11	10
Mr I Jeffers	11	9
Ms A Matthews	11	10
Mr R Mullan	11	9
Mr T O'Hanlon	11	6
Mr G OhEara	11	9
Mrs P Shepherd	11	7
Mrs B Stuart	11	1
Mr D Wall	11	9

From April 2016 – March 2017

Audit & Risk Assurance Committee Member	Number of Audit Committee Meetings	Number of Audit Committee Meetings Attended
Mrs J Erskine	4	4
Mr G OhEara	4	1
Mr D Brown	4	3
Mr E Jardine CB	4	4
Ms A Matthews	4	2

(iv) Corporate Resource Committee

The role of the Corporate Resource Committee is to provide the Board with assurance that PBNI has appropriate Financial Management reports, Human Resources, Estates Management, and IT controls in place, aligned with best practice, to meet statutory requirements and to support the realisation of the Board's strategic and corporate objectives. The Committee sat six times during the year.

(v) Policy and Practice Committee

The role of the Policy and Practice Committee is to provide the Board with assurance that PBNI has appropriate policies of appropriate quality in place, aligned with best practice exercised by PBNI's

professional staff, to meet statutory requirements and to support the realisation of the Board's strategic and corporate objectives. The Committee sat five times during the year.

(vi) Remuneration Committee

The Board's Remuneration Committee met three times during the year.

(vii) Emergency Committee

The Board's Emergency Committee did not meet during the year.

(viii) Special Board Meeting

There were no Special Board Meetings during the year

(ix) The Accounting Officer

The Chief Executive of PBNI is designated as PBNI's Accounting Officer by the departmental Accounting Officer of the DOJ. The Accounting Officer is personally responsible for safeguarding the public funds for which she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of PBNI.

As Accounting Officer my principal accountabilities are to ensure that the Probation Board and its Committees are fully supported in developing and promoting a programme of work consistent with its founding legislation; and the Northern Ireland Executive's Programme for and the Northern Ireland Executive's Fresh Start Agreement Action Plan.

On a six monthly basis, as Accounting Officer I provide stewardship statements to the Department of Justice Accounting Officer, based on receipt of appropriate assurance from Deputy Directors.

(x) Internal Audit Arrangements

DOJ Internal Audit provided the internal audit services within PBNI. The Audit & Risk Assurance Committee, on behalf of the Board, receives internal audit reports and approves management responses to recommendations arising from such reports.

There is now a Service Level Agreement in place between DOJ Internal Audit and PBNI which has been signed by the head of both organisations, setting out the terms of the internal audit service.

(xi) External Audit Arrangements

The Northern Ireland Audit Office is the Probation Board's external auditor.

(xii) Criminal Justice Inspection Northern Ireland (CJINI)

The range of statutory functions and performance of Probation Board is subject to independent inspection by Criminal Justice Inspection Northern Ireland. PBNI fully participates in both organisation specific and thematic reviews to transparently account for its performance.

Risk Management and Internal Control

As Accounting Officer, I ensure that the Probation Board manages risk at all levels in the organisation. PBNI has Risk Management Procedures and Guidance in place which is available on PBNI's Intranet, making it readily available to all staff. This document, along with its supporting procedures, outlines PBNI's approach to identifying and managing risks which threaten the achievement of the organisation's objectives. It also heightens the roles and responsibilities of the Board and staff in managing risks. PBNI's approach to risk management is governed by other formal documents such as the Management Statement and Financial Memorandum, as well as Dear Accounting Officer letters issued by the Department of Finance.

As part of the risk management processes, a Senior Management risk workshop is conducted to construct PBNI's annual strategic risk register and operational risk registers respectively. At the beginning of the 2016-17 financial year, six risks were logged on PBNI's strategic risk register, one of which was rated red (assessed as high likelihood of occurring and if risk were to occur it would have a severe impact on the organisation), relating to the potential failure of PBNI's ageing case management system. At the end of the 2016-17 financial year there were seven risks, two of which were rated red. One risk relates to the case management system and the other relates to sick absence levels. The Strategic Risk Register is reviewed and approved on a quarterly basis by the Audit & Risk Assurance Committee on behalf of the Board, which provides scrutiny of the controls and actions to manage risk. For each strategic risk there is a designated Senior Manager as the risk owner. These, in turn, are owned by Senior Managers. The Strategic Risk Register is brought to the full Board on a quarterly basis.

As Accounting Officer I chair an Audit and Risk Management Group, which meets quarterly to review PBNI's Strategic Risk Register, consider escalation / de-escalation of risks between the departmental and strategic risk registers and conducts 'horizon scanning' for emerging risks. The group also monitors progress in respect of the implementation of recommendations arising from Internal Audit and external inspections. On provision of Stewardship Statements from the Directors on a six monthly basis, I in turn provide a six monthly stewardship report to the Department of Justice Principal Accounting Officer.

The Board's annual Accountability Meeting with the Minister was held on 11 November 2016.

Review of the Effectiveness of the Governance Framework

(i) Provision of information and data to the Board

Board Meeting agendas and papers are circulated a week in advance to provide sufficient time and evidence for sound decision making. Agendas are planned, as set out in the Standing Orders, on the basis of an annual Board Work plan, to ensure that all areas of the Board's responsibilities are examined during the year. Monthly Board Meetings include consideration of the following standing agenda items:

- Committee Reports (where applicable)
- Monthly Financial Outturn
- Business Cases update
- Management Information, including workforce information, caseload statistics, sick absence and updates on IT
- Programme and Projects update
- Programme of Visits and Business
- Policy Reviews
- Budget 2017-18 Update

Audit & Risk Assurance Committee standing agenda items include:

- Review of the Strategic Risk Register
- Review of Internal Audit Reports
- Audit Control Log/Internal Audit/CJI/NIAO Recommendations
- CJINI Inspection Reports
- DOF Circulars/DAO and DFD letters
- Fraud Update

The quality of data received by the Board has improved during the year and this is under ongoing review to ensure that the Board's discussions are as effective as possible. All documents for meetings are held electronically for the Members and secure management.

(ii) Board Effectiveness

The Board carried out a detailed assessment of its effectiveness in January 2017. The assessment was that the Board operates cohesively and effectively with a strong collective approach. A number of areas for development were noted and the Board has developed an action plan to progress this work.

(iii) Compliance with the Corporate Governance Code of Good Practice

In accordance with the Corporate Governance Code of Good Practice, a Management Statement and Financial Memorandum is in place between the Department of Justice and PBNI which sets out the framework within which PBNI operates. The Board's Code of Good Practice was updated in November 2014 in line with the Code of Conduct for Board Members of Public Bodies from the Department of Finance.

(iv) Ministerial Directions

There were no Ministerial Directions sought or issued during 2016-17.

(v) Highlights of the PBNI Board and Committee Reports

The standing agenda items for PBNI Board meetings have been listed above. In addition, the Board considered the following items in 2016-17:

- Policies approved by Board
 - Social Media Policy
 - Anti-Fraud and Anti-Bribery Policy
 - Performance and Capability Policy
 - Complaints Policy
 - Domestic Abuse Policy (Operational)
 - Career Break Policy
 - Ex-gratia Policy
 - Flexible Working Policy
 - Amendment to Retirement Policy
 - Gifts and Hospitality Policy

Significant Risk of Serious harm Policy

Remote Working Policy

Community & Voluntary Sector Policy & Procedures

Learning and Development Policy

- Business Plan 2015-16 Annual Performance Report
- Business Planning: Quarterly Report
- Communications Strategy
- Year-end sickness figures
- Evidencing the Effectiveness of Probation
- Annual Report and Accounts
- Estate Business Cases
- RESET Business Case
- Strategic Outline Business Case for Electronic Case Management System (ECMS)
- Managed Print Services Replacement Contract
- Code of Conduct for Staff
- PBNI Employer Code of Practice
- Strategic Outline Business Case for Case Management System
- Corporate Plan 2017/20
- Northern Ireland Courts & Tribunal Service Consultation on Courts Estates
- PBNI Substance Misuse Strategy 2014-17
- 2016-17 Annual Report and Accounts
- Business cases
- National Negotiating Council Terms and Conditions
- Review of Standing Orders
- Statement of Employer Policy and Discretionary Provision
- Equality Annual Progress Report
- Strategic Risk Register

The standing agenda items of the Audit & Risk Assurance Committee are also listed above, but the committee considered a number of other issues throughout the course of the year including:

- Internal Audit – Procurement and Contract Management
- Pension and Valuation Assumptions
- Ombudsman Report and Action Plan
- Annual Report and Accounts 2015/16
- Report on those charged with Governance
- Head of Internal Audit Annual Assurance

- Internal Audit reports
- Preparation of 2016-17 Year-end Accounts
- Review of Terms of Reference of Audit and Risk Assurance Committee

(vi) Achievements

During the year 2016-17 PBNI received **satisfactory assurance** on seven internal audit reports (Creditors Payments, Absence Management, Administration of Grants, Business Continuity, Travel and Subsistence (clients), Non-Current Assets and Corporate Governance) and **limited assurance** on a follow-up of the Case Management System which received limited assurance in 2014-15. PBNI are working towards implementing all of the recommendations from these reports.

