

ANNUAL REPORT

2017 ~
2018



CHANGING LIVES FOR SAFER COMMUNITIES

**Probation Board for Northern Ireland Annual Report and Accounts
For the year ended 31 March 2018**

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

03 July 2018

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THE PERFORMANCE REPORT

CHAIRMAN'S FOREWORD

I am pleased to present the Probation Board for Northern Ireland's Annual Report for 2017-18.

The Probation Board is an arms-length body of the Department of Justice whose aim is 'Changing Lives for safer communities'. It does this through risk assessment and the management of people who have offended in order to help them to change their behaviour. The Board sets the strategic direction for probation to ensure it contributes to the effective and efficient delivery of the Criminal Justice system.

The Probation Board's structure and membership from across our communities in Northern Ireland ensures independent oversight and a focus on effectively delivering probation services to the community.

In 2017 the Probation Board finalised its Corporate Plan, which sets the strategic direction for probation in Northern Ireland to 2020 and beyond. The plan was developed against the background of the Northern Ireland Executive's draft Programme for Government. It identified the Strategic Priorities for the probation service and the Monitoring Framework against which the Board will assess progress.

The current political environment continues to prove challenging and the Board works closely with the Department of Justice and partner agencies to manage the issues that may arise from this. Probation has worked closely with the Northern Ireland Courts and Tribunals Service to develop a problem solving approach to domestic violence and substance misuse that will help prevent reoffending.

The Corporate Plan's strategic priorities are reflected in the Business Plan and are closely aligned to the delivery of the relevant outcome in the Programme for Government. This Annual Report sets out the performance of probation over the past 12 months. Once again the organisation has performed extremely well, overall achieving all of the seven objectives identified. They were achieved against the continuing backdrop of uncertainty around the future budgetary position. I would like to thank Cheryl Lamont, our Chief Executive, who together with her senior team has done exceptional work to deliver on Probation's objectives in challenging times. This included the unprecedented security threat which emerged against probation in late 2017.

The Board continues to engage with external stakeholders within the public, private and community/voluntary sectors. The intention is to build understanding and awareness of the role of probation in reducing reoffending and the wider Justice System.

In March 2018 the Board held its third annual seminar, entitled 'Justice in Transition'. These events aim not only to help build awareness and confidence in the role of probation but also to stimulate new thinking across criminal justice. 'Justice in Transition' 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 to deliver on the potential of the 'problem solving' approach and how it should make communities safer.

I am delighted to report that Probation continues to be an innovative organisation in the delivery of its services to rehabilitate and resettle offenders. This report sets out its successes of which the staff can be very proud. I have every confidence that over the next 12 months that Probation will continue to reduce reoffending and, critically, the number of victims of crime.

A handwritten signature in black ink, appearing to read 'Vilma Patterson', with a horizontal line extending to the right.

Vilma Patterson MBE
Chairman

INTRODUCTION FROM THE CHIEF EXECUTIVE

In this 2017-18 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 within the context of the ongoing political uncertainty and challenging financial situation.

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.

I want to give an overview of what Probation has achieved in the last 12 months;

- The Graffiti Removal Service continues to operate in partnership with Belfast City Council to clean up problem areas of graffiti using Probation Community Service squads.
- A NISRA evaluation of the Enhanced Combination Order pilot found a 40% reduction in the reoffending rate for those who completed the order and a 10.5% reduction in the number of prison sentences of 12 months or less awarded by courts.
- Implementation of the Workforce Modernisation Programme this year has included a successful pilot of new Magistrate Court reports and the development of revised Practice Standards.
- Probation has made a significant contribution to the development of problem solving initiatives by the Department of Justice. Our staff are key players in the North West Domestic Violence court and the Substance Misuse court in Belfast.
- Under the Fresh Start Agreement funding, the Aspire Project for young men at risk of becoming involved in criminality and the Engage Programme to enhance the role of women in transformative community work, are both operational and delivered in conjunction with the Community and Voluntary Sector.
- PBNI has established a Service User Forum to enhance service user involvement and seek feedback from those who have had direct experience of Probation services.
- Online registration to the Victim Information Scheme was introduced and this, alongside wider promotion of the scheme, has resulted in an increase in the numbers of victims registering for information.

All of these achievements were made against an operating environment of reducing resources and challenging changes to our working environment as a result of the increased security threat assessment. Much of this was achieved through collaboration, innovation and determination. Probation has positively engaged with many of its stakeholders by taking a partnership approach to achieving objectives that have a positive impact on local communities. This also reflects the feedback we have been encouraging from our service users to help continue to shape the delivery model of

probation services. This approach has continued to produce innovative new ways to achieve better outcomes for service users, our partners and most importantly the community in which we live.

In November last year, the Public Protection Advisory Group, jointly chaired by myself and the Director of the Irish Probation Service, held its annual seminar in the Long Gallery, Parliament Buildings. The theme of the seminar was “Reducing Reoffending – Working across borders and boundaries” and it provided an opportunity for those working in public protection to enhance collaboration and share learning.

A key element of our work is not only reducing the number of offences but also the number of victims of crime. We have an effective and responsive Victim Information Unit that, alongside other justice agencies, works to provide victims of crime with the information they need to make sense of what has happened to them. Victims’ voices cannot be forgotten within the judicial process. We have also focussed on those perpetrating crime against vulnerable groups such as the elderly and minority groups to prioritise them within the Reducing Offending Partnership process.

We know very well that rehabilitation and preventing reoffending extends beyond the Criminal Justice system and to provide the right outcomes for society it will take constructive partnerships with the public, private, academic, and community/sectors. The groundwork is being laid and we are looking forward to the positive outcome of reducing offending and safer communities.