There were no specific Criminal Justice Inspection NI (CJINI) led PBNI audit inspections in 2016-17. Arising from a follow up inspection of the Management of Life and Indeterminate Sentence Prisoners in Northern Ireland (February 2016), PBNI and the Northern Ireland Prison Service are to progress two strategic recommendations.

Significant Internal Control Issues

Effective governance arrangements and oversight are maintained to ensure appropriate and timely responses to such issues that arise. During the year PBNI has been addressing the following issues:

- Prior to 1 June 2015, PBNI had been paying NILGOSC pension contributions and associated National Insurance contributions on behalf of a number of administrative staff. This was contrary to NILGOSC regulations. A business case was approved by Department of Justice (DOJ) and Department of Finance (DOF) to phase the payments over 3 years. From the 1 July 2015 the affected staff have been paying the correct NILGOSC contributions with PBNI paying an allowance phased over 3 years. NIPSA has raised concerns about how this treatment aligns with pay remit guidance issued by the DOF. PBNI is seeking advice from DOJ and DOF to determine the implications of this guidance on the business case, which was approved by DOJ and DOF in July 2015.
- PBNI is registered for VAT on certain secondments from 1 April 2014 as agreed with HMRC. PBNI is investigating the possibility of become VAT registered for all activities. This is being considered by DOF and HMRC.

- An internal audit review of PBNI's Case management system received limited assurance in 2014-15 with a follow-up in 2016-17 which also received limited assurance. A Strategic Outline business case was approved by the Board and DOJ to provide a new electronic case management system. The current system is not fit for purpose and is a high risk. It has been recorded as such in PBNI's strategic risk register and has been reflected in the Safer Communities Directorate, within the Department of Justice's risk register. An Outline Business Case will be submitted to the Board and the DOJ in April 2017 to progress a new case management system.
- There was one case of fraud during 2016-17 relating to the theft of an asset. A trailer used for Community Service, with a book value of £274.20, was stolen from a PBNI office. The incident was reported to the police however the asset has not been recovered. The Fraud was reported to the DOJ and the Audit & Risk Assurance Committee in line with PBNI's Anti-Fraud and Bribery Policy and Response Plan. In order to prevent further such fraud, clamps have been placed on all trailers and additional security measures have been installed at offices.

Internal Auditor Statement on Assurance

In their Annual Assurance Report, the Probation Board's Internal Auditors reported that, on the basis on findings from work undertaken in 2016-17 and in previous years, have concluded that the risk management, internal control and governance arrangements within PBNI are 'satisfactory'.

Conclusion

This Governance Statement has been reviewed and accepted by both the Audit & Risk Assurance Committee and the Board. I can provide satisfactory assurance on the effectiveness of the Probation Board's internal control environment. I confirm that an action plan to ensure continuous improvement to the systems is on-going. It is evidenced by the programme of work undertaken by the Audit and Risk Management Group, the Senior Management Team and the Audit & Risk Assurance Committee and this work will continue in 2017-18.

Remuneration and Staff Report

Remuneration Policy

Board Members

The Chairman and other members of the Board are appointed by the Minister of Justice, in line with the Commissioner for Public Appointments "Guidance on Appointments to Public Bodies". The Department of Justice determines the emoluments of the Chairman and Members.

Senior Executives

The senior executives of the Probation Board are employed by the Probation 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 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 the Probation Board is subject to the approval of the Department of Justice, given with the consent of the Department of Finance and Personnel.

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 the Probation Board are made in accordance with the Probation Board's Equal Opportunities Policy and with reference to the Equality Commission's Advice and Guidance. Unless otherwise stated, the officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the relevant Probation Board policies.

Board Remuneration Committee

The Board has established a Remuneration Committee consisting of the Board Chairman, Board Deputy Chairman, the Chair of the General Purposes Committee and other members as the Board may appoint. The role of the Remuneration Committee is to assist in assessing the performance of the Chief Executive and dealing with any performance pay issues at Director level.

Staff costs (AUDITED INFORMATION)

Staff costs are captured in the table below:

	2016-17	2015-16
	£'000	£'000
Wages and salaries	10,402	10,655
Social security costs	1,241	836
Other pension costs	2,480	2,508
Movement in Employee Benefit Accrual	11	(32)
SUB TOTAL	14,134	13,967
Board Members' remuneration and expenses	101	98
Inward secondments	93	107
Agency/Temporary staff	1,005	707
TOTAL	15,333	14,879
Less recoveries in respect of outward secondments	(226)	(305)
TOTAL	15,107	14,574

The staff on outward secondment has been excluded from staff numbers. Staff on outward secondment includes the recovery of Mr Brian McCaughey's (the previous Director of Probation) salary costs, who worked under the direction of the Northern Ireland Prison Service during the financial year from 01 April 2016 to 31 December 2016.

The average number of staff employed by the Probation Board during 2016-17 together with details of staff costs were as follows:

	No's	Gross Emols £'000	Employers Nat. Ins. £'000	NILGOSC Current service costs £'000	Total Costs 2016-17 £'000	Total Costs 2015-16 £'000	No's 2015-16
Staff	322	10,413	1,241	2,480	14,134	13,967	325
Temporary Agency Staff	32	1,005	-	-	1,005	707	24
Inward Secondments	2	93	-	-	93	107	3
Totals	356				15,232	14,781	352
Board Costs					101	98	
Grand Total Costs					15,333	14,879	

Pensions

The Probation Board 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 a % of remuneration, dependent on the level of that pensionable remuneration. The bandings for 2016-17 were as follows:

Contribution Rate

Band Range	Contribution Rate
Up to £14,000	5.50%
£14,001 - £21,300	5.80%
£21,301 - £35,600	6.50%
£35,601 - £43,000	6.80%
£43,001 - £85,000	8.50%
More than £85,000	10.50%

The employer's contribution is determined by the Committee's Actuary every 3 years and for 2016-17 year was 20% of remuneration.

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 over 16 and provides benefits on final salary basis. Any membership built up to 31 March 2009 will provide an annual pension based on 1/80th of the final year's pensionable pay and an automatic tax-free lump sum of three times the pension. Membership built up after 31 March 2009 but before 31 March 2016 will provide an annual pension based on 1/60th of the final year's pay. There is still the option to convert annual pension to lump sum subject to HMRC limits.

Membership built up from 01 April 2016 will provide an annual pension based on 1/49th of the annual pensionable pay. This new pension scheme, called LGPS (NI) 2016 is a career average scheme.

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 Probation 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 2013. An employer contribution rate of 18% has been proposed for year commencing 1 April 2017. 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.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Probation Board.