All that Probation has achieved throughout the past year is down to the hard work and dedication of all the staff within the organisation. I wish to acknowledge their dedication as second to none. I am pleased to say that Probation staff have rightly been recognised at a number of levels externally over the past year including the Domestic Violence team who were awarded the Adult Team Services award at the NI Social Work Awards.

In the coming year Probation will continue to develop services to help change people’s lives resulting in reduced offending and safer communities.

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

Cheryl Lamont
Chief Executive

OVERVIEW

The purpose of this overview section is to outline the Board's performance during the 2017-18 financial year and to highlight the key issues and risks identified by management. It also includes high level information on the purpose and activities of the Probation Board for Northern Ireland.

Statement of purpose and activities of the organisation

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.

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 people convicted of criminal offences;
- Prepare approximately 8,164 reports annually, to assist decision-making in the criminal justice process;
- Supervise offenders (4,147 offenders at 31 March 2018);
- Provide a range of services to offenders in prisons;
- Provide behavioural change programmes;
- Maintain a Victim Information Scheme; and
- 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 community service which requires the completion of unpaid work, other sentences which are served 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 aims 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; and
- 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)
- GB licences and Orders

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

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

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 2017-18 financial year, seven risks were logged on PBNI's strategic risk register. During the year a new risk was added to the risk register in relation to an increased security threat assessment in respect of PBNI staff and buildings. Whilst initially rated as High, the mitigation actions taken by senior management allowed for the assessed risk to be reduced to Medium by the end of 2017-18. At the end of the 2017-18 financial year there were seven risks on the register, 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 the potential impact on the delivery of front-line services. PBNI have put in place control measures to mitigate against the likelihood of occurrence and the impact of the risks.

Going Concern

During 2017-18, the Probation Board was financed by a grant from the Department of Justice Request for Resources (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 £15,252k on its Statement of Financial Position (£13,719k in 2016-17). This year this has resulted in overall net liabilities of £14,042k (£12,594k in 2016-17). The large movement in the pension liability is largely driven by an increase to the current service cost and changes in actuarial financial assumptions 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

2017-18 was the first year of the 2017-20 Corporate Plan. The outcomes for the year were determined by the five Strategic Priorities identified in PBNI's Corporate Plan 2017-2020. The Key Outcome(s) for each Strategic Priority will remain constant for each year of the Corporate Plan. At the end of 2017-18, seven outcomes were overall fully delivered, with one action not fully achieved within one outcome (see Performance Analysis).

Performance against 2017 -18 Business Plan Objectives

The Probation Board's three year Corporate Plan is delivered through a series of annual Business Plans. The key outcomes for the 2017-18 Business Plan achievements are listed below. There were a total of seven outcomes and overall performance is described within the categories below:

Green: Achieved

Amber: Partially Achieved

Red: Not Achieved

Strategic Priority	Green	Amber	Red
	No. of Outcomes		
Delivering on Probation's Statutory obligations across the Criminal Justice system Key Outcome: To ensure sentence compliance	1		
Prioritising Service delivery on perpetrators of crime against vulnerable people Key Outcomes: 1) To prioritise service delivery to the perpetrators of crime against vulnerable people 2) To have better informed and supported victims, through increased usage of the Victim Information Scheme (VIS)	2		
Promoting an innovative and problem solving approach to encourage rehabilitation, reduce reoffending and address the issues commonly associated with reoffending behaviour Key Outcome: To have fewer people, under probation supervision, reoffending	1		
Contributing to the delivery of the NI Executive's Fresh Start Agreement Action Plan Key Outcome: To have fewer young men becoming involved in paramilitarism and criminality	1		

Influencing the development and delivery of the public policy on resettlement and rehabilitation	2		
Key Outcomes: 1) To increase the level of community sentences 2) To increase satisfaction rates of the users of Probation's services			
Total Outcomes	7		

- Overall all seven key outcomes were fully achieved. One action in Strategic Priority 1, relating to the Case Management IT system was not fully achieved (see Performance Analysis)

Performance on the Key Outcomes under these Strategic Priorities is provided in the Performance Analysis section.

PERFORMANCE ANALYSIS

PBNI manages performance against the 2017-18 Business Plan Outcomes. Progress and the potential risk or uncertainty of non-achieving is monitored on a quarterly basis by the Senior Management Team at the Senior Management Meeting and the Audit and Risk Management Meetings by reviewing the Business Plan objectives along with the Strategic Risk Register and the Departmental Risk Registers. The results are reported to the Policy and Practice Committee and to the Board. PBNI's Sponsoring Directorate within the Department of Justice (DoJ) also receives a progress report each quarter. The performance against the 2017-18 Business Plan Outcomes is set out in the table below:

STRATEGIC PRIORITY 1: DELIVERING ON PROBATION'S STATUTORY OBLIGATIONS ACROSS THE CRIMINAL JUSTICE SYSTEM		
BUSINESS PLAN KEY OUTCOME	ACTIONS	RESULTS
<p>Key Outcome: To ensure sentence Compliance</p> <p>Indicator: An increase in the percentage of sentences supervised by probation completed*</p>	<ul style="list-style-type: none"> Due to the time lag required in measurement of sentence completion it will not be possible to report on this until the first quarter of 2018-19. Programme completion findings have been completed and reported quarterly. The Cohort Study report has been completed and presented to Rehabilitation and Operations meeting. The Cohort Study reinforces current practice. AD for Standards has given cognisance to the findings when drafting revised standards. Draft Evaluation Report on the New Case Management Model is complete and there is ongoing discussion re implementation of the model. Training has taken place and full roll-out of Magistrate Court Reports has commenced. Draft standards completed by 31st March. Training plan to be agreed for the 2018 – 2019 Business Year. An 8.6% reduction in sickness absence levels has been achieved. 	<p>Overall achieved (Green)</p>