Remuneration –

[AUDITED INFORMATION]

					2016-17
Name & Title	Salary £'000	Bonus Payments £'000	Benefits in Kind (to nearest £100)	Pension Benefits * (to nearest £1000)	Total £'000
Ms C Lamont <i>Chief Executive of Probation</i>	85-90	-	1,200	14	100-105
Mr P Doran <i>Director of Rehabilitation</i>	70-75	-	1,200	25	100-105
Mr H Hamill <i>Director Operations</i>	65-70	-	1,200	28	95-100
Mrs G Robinson <i>Head of Human Resources</i>	60-65	-	1,200	17	80-85
Mrs C Teggart <i>Head of Finance</i>	50-55	-	1,200	18	75-80
Band of Highest Paid Executive's Total Remuneration	85-90				
Median total remuneration	31.19				
Ratio	2.89				
					2015-16
Name & Title	Salary £'000	Bonus Payments £'000	Benefits in Kind (to nearest £100)	Pension Benefits * (to nearest £1000)	Total £'000
Ms C Lamont <i>Chief Executive of Probation</i>	85-90	-	1,200	63	150-155
Mr P Doran <i>Director of Rehabilitation</i>	70-75	-	1,200	30	100-105
Mr H Hamill <i>Director Operations</i>	65-70	-	1,200	26	90-95
Band of Highest Paid Executive's Total Remuneration	85-90				
Median total remuneration	31.40				
Ratio	2.78				

*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Salary

'Salary' includes gross salary and any allowance to the extent that it is subject to UK taxation, but excludes travel lump sum and any bonus paid.

Mr Brian McCaughey was under the direction and control of the Northern Ireland Prison Service during the financial year until 31 December 2017 when he retired. His salary and allowances were paid by the Probation Board and reimbursed from the Northern Ireland Prison Service. This has been disclosed in notes 2 and 5.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. Those detailed in the table above relate to mileage expenses paid to senior managers in the Probation Board in line with National Negotiating Council for the Probation Service terms and conditions. These are higher than the amount allowable for tax (45p per mile) and are reported to the Inland Revenue as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained in accordance with SCCOG Chief Officer Terms and Conditions and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. Bonuses for the previous Director of Probation (Mr Brian McCaughey) and the Chief Executive (Ms C Lamont) for 2016-17 await departmental approval.

***Hutton Fair Pay Review Disclosure [AUDITED INFORMATION]**

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

The banded remuneration of the highest-paid director in the Probation Board in the financial year 2016-17 was £85-90k - (2015-16 £85-90k). This was 2.89 times (2015-16 2.78 times) the median remuneration of the workforce, which was £31.2k (2015-16, £31.4k).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits [AUDITED INFORMATION]

Name & Title	Accrued pension at pension age as at 31/3/17 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/17 £'000	CETV at 31/03/16 £'000	Real increase in CETV £'000
Ms C Lamont <i>Chief Executive</i>	35-40 + lump sum 80-85	0-2.5 + lump sum - (0 - 2.5)	734	699	19
Mr P Doran <i>Director of Rehabilitation</i>	30-358 + lump sum 60-65	0-2.5 + lump sum - (0 - 2.5)	571	528	31
Mr H Hamill <i>Director Operations</i>	25-30 + lump sum 50-55	0-2.5 + lump sum - (0 - 2.5)	512	470	31
Mrs G Robinson <i>Head of Human Resources</i>	5-10 + lump sum 0-5	0-2.5 + lump sum - (0 - 2.5)	83	96	7
Mrs C Teggart <i>Head of Finance</i>	10-15 + lump sum 10-15	0-2.5 + lump sum - (0 - 2.5)	103	116	7

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. It 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 Cash Equivalent Transfer Values (CETV) calculations have been calculated in accordance with guidance used by the Civil Service in Employer Notice EPN 12/2012.

The real increase in the value of the CETV

CETV at 31/03/16 and CETV at 31/03/17 show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. 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.

There have been changes to the factors used to calculate CETVs from 1 January 2012. These changes are consistent with the new HM Treasury guidelines on the discount rate to be used for CETVs following the change in indexation from Retail Price Index (RPI) to the Consumer Price Index (CPI). The factors have also been changed to include the improvements to future mortality rates following the ONS 2008-based principal population projections. The change in factors may effectively reduce the CETV and this explains the negative real increases in CETV as noted in the table.

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.

Board Members Remuneration and Expenses

The Chairman and Board Members receive remuneration and expenses. The Board Members are appointed for a fixed term of 3 years. The Chairman received remuneration of £33,010 per annum paid at a monthly rate of £2,751. Board Members received remuneration of £5,050 per annum paid at a monthly rate of £420.83. The Chairman and the Board Members are not members of the Probation

Board's pension scheme. Full details of Board Members' remuneration and expenses are in the following table.

[AUDITED INFORMATION]

		**Remuneration and Expenses £'000
Mrs V Patterson MBE	Chairman	30 - 35
Mrs J Erskine	Deputy Chairman	5 - 10
Mr R Mullan		5 - 10
Mr D Brown		5 - 10
Mr E Jardine CB		5 - 10
Mr T O'Hanlon		5 - 10
Ms P Shepherd		5 - 10
Ms J Gillespie		0 - 5
Mr I Jeffers		0 - 5
Ms B Stuart		0 - 5
Mr G OhEara		0 - 5
Ms A Matthews		0 - 5
Mr D Wall		0 - 5

These figures include an element of benefits in kind, relating to mileage expenses paid in line with DOE Local Government Policy circular LG 10/09. These rates are higher than the amount allowable for tax. The element which relates to home to office mileage is taxed at source and any additional business mileage is reported as a further taxable emolument to Inland Revenue.

Employees

Details of staff costs and average staff numbers are contained at Note 2 to the financial statements.

The breakdown of FTE employee group by gender at the 31 March 2017 is as follows:

Employee group	Number of FTE employees at 31 March 2017	Gender
Chief Executive/Directors	3.00	1 Female, 2 Males
Senior Managers (other than Directors)	9.60	6.8 Females, 2.8 Males
Permanent employees	325.76	234.28 Females, 91.48 Males
Temporary employees (Agency)	20.20	16.20 Females, 4.00 Males
Total	358.56	258.28 Females, 100.28 Males

The level of temporary staff supplied through recruitment agencies in 2016-17 at 20.20 (2015-16 FTE 27.10) remained consistent with previous years' levels until a major recruitment programme concluded late in 2016. Agency workers filled essential vacancies created by leavers over previous financial years 2014-15 and 2015-16 until appointments were made from the successful candidate pool during Jan-Mar 2017.

Sickness Absence Data

The average day's sick absence per employee for the year 2016-17 was 19.3 days. The average day's sick absence per employee for the year 2015-16 was 13.2 days (13.5 days in 2014-15). PBNI engaged the Northern Ireland Statistical and Research Agency (NISRA) in 2015-16 to calculate PBNI's sickness absence statistics, NISRA uses different assumptions than PBNI used in previous years.

A Department of Justice Internal Audit review of PBNI's procedures for attendance management (Feb. 17) noted that levels of sick absence were not sustainable while also noting 'that there have been a number of long term absences which have had a significant impact on the absence figures given that PBNI is a relatively small organisation. These (absences) are being managed through the long term sickness absence procedure in order to facilitate a return to work.'

The reduction of sickness absence levels remains a business objective for the Probation Board in 2017- 18.

Equal Opportunities

PBNI recognises that all staff should be treated with respect and dignity in the workplace and as such, we are committed to providing a working environment that is free from discrimination, victimisation, harassment, bullying and inappropriate behaviour.

PBNI recognises that a policy in itself cannot ensure non-discrimination. This can only be achieved if employees, at all levels, critically examine their attitudes to people and ensure that no trace of discrimination is allowed to affect judgement or influence others to discriminate unfairly. A bespoke PBNI Equality at Work e-learning course was made mandatory for all staff during this year that gives employees training in equal opportunities with emphasis placed on disability related discrimination.

Employee Involvement

The Probation Board maintains arrangements for regularly consulting employees so that their views may be taken into account in decision-making. Membership of two trade unions, the National Association of Probation Officers (NAPO) and the Northern Ireland Public Service Alliance (NIPSA), is available to all staff within the Probation Board. 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 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.

Policy Statement

It is the policy of the Probation Board for Northern Ireland (PBNI) that, during the course of their employment, no employee will receive less favourable treatment or be discriminated against on the grounds of their sex including gender reassignment, pregnancy or maternity leave, marital or civil partnership status, sexual orientation, race or ethnic origin, religious belief, political opinion, national identity, age, or disability.

PBNI is opposed to all forms of unlawful and unfair discrimination. All job applicants, employees and others who work for us will be treated fairly and will not be unlawfully discriminated against (either directly or indirectly) or receive less favourable treatment on any of the above grounds. Decisions about recruitment and selection, promotion, training or any other benefit will be made on an objective basis and without unlawful discrimination. The PBNI is an equal opportunities employer and welcomes applications for employment from all suitably qualified candidates.

Equality and Diversity

Section 75 of the Northern Ireland Act 1998 places a statutory duty on the PBNI to have due regard to the promotion of equality and good relations internally and externally. PBNI's Equality Scheme was written following public consultation and approved by the Equality Commission for Northern Ireland in March 2012. This five year scheme contains commitments to greater engagement with our consultees and the mainstreaming of equality into our corporate business planning processes. PBNI has also published two action plans designed to promote greater equality of opportunity and better community relations in the delivery of our service.

The Probation Board operates a Good Relations working group which is responsible for providing oversight of PBNI's statutory equality duty, and focuses specifically on co-ordinating organisational efforts to build better relations between communities in Northern Ireland, addressing hate crime and promoting better team level engagement with good relations activities.

PBNI has gathered equality monitoring information on service users since 2010. This information is used by policy writers when developing or reviewing organisational policy. Specifically PBNI gathered equality data as part of the Service Users Survey in October 2015 with an Equality Statistical Briefing published in May 2016.

PBNI also gathers equality information on all nine equality categories as part of the staff recruitment process.

Assembly Accountability and Audit Report (AUDITED INFORMATION)

Regularity of Expenditure

There were no special payments made by the Board in 2016-17

2016-17	2015-16
(6 cases) £3k	(5 cases) £6k

There was one case of theft of a trailer with an asset value less than £300 and 5 cases of criminal damage at PBNI premises costing £3k for investigation and remedy.

Fees and charges

PBNI carry out statutory services in Prisons for the provision of social welfare services in prisons and young offenders' centres as set out in the Probation Board (Northern Ireland) Order 1982. PBNI charge the Northern Ireland Prison Service (NIPS) for this service. The charge is full cost recovery as agreed in a Service Level Agreement. PBNI received £1,134k in income from NIPS in 2016-17

Remote contingent liabilities

PBNI has no remote contingent liabilities to report at 31 March 2017



Cheryl Lamont
Chief Executive
09 June 2017

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Probation Board for Northern Ireland for the year ended 31 March 2017 under the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity, 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 and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Probation Board for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Probation Board for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Probation Board for Northern Ireland's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Justice directions made under the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Director's Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

05 July 2017

PBNI FINANCIAL STATEMENTS 2016-17

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2017

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2016-17 £'000	2015-16 £'000
Income			
Income from sale of goods and services	5	(1,450)	(1,591)
Total Operating Income		<u>(1,450)</u>	<u>(1,591)</u>
Expenditure			
Staff Costs	2	15,333	14,879
Purchases of goods and services	3	3,118	3,565
Depreciation and impairment charges	6&7	385	384
Provision Expense		212	216
Other Operating Expenditure	4	773	741
Total Operating Expenditure		<u>19,821</u>	<u>19,785</u>
Net Operating Expenditure		<u>18,371</u>	<u>18,194</u>
Finance Income		(3)	(3)
Net expenditure for the year		<u>18,368</u>	<u>18,191</u>
Other comprehensive net expenditure			
Net (gain) on revaluation of Property, Plant and Equipment	6	(39)	(45)
Actuarial Pension Liability increase/(decrease)	11	6,984	(4,257)
Comprehensive net expenditure for the year		<u>25,313</u>	<u>13,889</u>

All amounts above relate to the continuing activities of the Probation Board.

The notes on pages 67 to 98 form part of the accounts.

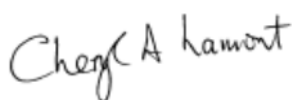
STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

This statement presents the financial position of the Probation Board for Northern Ireland. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2017 £'000	2016 £'000
Non-current assets:			
Property, plant and equipment	6	2,590	2,525
Intangible assets	7	66	85
Financial assets		12	21
Total non-current assets		<u>2,668</u>	<u>2,631</u>
Current assets:			
Trade and other receivables	9	433	565
Financial assets	19	11	14
Cash and cash equivalents	8	-	38
Total current assets		<u>444</u>	<u>617</u>
Total assets		<u>3,112</u>	<u>3,248</u>
Current liabilities:			
Cash and cash equivalents	8	(296)	-
Trade and other payables	10	(1,691)	(2,079)
Total current liabilities		<u>(1,987)</u>	<u>(2,079)</u>
Total assets less current liabilities		<u>1,125</u>	<u>1,169</u>
Non-current liabilities			
Provisions	11	(13,719)	(6,039)
Total non-current liabilities		<u>(13,719)</u>	<u>(6,039)</u>
Total assets less liabilities		<u>(12,594)</u>	<u>(4,870)</u>
Taxpayers' equity and other reserves			
General Reserve		(13,358)	(5,638)
Revaluation reserve		764	768
Total Taxpayers' Equity		<u>(12,594)</u>	<u>(4,870)</u>

The notes on pages 67 to 98 form part of the accounts. The financial statements on pages 63 to 66 were approved by the Board and were signed on its behalf by:



Cheryl Lamont
Chief Executive
 09 June 2017

STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

The Statement of Cash Flows shows the changes in cash and cash equivalents of the NDPB during the reporting period. The statement shows how the NDPB generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the NDPB. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the NDPB's future public service delivery.

	Note	2016-17 £'000	2015-16 £'000
Cash Flows from operating activities			
Net (expenditure) for the year		(18,368)	(18,191)
Adjustments for non-cash transactions	14	3,090	3,113
(Increase) in trade and other receivables		132	(28)
(Decrease)/Increase in trade and other payables		(388)	(383)
Employers Pension Costs	11	(1,996)	(2,088)
Utilisation of Provision		-	(43)
Payables movement on non-current assets	13	(75)	267
		<u>763</u>	<u>838</u>
Net cash outflow from operating activities		(17,605)	(17,353)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(336)	(628)
Purchase of intangible assets	13	(10)	(26)
Proceeds from disposal of property, plant and equipment		16	75
Loans to employees for car loans		(10)	(16)
Repayments of Loans		22	21
Net cash outflow from investing activities		(318)	(574)
Cash flows from financing activities			
Grants from Sponsoring Department		17,589	18,021
Net financing		(334)	94
Net movement in cash and cash equivalents in the period		(334)	94
Cash and cash equivalents at the beginning of the period		38	(56)
Cash and cash equivalents at the end of the period		(296)	38

The notes on pages 67 to 98 form part of the accounts

STATEMENT OF CHANGES IN TAXPAYER'S EQUITY for the year ended 31 March 2017

This statement shows the movement in the year on the different reserves held by PBNI, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of an Agency, to the extent that the total is not represented by other reserves and financing items.

	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2015	(9,779)	777	(9,002)
Net gain on revaluation of property, plant and equipment	-	45	45
Actuarial gain	4,257	-	4,257
Release of reserves to the net expenditure account	54	(54)	-
Comprehensive net expenditure	(18,180)	-	(18,180)
Grant from parent department	18,021	-	18,021
Auditors Remuneration	(11)	-	(11)
Balance at 31 March 2016	(5,638)	768	(4,870)
Changes in taxpayers' equity for 2016-17			
Net gain on revaluation of property, plant and equipment	-	39	39
Actuarial loss	(6,984)	-	(6,984)
Release of reserves to the net expenditure account	43	(43)	-
Comprehensive net expenditure	(18,357)	-	(18,357)
Grant from parent department	17,589	-	17,589
Auditors Remuneration	(11)	-	(11)
Balance at 31 March 2017	(13,358)	764	(12,594)

The notes on pages 67 to 98 form part of the accounts

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2016-17 Government Financial Reporting Manual (FReM) issued by Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Probation Board for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Probation Board are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention modified to accounts for the revaluation of property, plant and equipment and intangible assets. The accounts are stated in sterling, which is the Probation Board's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

The accounts are prepared in accordance with the accounts direction issued by the Department of Finance on 12 January 2017 for year ended 31 March 2017.