	<ul style="list-style-type: none"> • A Programme of Works to address estate priorities 17-18, respond to Properties Conditions survey and security recommendations for offices from PSNI, has been completed. • IT Service Delivery project revised OBC re-submitted to DOJ on 4 December 2017. • It has been agreed that the development of a new ICT Strategy is deferred until there is clarity around the outcome of the Outline Business Case for ICT Service Delivery. • The new Case Management IT system is estimated to be 6 months behind schedule. A revised OBC was submitted to DOJ in February 2018 and the Project Status has been revised to Green. However this action has not been achieved in 2017-18. 	Not Achieved
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STRATEGIC PRIORITY 2: PRIORITISING SERVICE DELIVERY ON PERPETRATORS OF CRIME AGAINST VULNERABLE PEOPLE

BUSINESS PLAN KEY OUTCOME	ACTIONS	RESULTS
<p>Key Outcomes:</p> <p>1. To prioritise service delivery to perpetrators of crimes against vulnerable people</p> <p>2. To have better informed and supported victims, through increased usage of the Victim Information Scheme (VIS)</p> <p>Indicators:</p> <p>1. The number of offenders who complete their sentences for offences against vulnerable people</p> <p>2. The number of users of the VIS</p>	<ul style="list-style-type: none"> • A substantial review of ROP arrangements is taking place, driven by the Criminal Justice Inspectorate NI and will conclude during the 1st quarter of 2018-19. A DVD focussing on the impact of crimes against older people will be produced in the 1st quarter of 2018-19. • Due to the way the Criminal Justice system records information it is not possible to achieve a baseline figure on the number of perpetrators under supervision for crimes against vulnerable people. However, the requirement is built into the specification for the new Electronic Case Management System. • The new model of Interventions for Sex Offenders has been implemented. • Refresher training has been provided for all relevant PBNI staff on domestic violence and child protection. • The awareness campaign to increase victim registration is ongoing and the facility for victims to register online was rolled out at the end of September 2017 to increase user registrations. User registrations have increased by 42% (153 2017-18/108 2016-17) 	Overall achieved (Green)

STRATEGIC PRIORITY 3: PROMOTING AN INNOVATIVE AND PROBLEM SOLVING APPROACH TO REDUCING REOFFENDING

BUSINESS PLAN KEY OUTCOME	ACTIONS	RESULTS
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<p>Key Outcome:</p> <p>To have fewer people, under probation supervision, reoffending</p> <p>Indicator:</p> <p>The Reoffending Rate</p>	<ul style="list-style-type: none"> • The reoffending rate for the 2014/15 cohort of people who received PBNI supervision is 28.2%. There is a two year lag on reoffending data hence the 2014/15 being the latest available. • Independent evaluation report of the Enhanced Combination Order (ECO) has been completed. Learning from the evaluation has been incorporated into the new Practice Standards. • The Graffiti Removal service is operational and has been evaluated. • The Substance Misuse and Domestic Violence Problem Solving Courts have been launched and staff are in place to deliver perpetrator programmes. • The following projects will complete at the end of March 2018 which have been very successful partnership opportunities with the Community and Voluntary Sector: <ul style="list-style-type: none"> -RELATE Counselling for victims of sexual abuse who are under probation supervision -AddictionNI Counselling Service for offenders with substance misuse problems -Addiction NI Wellbeing Service for offenders with mental health needs • DoJ Strategy on Restorative Justice has not been published, RJ initiatives remain ongoing within PBNI. 	<p>Overall achieved (Green)</p>
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STRATEGIC PRIORITY 4: CONTRIBUTING TO THE DELIVERY OF THE NI EXECUTIVE'S FRESH START AGREEMENT ACTION PLAN

BUSINESS PLAN KEY OUTCOME	ACTIONS	RESULTS
<p>Key Outcome:</p> <p>To have fewer young men becoming involved in paramilitarism and criminality</p> <p>Indicator:</p> <p>Implementation and evaluation of the 'Aspire' Young Men's Project</p>	<ul style="list-style-type: none"> • Aspire is now fully operational. 106 statutory referrals were received from 1/9/17 to 31/3/18, 71 of which have been referred to mentoring service. Mentoring services have provided assistance with benefits, accommodation, social isolation, employment support and training, financial skill development, and developing independent living skills, registering with GP and support with medical appointments. • Engage Programme for women commenced in November 2017 and the target of 40 referrals exceeded • Work with DOJ to develop a tailored desistance pathway to assist offenders to return to their communities and to improve the management of offenders on Licence has not commenced. There have been no developments in 2017-18. 	<p>Overall achieved (Green)</p>

STRATEGIC PRIORITY 5: INFLUENCING THE DEVELOPMENT AND DELIVERY OF THE PUBLIC POLICY ON RESETTLEMENT AND REHABILITATION

BUSINESS PLAN KEY OUTCOME	ACTIONS	RESULTS
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<p>Key Outcomes: 1. To increase the level of community sentences** 2. To increase satisfaction rates of the users of Probation’s services</p> <p>Indicators: 1. An increase in the percentage and number of community sentences made by the Courts 2. the satisfaction rates of victims, Sentencers and service users</p>	<ul style="list-style-type: none"> • Baseline proportion of 2016-17 community sentences made by the Courts has been determined, methodology established, reported and reviewed. • PBNI has engaged with public, private and VCS partners on agreed actions and in partnership with the Reducing Offending Directorate (DOJ). • PBNI contributed to a DOJ Engagement event on 6th March , with participants from stakeholders from a diverse range of backgrounds • Area Managers training event for Policing and Community Safety Partnerships planned for February 2018. • Criminal Justice Inspection NI Resettlement Inspection not yet completed. • Year 1 of the Communication Strategy has been delivered and reviewed. • Sentencer Satisfaction Survey findings were presented to SMT in March 2018. 16 of 18 respondents to the Sentencer survey were satisfied with the overall service they have received from PBNI. • Service User Involvement Reference Group is operational with 14 service users who have volunteered to become involved in the Service User Forum. The first joint meeting with service users and PBNI staff took place prior to 31st March. • The Supervised Activity Order scheme will be in place from 1 June 2018. 	<p>Overall achieved (Green)</p>
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Work Undertaken during 2017-18