Without limiting the information given, the accounts meet the accounting and disclosure requirements issued by HM Treasury and the Department of Finance, with particular regard to the Government Financial Reporting Manual (FReM) and other relevant guidance in so far as those requirements are appropriate.

1.2 Advances to Probation Offices

All advances to offices are also treated as receivables balances in the Statement of Financial Position.

1.3 Department of Justice Grant

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

1.4 Value Added Tax

The Probation Board registered for VAT on secondment income only from 1 April 2014. HMRC advised the Probation Board of the registration in January 2016 and have charged VAT on seconded income from April 2014. There was no VAT liability with HMRC at 31 March 2017.

All other transactions are currently stated gross of VAT.

1.5 Income

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

1.6 Non-Current Assets – Tangible and Intangible

The thresholds for non-current assets adopted by Probation Board are given below.

CATEGORY	METHOD OF RECORDING	THRESHOLD	ESTIMATED USEFUL LIVES
Land	Individual	£ Nil	Freehold – Infinite Leasehold – Length of Lease
Buildings and dwellings	Individual	£ Nil	Freehold – 20 to 80 years Leasehold – Length of Lease
Motor Vehicles	Individual	£1,000	5 years
Furniture and fittings	Individual	£500	10 years
Plant and machinery	Individual	£500	5 years
Office machinery and equipment	Individual	£500	5 years
Computer hardware Telecoms and networks	Individual	Attractive items of value normally in excess of £100	5 years
Computer software and licences (Intangible)	Individual	£5,000	5-7 years

Method of Recording.

Non-current assets are capitalised individually in asset register rather than capitalised as a group of assets.

Threshold.

Expenditure in each category is capitalised and included in asset register if equal to or greater than the threshold value indicated for each category.

Measurement and Valuation

All tangible and intangible non-current assets are carried at fair value.

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 non-current assets over their estimated useful lives. A full month's depreciation is charged in the month of acquisition of assets, but no depreciation is charged in the month of disposal of the assets.

The Probation Board has capitalised its non-property assets at depreciated replacement cost. Donated assets have been capitalised at fair value on receipt. These are also revalued in the same way as all other noncurrent assets as outlined below.

All non-current assets with the exception of land and buildings and assets under construction are revalued by reference to appropriate Office for National Statistics indices as a proxy for fair value. Revaluations are recognised on an asset-by-asset basis with no account taken of potential profit or loss on other non-current assets. A desk-based valuation of land and buildings is completed annually by Land and Property Services with a full professional valuation every 5 years. A full professional valuation was carried out as at 28 February 2013.

1.7 Leases

All leases for land and buildings occupied by the Probation Board are considered to be operating leases. If finance leases were to exist, the assets would be capitalised at the commencement of the lease term at the fair value of the leased asset. The corresponding lease commitments would be shown as finance leases obligations within liabilities. Depreciation on capitalised leased assets would be charged in line with the depreciation policy for similar assets.

The leases in place within the Probation Board are classified as operating leases, where a significant proportion of the risks and rewards are held by the lessor. Rentals are charged to the net expenditure account over the period of the lease.

1.8 Pension Costs

Most staff of the Probation 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 note 2, note 11 to the accounts and the Remuneration and Staff Report.

1.9 Early Departure Costs

The Probation 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. This is part of the IAS19 actuarial valuation and it is shown in Note 11 – Pension Commitments.

1.10 Provisions

The Probation Board provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

1.11 Contingent Liabilities

Contingent liabilities are disclosed in accordance with IAS 37.

1.12 Assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to complete within one year of the classification.

1.13 Grants for Community Development

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

1.14 Insurance

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

1.15 Notional Costs

There are no notional costs relating to the running of the Probation Board.

1.16 Financial Instruments

Financial assets and liabilities are recognised when the Probation Board becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the Probation Board no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

1.16.1 Financial Assets

Trade and other receivables

Financial assets within trade and other receivables are recognised and retained at invoiced cost which is considered to equate to fair value as the contractual obligations are short term in nature and based on standard invoiced prices. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Bank overdrafts are included within loans and other borrowings in current liabilities on the statement of financial position.

Impairment of financial assets

The Probation Board assess at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Net Expenditure Account.

1.16.2 Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are recognised and retained at invoiced cost which is considered to equate to fair value as all such liabilities are short term in nature.

1.17 Employee Benefits

Under IAS 19 an employing entity should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for the service. The Probation Board has recognised annual leave entitlements that have been earned by year end but not yet taken. These are included in current liabilities.

1.18 Segmental Reporting

In line with the provisions of IFRS 8: Operating Segments, the Probation Board does not analyse its net expenditure by operating segment as it has concluded that it has no separately identifiable operating segments. This conclusion is based on the Probation Board's current system/format of internal management reporting to the Chief Executive, Senior Management Team and Board, who consider financial performance at Probation Board level.

1.19 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Probation Board's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- (i) **Depreciation of property, plant and equipment**
Depreciation is provided in the accounts so as to write down the respective assets to their residual values over their expected residual lives and as such the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in Note 1.6.
- (ii) **Impairment of property, plant and equipment**
Where there is an indication that the carrying values of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.
- (iii) **Pension and other post-retirement benefits**
The Probation Board accounts for pension and other post-retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension scheme, a number of assumptions are used by the Actuary, these include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in Note 11.
- (iv) **Calculation of employee benefits –** This calculation is based on a 10% sample of the workforce in the Probation Board, across all grades and specialisms. The sample results are then used as a basis for calculating an overall figure for the Probation Board.

1.20 Accounting standards, interpretations and amendments to published standards and FReM

Issued and effective in 2016-17 for the first time:

Standard	Comments
<p>IAS 19 - <i>Employee Benefits – Discount rate: regional market issue</i> (amendment)</p>	<p>The amendment clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level based on the currency in which the obligation is denominated.</p> <p>No substantive changes to the FReM. These amendments have undergone due process. See the FRAB 124 paper # 7.</p>
<p>IAS 1 – <i>Disclosure Initiative</i> (amendment)</p>	<p>The following narrow scope amendments have been made:</p> <ul style="list-style-type: none"> • Materiality and aggregation – clarifies that an entity should not obscure useful information by aggregating or disaggregating information, and that materiality considerations apply to the whole financial statements; • SoFP and Statement of Profit or Loss and OCI – clarifies that the list of line items can be disaggregating and aggregated as relevant; • Clarifies that an entity’s share of OCI of equity accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and • Clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes. <p>These amendments encourage professional judgement to be used in determining what information to disclose in financial statements and where and in what order information is presented in the financial disclosures. The amendments make it clear that materiality applies to the whole of the financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.</p> <p>No substantive changes to the FReM. These amendments have undergone due process. See the FRAB 124 paper # 7.</p>
<p>IAS 16 and IAS 38 – <i>Clarification of acceptable methods of depreciation and amortisation</i> (amendment)</p>	<p>This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.</p> <p>No substantive changes to the FReM. These amendments have undergone due process. See the FRAB 124 paper # 7.</p>

1.21 Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 April 2017 or later periods, but which PBNI has not adopted early. Other than as outlined below, PBNI considers that these standards are not relevant or material to its operations.

Standard	IFRS 16 - Leases (IAS 17 replacement) (new)
Effective date	1 January 2019 (not yet EU adopted; expected in the fourth quarter of 2017- With a view to include in the 2019-20 FReM (subject to EU adoption and the Exposure Draft process)
Description of revision	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p> <p>IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.</p> <p>As well as superseding IAS 17 Leases, IFRS 16 also supersedes the following interpretations:</p> <p>(a) IFRIC 4 Determining whether an Arrangement contains a Lease; (b) SIC-15 Operating Leases-Incentives; and (c) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p>
Comments	<p>The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in early 2018. IFRS 16 is expected to impact most on bodies with substantial lease portfolios. Further details can be found in FRAB paper 127 (04) (June 2016) and FRAB paper 128 (04) (November 2016).</p> <p>When considering the disclosures to the financial statements on standards issued but not yet effective, entities should be considering:</p> <ul style="list-style-type: none"> • What operating leases commitments are currently held by the entity and whether these are material to the financial statements? • The nature of the assets being leased and whether they may be classed as short term or low value leases? <p>Whether there are sufficient existing disclosures in the financial statements regarding lease commitments where these are considered material.</p>

Standard	IAS 7 - <i>Disclosure Initiative</i> (issued in January 2016) (amendment)
Effective date	1 January 2017 (not yet EU adopted; expected in the second quarter of 2017) With a view to include in the 2018-19 FReM with early adoption permitted in 2017-18 (subject to EU adoption)
Description of revision	<p>These amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.</p> <p>To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):</p> <ul style="list-style-type: none"> (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. <p>The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". The new disclosure requirements also relate to changes in financial assets if they meet the same definition.</p> <p>The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. This is a departure from the December 2014 exposure draft that had proposed that such reconciliation should be required.</p> <p>Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.</p>
Comments	<p>IAS 7 is interpreted in the FReM for the public sector context. Departments should follow the format of the Statement of Cash Flows in IAS 7 but should include at the foot of the statement those cash flows with the Consolidated Fund.</p> <p>HM Treasury and the other Relevant Authorities will review the implications of this amendment and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.</p>

1.22 Financial Reporting - Future Developments

PBNI has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within *FReM* 2016-17. Other than as outlined below, PBNI considers that these standards are not relevant or material to its operations

Standard	IAS 8 - Accounting Policies and Accounting Estimates (Proposed amendments)
Effective date	Not yet determined
Description of revision	In its April 2016 meeting, the Board tentatively decided to amend the definitions of accounting policies and changes in accounting estimates in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in order to: <ul style="list-style-type: none"> a. clarify the definitions of accounting policies and of changes in accounting estimates with the objective of making them more concise and distinctive; b. clarify how accounting policies and estimates relate to each other; c. add guidance about whether changes in valuation techniques and in estimation techniques are changes in accounting estimates; and d. update examples of estimates provided in IAS 8.
Comments	IAS 8 currently applies without adaptation in the public sector. HM Treasury and the other Relevant Authorities will review the implications of these changes and follow due process when final amendments are issued. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.

Standard	IAS 1 Presentation of Financial Statements–Current/non-current classification of liabilities (proposed amendments)
Effective date	Not yet determined
Description of revision	To clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms.
Comments	HM Treasury and the other Relevant Authorities will review the implications of these changes and follow due process when final amendments are issued. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.

Standard	IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (proposed amendments)
Effective date	Not yet determined
Description of revision	To clarify the accounting for the net proceeds from selling any items produced while making an item of property, plant and equipment (PPE) available for use. The Board propose a narrow-scope amendment to IAS 16 to prohibit the deduction of proceeds from selling items produced before an item of PPE is available for use from the cost of that PPE.
Comments	HM Treasury and the other Relevant Authorities will review the implications of these changes and follow due process when final amendments are issued. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.

2. STAFF COSTS

	2016-17 £'000	2015-16 £'000
Wages and salaries	10,402	10,655
Social security costs	1,241	836
Pension costs	2,480	2,508
Movement in Employee Benefit Accrual	11	(32)
SUB TOTAL	14,134	13,967
Board Members' remuneration and expenses	101	98
Inward secondments	93	107
Agency/Temporary staff	1,005	707
TOTAL	15,333	14,879
Less recoveries in respect of outward secondments	(226)	(305)
TOTAL	15,107	14,574

3. PURCHASES OF GOODS & SERVICES

	2016-17 £'000	2015-16 £'000
<i>Other operating costs include:</i>		
Staff related costs	548	579
Rentals under operating leases	609	569
Accommodation costs	550	1,014
Office services	664	689
Contracted out services	217	217
Professional costs	231	258
Audit and accountancy fees	28	21
Managed services	2	2
Consumables, materials and equipment costs	121	109
Commissions and tribunal costs	27	18
Non-capital purchases	13	11
Client and other programme operating costs	66	65
Loss on disposal of non-current assets	13	4
Other	29	9
	3,118	3,565

4. OTHER OPERATING EXPENDITURE - GRANTS FOR COMMUNITY DEVELOPMENT

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

	2016-17	2015-16
	£'000	£'000
Grants over £100,000		
Northern Ireland Association for the Care & Resettlement of Offenders ¹	471	460
Grants £50,001 - £100,000		
Women's Aid Federation	-	55
Grants £25,001 - £50,000		
Community Restorative Justice	-	35
NI Alternatives	-	35
Barnardo's	-	27
Grants up to £25,000²	302	129
	<u>773</u>	<u>741</u>

¹ Northern Ireland Association for the Care & Resettlement of Offenders - Funding includes £371k awarded under the "Fresh Start" Programme for mentoring services provided to clients. A further £100k was granted for Access Employability services. Both awards were subject to open application and adjudication in line with PBNI grants policies and procedures.

- ²Community Services – 20 groups awarded sums from £50 - £12k in support of Community Service placements;
- ² "Fresh Start" – grant awards were provided to Barnardo's, CRJI and NI Alternatives for tailored services to clients. All awards were subject to open application and adjudication in line with PBNI grants policies and procedures; and
- ²Asset Recovery Community Scheme - 8 groups were awarded sums between £1k - £14k

5. INCOME FROM SALE OF GOODS AND SERVICES

	2016-17	2015-16
	£'000	£'000
Income from Activities		
NI Prison Service	1,134	1,165
Secondment	226	305
Other Income	90	121
	1,450	1,591

Prison Service - £1,134k (2015-16 £1,165k) as per Service Level Agreement between the Probation Board and the NI Prison Service for the provision of social welfare services in prisons and young offenders' centres as set out in the Probation Board (Northern Ireland) Order 1982.

Secondment - £226k (2015-16 £305k) represents salary and travel income of seconded staff.

Other Income - £90k (2015-16 £121k) reflects receipts for grant funding income re-directed to community grants; recharges for services supplied to other public bodies for rent, student training fees and additional receipts for rebates on rates and utilities expenditure for offices.

6. PROPERTY, PLANT AND EQUIPMENT

Land and Property Services carried out a valuation of land and buildings at 28 February 2017. There was no significant change in this valuation during March 2017. A full professional valuation was carried out at 28 February 2013 and the next one will be carried out at 28 February 2018. 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 £1,778k and this is also the existing use value. Included within land and buildings is land valued at £647k, which is non-depreciable.

6. PROPERTY, PLANT AND EQUIPMENT

2016-17 Note	Land £'000	Buildings & Dwellings £'000	Motor Vehicles £'000	Plant and Machinery £'000	Office Machinery and equipment £'000	Computer Hardware £'000	Telecoms and networks £'000	Furniture and Fittings £'000	Payment on Account £'000	Totals £'000
Cost/ Valuation										
<i>At 1 April 2016</i>	647	3,709	47	82	570	1,450	169	63	-	6,737
Additions	-	19	56	34	177	91	33	1	-	411
Disposals	-	-	(27)	(1)	(7)	(203)	-	(1)	-	(239)
Indexation	-	21	1	1	7	37	1	-	-	68
Impairment	-	-	-	-	-	0	-	-	-	0
Revaluation	-	-	-	-	-	3	-	-	-	3
At 31 March 2017	647	3,749	77	116	747	1,378	203	63	-	6,980
Accumulated Depreciation										
<i>At 1 April 2016</i>	-	2,464	26	65	429	1,094	89	45	-	4,212
Charged in year	-	145	7	7	53	112	27	4	-	355
Disposals	-	-	(9)	(1)	(7)	(192)	-	-	-	(209)
Indexation	-	9	-	1	4	17	-	-	-	31
Impairment	-	-	-	-	-	-	-	-	-	0
Revaluation	-	-	-	-	-	1	-	-	-	1
At 31 March 2017	-	2,618	24	72	479	1,032	116	49	-	4,390