Report Writing (Table 4)

In 2017-18, the Probation Board provided 8,164 reports to assist decision making in the criminal justice process. The majority of these reports, some 3,372, were Pre-Sentence Reports to assist judges' decisions regarding the types of sentences to give at criminal courts; while 1,326 reports were Magistrates' Court Reports/ 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). Courts were also provided with 1,297 addendum reports. The majority of Pre-Sentence Reports, Magistrates' Court Reports, and Short Pre-Sentence Reports completed during 2017-18 were provided to Magistrates' Courts (77%), with approximately one fifth (21%) provided to Crown Court. The proportion of Crown Court reports is lower than in 2016-17 and likely reasons for this include a reduction in court activity in recent years and the clearing of a backlog of Crown Court cases in 2016-17, caused by a legal dispute 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. 97% 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 decreased by 10% in the last year. Likely reasons for this include a reduction in court activity in recent years and the clearing of a backlog of Crown Court cases in 2016-17, caused by a legal dispute in 2015 mentioned above.

Table 4: Reports* Completed: 2015-16 to 2017-18

Type of Report	2015-16	2016-17	2017-18	% change 2017-18 on 2016-17
Pre-Sentence Report	4,445	4,734	3,372	-29%
Magistrates' Court/Short Pre-Sentence Reports‡	501	731	1,326	+81%
Addendum Report	1,622	1,437	1,297	-10%
Breach / Recall / Revocation Reports	1,339	1,274	1,232	-3%
Parole Commissioners/Life Sentence Unit Reports	10	80	109	+36%
Other**	338	784	828	+6%
Total Reports	8,255	9,040	8,164	-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 Officers Report, Prison Release Plan, and Home Leave Report.

‡Magistrates' Court Reports were introduced in November 2016.

Court Orders

At 2,971, the number of new statutory orders requiring PBNI supervision made between 1st April 2017 and 31st March 2018 was 11% lower than the number made in 2016-17 (3,341). The vast majority of those given an order at court requiring PBNI supervision were male (86%), while 14% were female.

In terms of the main community disposals, the number of Community Service Orders made in 2017/18 is 9% lower than in 2016-17, the number of Probation Orders made is 11% lower, and the number of Combination Orders is 2% lower.

The number of new Determinate Custodial Sentences (DCS) made has decreased by 20%, this may be explained by the clearing of a backlog of Crown Court cases in 2016-17, caused by a legal dispute in 2015.

Table 5: New Supervision Orders starting during the year: 2015-16 to 2017-18

Type of Supervision		2015-16	2016-17	2017-18	% change 2017-18 on 2016-17
Orders	Combination Order	365	333	326	-2%
	Community Service Order	1,149	1,003	914	-9%
	Custody Probation Order	12	15	16	-
	Determinate Custodial Sentence	291	621	496	-20%
	Juvenile Justice Centre Order	46	28	38	-
	Probation Order	1,114	1,153	1,022	-11%
	Other Orders*	51	112	104	-7%
Licences	Life/Sentence Licence	4	10	3	-
	Sex Offender Licence	8	2	3	-
	GB Licence	20	25	25	-
Public Protection Sentences	Extended Custodial Sentence	27	35	20	-
	Indeterminate Custodial Sentence	4	4	4	-
Total Orders		3,091	3,341	2,971	-11%
Total People**		2,846	3,046	2,704	-11%

- 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 an Enhanced Combination Order pilot started operating during 2015/16, which accounts for the higher figures for Other Orders in these years. **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 2018, the Probation Board was supervising 4,147 people subject to 4,557 court orders (3% lower than the position twelve months previously). A breakdown of the types of orders under PBNI supervision at 31 March 2018 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 fallen by 7% whilst the number of Community Service Orders has fallen by 2% and the number of Combination Orders has fallen by 2%.

The number of Determinate Custodial Sentences under supervision has decreased by 4%, again this may be explained by the clearing of a backlog of Crown Court cases in 2016-17, caused by a legal dispute in 2015.

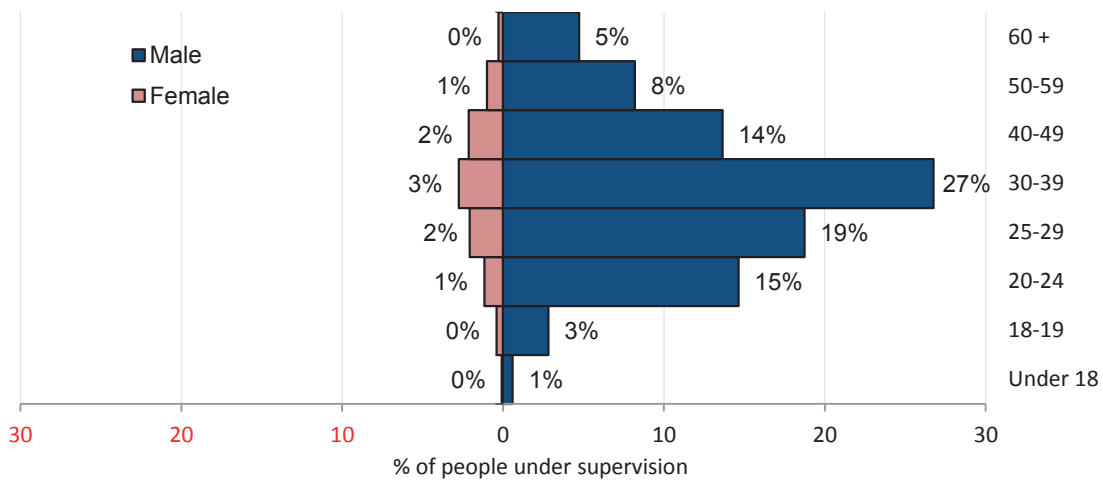
Table 6: Orders supervised at point in time: 31 March 2016 – 31 March 2018

Type of Supervision		31 Mar 2016	31 Mar 2017	31 Mar 2018	% change 31 Mar 2018 on 31 Mar 2017
Orders	Combination Order	395	394	388	-2%
	Community Service Order	732	694	679	-2%
	Custody Probation Order	79	72	59	-18%
	Determinate Custodial Sentence	1,218	1,302	1,253	-4%
	Juvenile Justice Centre Order	29	7	14	-
	Probation Order	1,405	1,464	1,360	-7%
	Other Orders*	54	125	160	+28%
Licences	Life/Sentence Licence	251	254	248	-2%
	Sex Offender Licence	107	92	85	-8%
	GB Licence	52	51	54	+6%
Public Protection Sentences	Extended Custodial Sentence	206	209	200	-4%
	Indeterminate Custodial Sentence	36	39	39	-
Non-statutory Sentences	Inescapable Voluntary	10	12	15	-
	Remand/Sentence	2	1	3	-
Total Orders		4,576	4,716	4,557	-3%
Total People		4,209	4,301	4,147	-4%

- 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 an Enhanced Combination Order pilot started operating during 2015/16, which accounts for the higher figures for Other Orders in these years.

In overall terms, males account for the vast majority of those under supervision (90% of the caseload). The chart provides a summary of the gender and age breakdown of PBNI's caseload at 31 March 2018.

Gender and Age profile of people supervised by PBNI at 31st March 2018



Victim Information Scheme

There were 153 new registrations to the PBNI Victims Information Scheme during 2017-18. At the end of March 2018 there were 291 victims registered on the Scheme.

Financial Review

The financial results for 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 £19,779k (2016-17: £18,368k).

Net Expenditure Review

The net expenditure of Probation Board for 2017-18 is compared to the previous two financial years in the following table:

Net Expenditure Summary

	2017-18 £'000	2016-17 £'000	2015-16 £'000
Total operating income	(1,516)	(1,450)	(1,591)
Staff costs	16,270	15,333	14,879
Purchase of goods and services	3,207	3,118	3,565
Depreciation and Impairment charges	427	385	384
Provision expense	371	212	216
Grants	1,022	773	741
Total operating expenditure	21,297	19,821	19,785
Net operating expenditure	19,781	18,371	18,194
Finance income	(2)	(3)	(3)
Net expenditure for the year	19,779	18,368	18,191

In 2017-18 overall net expenditure increased by £1,411k (7.7%). This reflects the fact that PBNI received additional funding for programmes and to meet unforeseen pressures in 2017-18 of £1,454k. An increase in staff for these programmes and an accrued potential pay rise of 2% has resulted in increased payroll costs of £937k. These programmes have also contributed to increased Grants to Community and Voluntary Sector partners of £249k. Increased Provision expense is as a result of increased borrowings costs on pensions.

Summary of Actual expenditure against budget

For 2017-18 PBNI had net Department Expenditure Limit (DEL) operating cost of £18,124k which was £98k less than the net budget allocation of £18,222k. The capital spend of £157k was £223k less than the net budget allocation of £380k. A comparison of net DEL operating costs against budget is summarised in the following table:

Table: Summary of Actual expenditure against budget

	2017-18 actual*	2017-18 budget*	Variance	Variance
	£'000	£'000	£'000	%
Net Operating Costs* (excluding depreciation)	17,697	17,722	25	0.1
Depreciation	427	500	73	14.6
Net Operating Costs*	18,124	18,222	98	5.4
Net Capital Expenditure	157	380	223	58.7
Overall Total Expenditure	18,281	18,602	321	1.7

*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.

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

	£'000
Net Expenditure from Statement of Comprehensive Net Expenditure	19,779
Exclude Current Service Cost (AME cost)	(3,336)
Include cash payment of provision (DEL cost)	2,052
Exclude pension borrowing costs (AME cost)	(330)
Exclude administration costs (AME cost)	(41)
Net Operating Costs	18,124

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 2017-18 totalled £157k (2016-17 £420k).

Financial position

The Probation Board's Statement of Financial Position shows net liabilities of £14,042k (2016-17 net liabilities of £12,594k). The main reason for the increase of £1,448k is due to the movement in the NILGOSC pension liability. The value of the assets increased in the year as it did in 2016-17 however liabilities have also increased, largely driven by increases to the current service cost of £866k or 35%, reflecting that members are a period closer to settlement and the higher age profile of staff. The assumptions have also changed: RPI Inflation has increased from 3.1% to 3.2% and CPI Inflation from 2.0% to 2.1% also the salary and pension rates have slightly increased which impacts on the overall liability. Note 11 details all of the pension movements.