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

2016-17 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	Payments on Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount at 31 March 2017	647	1,131	53	44	268	346	87	14	-	2,590
Carrying amount at 31 March 2016	647	1,245	21	17	141	356	80	18	-	2,525
Asset financing:										
Owned	647	1,131	53	44	268	346	87	14	-	2,590
Finance Lease	-	-	-	-	-	-	-	-	-	-
Contracts	-	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2017	647	1,131	53	44	268	346	87	14	-	2,590

6. PROPERTY, PLANT AND EQUIPMENT

2015-16 Note	Land £'000	Buildings & Dwellings £'000	Motor Vehicles £'000	Plant and Machinery £'000	Office Machinery and equipment £'000	Computer Hardware £'000	Telecoms and networks £'000	Furniture and Fittings £'000	Payments on Account £'000	Total £'000
Cost/ Valuation										
<i>At 1 April 2015</i>	647	3,488	67	78	561	1,386	132	60	-	6,419
Additions	-	156	-	4	47	112	36	5	-	360
Disposals	-	-	(20)	-	(41)	(45)	-	(2)	-	(108)
Indexation	-	65	-	-	3	(1)	1	-	-	68
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	(2)	-	-	-	(2)
At 31 March 2016	647	3,709	47	82	570	1,450	169	63	-	6,737
Accumulated Depreciation										
<i>At 1 April 2015</i>	-	2,319	40	58	414	995	73	42	-	3,941
Charged in year	-	123	6	7	50	146	16	5	-	353
Disposals	-	-	(20)	-	(37)	(45)	-	(2)	-	(104)
Indexation	-	22	-	-	2	(1)	-	-	-	23
Impairment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	(1)	-	-	-	(1)
At 31 March 2016	-	2,464	26	65	429	1094	89	45	-	4,212

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

2015-16 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	Payments on Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount at 31 March 2016	647	1,245	21	17	141	356	80	18	-	2,525
Carrying amount at 31 March 2015	647	1,169	27	20	147	391	59	18	-	2,478
Asset financing:										
Owned	647	1,245	21	17	141	356	80	18	-	2,525
Finance Lease	-	-	-	-	-	-	-	-	-	-
Contracts	-	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2016	647	1,245	21	17	141	356	80	18	-	2,525

7. INTANGIBLE ASSETS

2016-17 Note	Software Licences £'000
Cost/Valuation	
At 1 April 2016	1,043
Indexation	3
Additions	9
Disposals	(25)
At 31 March 2017	<u>1,030</u>
Accumulated Amortisation	
At 1 April 2016	958
Indexation	1
Charged in Year	30
Disposals	(25)
At 31 March 2017	<u>964</u>
Carrying amount at 31 March 2017	<u>66</u>
Carrying amount at 31 March 2016	<u>85</u>
Asset financing:	
Owned	66
Finance Lease	-
Contracts	-
Carrying amount at 31 March 2017	<u>66</u>

7. INTANGIBLE ASSETS (Continued)

2015-16 Note	Software Licences £'000
Cost/Valuation	
At 1 April 2015	1,015
Indexation	1
Additions	27
Disposals	-
At 31 March 2016	<u>1,043</u>
Accumulated Amortisation	
At 1 April 2015	925
Indexation	2
Charged in Year	31
Disposals	-
At 31 March 2016	<u>958</u>
Carrying amount at 31 March 2016	<u>85</u>
Carrying amount at 31 March 2015	<u>90</u>
Asset financing:	
Owned	85
Finance Lease	-
Contracts	-
Carrying amount at 31 March 2016	<u>85</u>

8. CASH AND CASH EQUIVALENTS

	2016-17 £'000	2015-16 £'000	2014-15 £'000
Commercial banks	(320)	14	(83)
Office bank/cash	24	24	27
	<u>(296)</u>	<u>38</u>	<u>(56)</u>

9. TRADE AND OTHER RECEIVABLES

	2016-17 £'000	2015-16 £'000
Amounts falling due within one year:		
Trade receivables	198	296
Prepayments and accrued income	235	269
	<u>433</u>	<u>565</u>

10. TRADE AND OTHER PAYABLES

	2016-17 £'000	2015-16 £'000
Amounts falling due within one year:		
HM Revenue and Customs	266	68
Trade payables	13	-
Accruals and deferred income	1,412	2,011
	<u>1,691</u>	<u>2,079</u>

11. PENSION COMMITMENTS

Introduction

The Probation Board makes employer contributions to the Northern Ireland Local Government's Officers Superannuation Scheme (NILGOSC).

The disclosures below relate to the funded liabilities within the Northern Ireland Local Government Officers' Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (Northern Ireland) (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2015 being linked to final salary. Benefits after 31 March 2015 are based on a Career Average Revalued Earnings Scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014'.

The unfunded pension arrangements relate to the termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (Northern Ireland) under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007.

Funding/Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations (Northern Ireland) 2014 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2020 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, Northern Ireland Local Government Officers' Superannuation Committee is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those

notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Committee) is shown in the disclosures.

The Committee may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets under perform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation Risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

11.1 Assumptions and sensitivity of results

The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were as follows:

Financial Assumptions

	31/03/17	31/03/16	31/03/15	31/03/14	31/03/13
Inflation Increase Rate (CPI)	2.0%	1.8%	1.8%	2.4%	2.8%
Inflation Increase (RPI)	3.1%	2.9%	2.9%	3.4%	3.7%
Salary Increase Rate	3.5%	3.3%	3.3%	3.9%	5.2%
Pension Increase Rate	2.0%	1.8%	1.8%	2.4%	2.8%
Discount rate	2.6%	3.4%	3.2%	4.3%	4.5%

Mortality

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	23.2 years	25.8 years
Future Pensioners	25.4 years	28.1 years

Sensitivity of results

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2017 and the projected service costs for the year ending 31 March 2017 is set out below. This does not include sensitivity of unfunded benefits on materiality grounds.

Discount rate assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	119,316	123,960
% change in present value of total obligation	-1.9%	1.9%
Projected service cost (£'000s)	3,280	3,475
Approximate % change in projected service cost	-2.9%	2.9%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	122,271	120,967
% change in present value of total obligation	0.5%	-0.5%
Projected service cost (£'000s)	3,376	3,376
Approximate % change in projected service cost	0.0%	0.0%
Rate of increase to pensions in payment and deferred pensions assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	123,298	119,958
% change in present value of total obligation	1.4%	-1.4%
Projected service cost (£'000s)	3,475	3,280
Approximate % change in projected service cost	2.9%	-2.9%
Post retirement mortality assumption		
Adjustment to mortality age rating assumption*	-1 year	+1 year
Present value of total obligation (£'000s)	125,173	118,079
% change in present value of total obligation	2.9%	-2.9%
Projected service cost (£'000s)	3,495	3,257
Approximate % change in projected service cost	3.5%	-3.5%

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

Statement of Financial Position Disclosures at 31 March 2017

11.2 Fair Value of employer assets

Year Ended:	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
	£'000	£'000	£'000	£'000	£'000
Equities	80,534	66,636	65,209	57,876	54,085
Government Bonds	5,837	5,283	5,092	4,602	7,798
Corporate Bonds	6,594	5,931	5,806	4,758	358
Property	11,350	12,234	11,255	8,736	5,509
Cash	2,811	2,132	1,787	2,028	3,362
Other	973	463	179	-	429
Total	108,099	92,679	89,328	78,000	71,541

The above assets' values as at 31 March 2017 are at bid value as required under IAS19. The assets allocated to the Employer in the Fund are notional and the assets are assumed to be invested in line

with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

11.3 Statement of Financial Position

Year Ended	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 Restated £'000
Fair Value of Employer Assets	108,099	92,679	89,328	78,000	71,541
Present Value of Funded Liabilities	(121,616)	(98,542)	(98,715)	(84,628)	(81,848)
Net (Under)/Overfunding in Funded Plans	(13,517)	(5,863)	(9,387)	(6,628)	(10,307)
Present Value of Unfunded Liabilities	(202)	(176)	(186)	(176)	(194)
Net Liability	(13,719)	(6,039)	(9,573)	(6,804)	(10,501)
Amount in the Statement of Financial Position – Liabilities	13,719	6,039	9,573	6,804	10,501
Net Liability	(13,719)	(6,039)	(9,573)	(6,804)	(10,501)