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

Table: Defined Benefit Obligation liability at 31 March 2018

	£'000	Percentage Change in Liability
Defined Benefit Obligation 2016	121,818	
Interest on the obligation	3,142	(6)%
Current service cost and admin cost	3,377	35%
Contributions by members	683	2%
Actuarial losses	2,724	(86)%
Past service cost	-	(100)%
Estimated benefits paid	(8)	0%
Estimated unfunded benefits paid	(2,628)	1%
Liability 2017	129,108	6%

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

Cash flow

The Probation Board's net increase in cash and cash equivalents in the year is £82k (2016-17, £334k decrease).

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 2017-18 showed that 94.3% (89.5% for 2016-17) of invoices were paid within 10 working days following receipt of a properly rendered invoice. 97.4% (96.4% for 2016-17) of invoices were paid within 30 calendar days.

Corporate Social Responsibility

PBNI is committed to behaving ethically, to contributing to the local community, to minimising our impact on the environment, while improving the wellbeing of our workforce.

All PBNI policies are proofed against Human Rights Legislation by a dedicated Equality Manager who also provides advice and guidance on Human Rights matters.

PBNI work in partnership with many organisations in the Voluntary and Community Sector for example through the Community Services placements and supporting organisations by assisting their funding bids to the Asset Recovery Community Scheme (ARCS).

A staff Well-being Committee has been established in PBNI who meet quarterly to agree and implement the Annual Wellbeing Action Plan. In 2017-18 the following well-being initiatives were undertaken: Walking Challenge, Mindfulness Training, Staff Impact Days (for example: beach cleaning, litter picking, volunteering work at an animal sanctuary and sorting clothes at Oxfam), hydration challenge and providing information on good mental health. The well-being plan also incorporated fund raising events for many charities including a Marie Curie coffee morning and the "Think Pink" charity event.

PBNI has an Anti-Fraud and Bribery Policy. PBNI is committed to the values of probity and accountability which foster a positive organisational culture. It is also committed to the elimination of any fraud within PBNI, to the rigorous investigation of any prima facie case, and - where fraud or other criminal acts are proven - to ensure that wrongdoers are dealt with appropriately. PBNI will take proportionate steps to recover any assets lost as a result of fraud, corruption or theft. PBNI has a zero tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

PBNI has a Whistleblowing policy in place, designed to provide employment protection for individuals raising genuine public interest concerns. The policy provides information for staff on how to raise concerns about malpractice safely, builds confidence and promotes an environment of openness and transparency.

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 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.

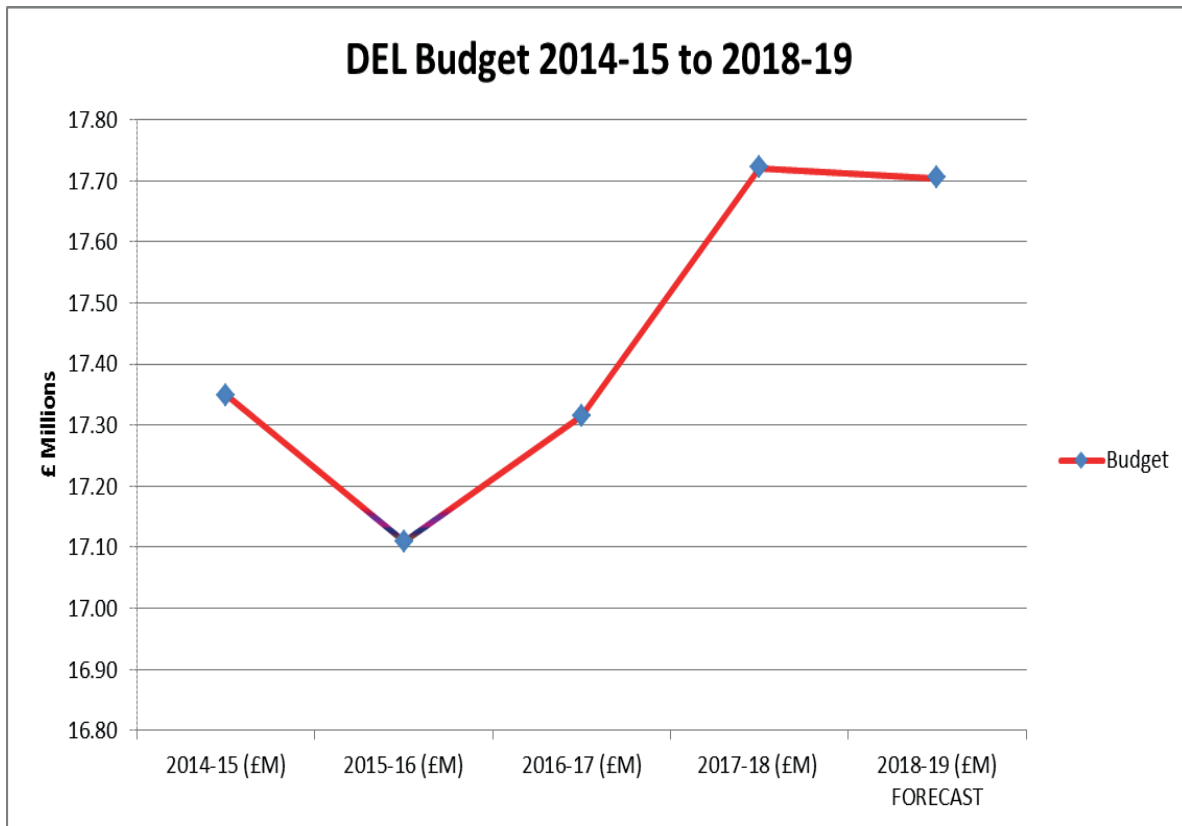
In February 2015 Central Procurement Directorate (CPD) issued a Procurement Guidance note PGN02/14 which enforces that procurement must be carried out in accordance with energy standards under Energy Efficiency Directive¹ (EED) adopted by the European Union (EU). PBNI has adopted this guidance note.

In 2016-17 detailed condition surveys on all properties was undertaken by PBNI. In 2017-18 PBNI made significant improvements to its property as a result of the surveys with a focus on energy efficiency and cost reduction.

In 2018-19 PBNI will be working with a social enterprise group who will make use of currently unused PBNI land at the Alderwood site to develop a nature-based social enterprise that will benefit PBNI service users and other young people.

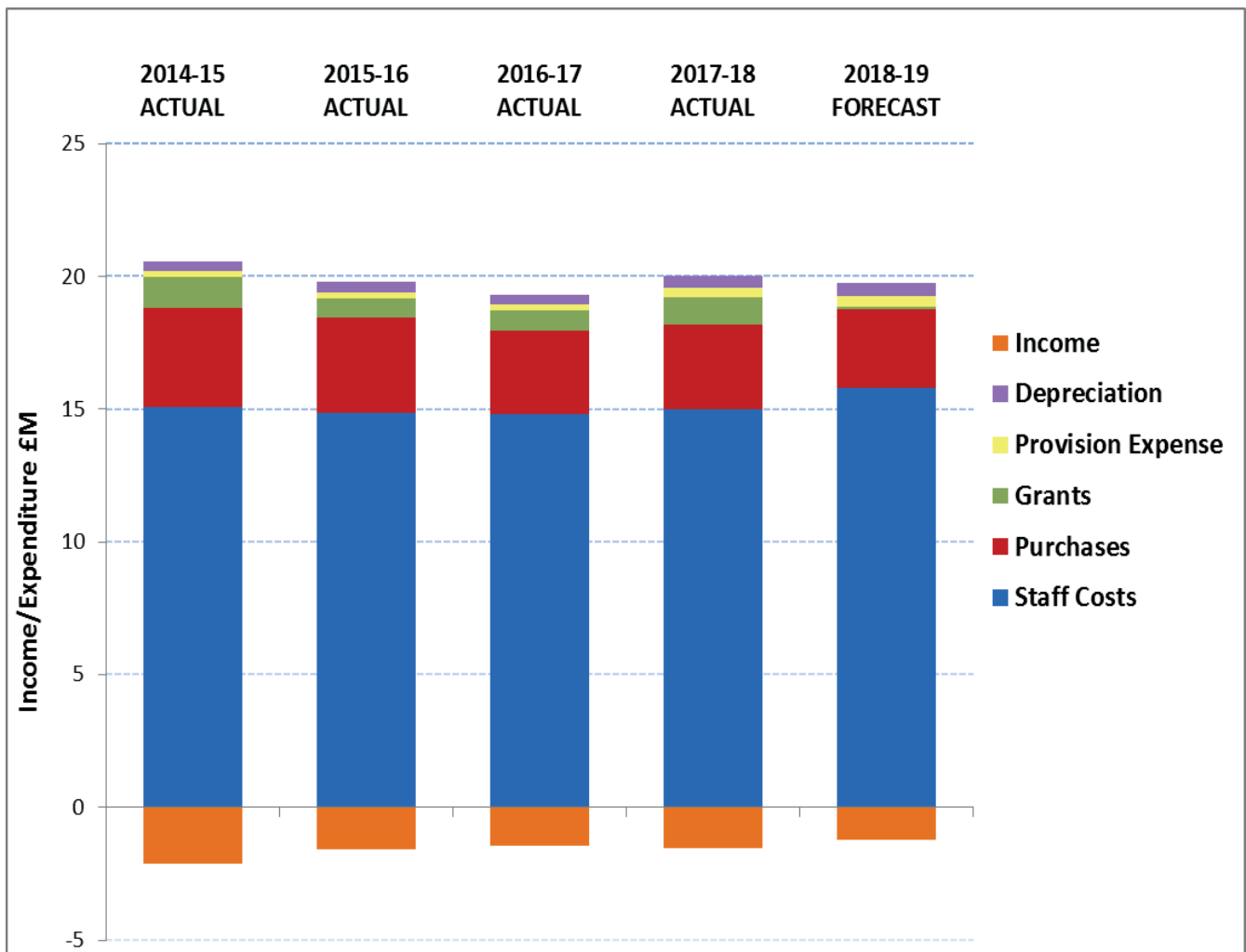
Long-term expenditure trends

The chart below captures the long-term summary expenditure profile of the PBNI budget over the financial years 2014-15 to 2018-19



Figures above reflect the final allocated budget. In 2017-18 an additional £1,454k Resource DEL (including an initial 3% cut) was received largely for the Fresh Start - Aspire Programme, Domestic Violence Programme and unforeseen in year pressures. In 2018-19, the baseline has increased by £277k of 1.7% to fund unforeseen pension pressures and additional funding has been received for programmes under the Transformation fund and PBNI are waiting budget transfers for other programme funding.

The following chart shows the actual PBNI capital and revenue budget split by the major expense headings for the financial years 2014-15 to 2018-19 with the final DEL and capital budget included as reference.



2017-18 financial year


Due to the suspension of the Northern Ireland Executive, the budget in 2017-18 was set later in the financial year. PBNI's 2017-18 baseline budget of £16,268k reflects a reduction of 3% during the year followed by additional funding which was received in-year to meet pressures, to protect the Voluntary and Community Sector, for Invest to Save projects and programmes such as the Problem Solving programmes and Aspire under the Fresh Start Agreement in 2017-18. The final budget was £17,722k.