Statement of Comprehensive Net Expenditure Costs at 31 March 2017

11.4 Recognition in the Statement of Comprehensive Net Expenditure

Year Ended	31 March 2017 £'000	31 March 2016 £'000
Current Service Cost (excluding Administration expense)	2,470	2,426
Administration expense	40	30
Past Service Cost (including curtailments)	10	82
Interest on net defined benefit liability	172	273
Pension expense recognised in statement of comprehensive net expenditure	2,692	2,811
Actual Return on Plan Assets	15,363	2,549

11.5 Reconciliation of defined benefit obligation during the accounting period

Year Ended:	31 March 2017 £'000	31 March 2016 £'000
Opening Defined Benefit Obligation	98,718	98,901
Current Service Cost	2,470	2,426
Administration Expense	40	30
Interest expense	3,325	3,145
Contributions by Members	669	684
Actuarial Losses/(Gains)	19,194	(4,580)
Past Service Costs	10	82
Losses/(Gains) on Curtailments	-	-
Estimated Unfunded Benefits Paid	(8)	(8)
Estimated Benefits Paid	(2,600)	(1,962)
Closing Defined Benefit Obligation	121,818	98,718

11.6 Reconciliation of fair value of employer assets

Year Ended:	31 March 2017 £'000	31 March 2016 £'000
Opening Fair Value of Employer Assets	92,679	89,328
Interest income on assets	3,153	2,872
Contributions by Members	669	684
Contributions by Employer	1,988	2,080
Contributions in respect of Unfunded Benefits	8	8
Actuarial Gains/(Losses)	12,210	(323)
Unfunded Benefits Paid	(8)	(8)
Benefits Paid	(2,600)	(1,962)
Closing Fair value of Employer Assets	108,099	92,679

11.7 Amounts for the current and previous accounting periods

Year Ended:	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000
Fair Value of Employer Assets	108,099	92,679	89,328	78,000
Present Value of Defined Benefit Obligation	(121,818)	(98,542)	(98,715)	(84,628)
(Deficit)	(13,719)	(5,863)	(9,387)	(6,628)
Experience Gains/(Losses) on Assets	12,210	(323)	6,900	2,016
Experience Gains/(Losses) on Liabilities	(2,453)	(639)	(373)	1,741
Actuarial Gains/(Losses) on Employer Assets	12,210	(323)	6,900	2,016
Actuarial Gains/(Losses) on Obligation	(19,194)	4,580	(8,911)	2,684
Actuarial Gains/(Losses) recognised in SOCTE	(6,984)	4,257	(2,011)	4,700

11.8 Estimate of employer's contributions for financial year 2017-18- £2,012,000

12. ANALYSIS OF GENERAL FUND

	2016-17 £'000	2015-16 £'000
General Fund including pension	(13,358)	(5,638)
Add back Pension Fund	13,719	6,039
General Fund excluding pension	361	401

13. RECONCILIATION OF NON-CURRENT ASSET ADDITIONS

	2016-17 £'000	2015-16 £'000
Non-current Asset Additions (Notes 6&7)	420	387
Opening Non-current Asset Payables	138	405
Closing Non-current Asset Payables	(212)	(138)
Cash Outflow in respect of Capital Expenditure	346	654

14. CASH FLOW ADJUSTMENTS FOR NON - CASH TRANSACTIONS

	2016-17 £'000	2015-16 £'000
Depreciation and amortisation charge	385	384
Non-cash Pension Costs	2,480	2,508
Provision Movement - Other	-	(87)
Pension provision borrowing income	212	303
Impairment	-	1
Loss on Disposal of Non-Current Assets	13	4
	<u>3,090</u>	<u>3,113</u>

15. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under operating leases are analysed for each of the following periods.

Operating Leases	Land and Buildings £'000	Other £'000	2016-17 Total £'000	2015-16 Total £'000
Within one year	459	7	455	450
Between two and five years	1,005	27	1,043	1,255
After 5 years	412	-	412	554
Total	<u>1,876</u>	<u>34</u>	<u>1,910</u>	<u>2,259</u>

16. CONTINGENT LIABILITIES

There are a number of legal proceedings which have been initiated or it has been indicated that proceedings may be brought. At 31 March 2017 there are two compensation claims, five health and safety claims and six Judicial Reviews.

17. RELATED PARTY TRANSACTIONS

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice. The Department of Justice is regarded as a related party for the year 2016-17. During the year the Probation Board had various transactions with the Department and other entities for which the Department of Justice was regarded as the parent Department, i.e. NI Prison Service as disclosed in Note 5

To capture information on related party transactions, the Probation Board has circularised Members and Senior Management. Due to the nature of the Probation 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 Probation Board's policies. The Register of Interests is available on the Probation Board website www.pbni.org.uk.

The following Related Party Transactions were incurred during the year:

Mrs J Erskine, Deputy Chairman of the Board, is also a Committee Member of the Northern Ireland Social Care Council (NISCC). The Probation Board made payments of £1k to NISCC in respect of registration. Mrs Erskine was not involved in the decision making process for these transactions.

Mrs. J Erskine is also a member of the Northern Ireland Local Government Superannuation Committee (NILGOSC) which oversees pension investments for serving and former PBNI employees. PBNI paid £2,088k to NILGOSC in 2016-17 in the form of employer contributions. Mrs Erskine was not involved in any matters relating to pension.

Mr D Brown, a member of the Board, is also a member of the Board of the Youth Justice Agency. The Probation Board received income of £10.5k from the Youth Justice Agency relating to a Duke of Edinburgh fees and charges in 2016-17. During 2016-17 the YJA transferred £82k budget to PBNI to cover charges for the PBNI's use of YJA premises. PBNI charged YJA for use of its two rural offices – Newry and Portadown and recovered £6k against accommodation costs. Mr Brown was not involved in the decision making process for any of the above transactions.

Mr T O'Hanlon is a councillor for Armagh City, Banbridge and Craigavon Borough Council. In 2016-17 PBNI made miscellaneous payments totalling £3.9k for use of council premises. Mr O'Hanlon was not involved in the decision making process relating to any of the above transactions.

Mr D Wall is a member of the Board of Northern Ireland Association for the Care and Resettlement of Offenders (NIACRO). During 2016-17 £471k in grant awards was paid to NIACRO for supply of services across a number of programmes all of which were assessed and awarded via an open application and adjudication process under departmental guidelines. Mr Wall was not involved in the procurement exercise or any decision making process in the awarding of any service contracts.

Ms B Stuart is a Lay Magistrate. PBNI paid £30k to the Northern Ireland Courts and Tribunal Service for courts summons and charges. Ms Stuart was not involved in any decision making process for any of these transactions.

18. KEY FINANCIAL TARGETS

There were no key financial targets for the Probation Board.

19. FINANCIAL INSTRUMENTS: DISCLOSURES

IFRS 7, Financial Instruments: Disclosures, 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 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 IFRS 7 mainly applies. The Probation Board has no powers to invest funds and has limited year end 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 IFRS 7, receivables and payables which mature or become payable within 12 months from the statement of financial position date have been excluded from this disclosure.

Liquidity Risk

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

Interest Rate Risk

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

Foreign Currency Risk

The Probation Board has no foreign currency income and expenditure is restricted to secondees 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's financial assets and financial liabilities as at 31 March 2017 are set out below:

Primary Financial Instruments	Book Value 2016-17 £'000	Fair Value 2016-17 £'000	Book Value 2015-16 £'000	Fair Value 2015-16 £'000
Financial assets:				
Receivables amount due after one year	<u>11</u>	<u>11</u>	<u>21</u>	<u>21</u>
Financial liabilities:				
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 06 July 2017.

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ISBN 9780956175274



9 780956 175274