2018-19 financial year

On 12 March 2018 the DOJ advised PBNI that the resource DEL budget allocation (baseline) for PBNI for 2018-19 would be increased by £277k or 1.7% to £16,545k. PBNI is still faced with numerous unavoidable pressures largely relating to pay increases and maintenance costs arising from the structural surveys. PBNI have informed the Department that these pressures cannot be met with the baseline budget. I will work with the Department and the Senior Management team to ensure

that decision on funding these pressures will have the least impact on the core, frontline work we do in Probation.

PBNI has also received confirmation that additional funding will be provided for programmes for Enhanced Combination Orders and Problem Solving Justice programmes in 2018-19.

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

Cheryl Lamont
Chief Executive
25 May 2018

THE ACCOUNTABILITY REPORT

OVERVIEW

The Accountability section of the Annual Report outlines how the Probation Board meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the Probation Board's governance structures and how they support the achievement of its objectives.

As a minimum, the corporate governance report must include:

- Directors' Report;
- Statement of Accounting Officer's responsibilities; and
- Governance Statement.

Remuneration and Staff Report

This section sets out the Probation Board's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors as salary and pension entitlements.

In addition the report provides information relating to remuneration and staff that the Assembly and other users see as key to accountability.

Assembly Accountability and Audit Report

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- regularity of expenditure;
- Assembly accountability disclosures; and
- Certificate and Report of the Comptroller and Auditor General to the Assembly.

DIRECTOR'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 was as follows:

Ms C Lamont	Chief Executive
Mr P Doran	Director of Rehabilitation
Mr H Hamill	Director of Operations
Mrs G Robinson	Head of Human Resources
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 2017-18 are as follows:

Mrs V Patterson MBE	Chairman
Mrs J Erskine	Deputy Chair
Mr R Mullan	Member
Mr D Brown	Member
Mr E Jardine CB	Member
Mr T O'Hanlon	Member
Ms P Shepherd	Member
Ms J Gillespie CBE	Member
Mr I Jeffers	Member
Ms B Stuart	Resigned 31 May 2017
Mr G OhEara	Member
Ms A Matthews	Member
Mr D Wall	Member
Mrs D Groves	Board Apprentice

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 2018 stood at 12 (Chairman and 11 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 regularly. Note 15 to the Accounts provide details of any relevant related party transactions.

Personal data related incidents 2017-18

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 2017-18 year which was reported to the Information Commissioner's Office (ICO); PBNI became aware of the incident on 1 August 2017 and it was reported to the Department of Justice (DOJ) on 3rd August 2017 and to ICO on 28th September 2017 with the final full report, after full internal investigation and associated procedures were completed, sent on 4 October 2017. The ICO's investigation outcome as of 9 October 2017, found that there was no further action necessary.

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

The following information Assurance training were available to PBNI staff by e-learning during 2017-18:

- 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 were issued to all staff in respect of Information Assurance throughout the 2017-18 year.

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.

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.

During 2017-18 the Probation Board received 26 complaints, (2016-17 - 37 Complaints) a decrease of 11 from the previous year.

All complaints received were initially dealt with through local resolution with the majority of complaints being resolved at this stage of the Complaints Procedures. Four complaints proceeded through to the formal investigation stage.

STATEMENT OF ACCOUNTING OFFICER'S 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 Accounting Officer 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.

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.

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and that she has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

GOVERNANCE STATEMENT 2017-18

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 8,164 reports in 2017-18;
- Supervise offenders (4,147 offenders at 31 March 2018);
- 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; and
- 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 disposals such as community service which requires the completion of unpaid work and other sentences which are served 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)
- GB licences and 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. Sponsor branch in turn keeps PBNI informed of relevant Executive/Government policy, advising on interpretation and issuing specific guidance as necessary.

Twice a year, departmental officials meet with PBNI to review performance. The Board directly reports to the Minister of Justice (or the Permanent Secretary if no Minister in place) 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; and
- 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 2017-18 are as follows:

Mrs V Patterson MBE	Chairman
Mrs J Erskine	Deputy Chair
Mr D Brown	Member
Mrs J Gillespie CBE	Member
Mr E Jardine CB	Member
Mr I Jeffers	Member
Ms A Matthews	Member
Mr R Mullan	Member
Mr T O'Hanlon	Member
Mr G OhEara	Member
Mrs P Shepherd	Member
Mrs B Stuart	Member – Resigned May 2017
Mr D Wall	Member
Mrs D Groves*	Board Apprentice

*Mrs Groves is a participant on the Board Apprentice Scheme and was assigned to the Probation Board for Northern Ireland's Board in September 2017 for a period of one year. Mrs Groves does not have any decision making role on the Board or its committees.

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 2017-18 were quorate with an overall attendance record of 76%. The table overleaf 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 72% attendance rate in 2017-18.

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 2017-18

From April 2017 – March 2018

Board Member	Number of Board Meetings	Number of Board Meetings Attended
Mrs V Patterson MBE	12	11
Mrs J Erskine	12	10
Mr D Brown	12	8
Mrs J Gillespie CBE	12	10
Mr E Jardine CB	12	11
Mr I Jeffers	12	12
Ms A Matthews	12	9
Mr R Mullan	12	11
Mr T O’Hanlon	12	3
Mr G OhEara	12	11
Mrs P Shepherd	12	7
Mrs B Stuart*	2	-
Mr D Wall	12	9

* Mrs B Stuart resigned in May 2017

From April 2017 – March 2018

Audit & Risk Assurance Committee Member	Number of Audit Committee Meetings	Number of Audit Committee Meetings Attended
Mrs J Erskine (Chair)	5	4
Mr G OhEara (Deputy Chair)	5	2
Mr D Brown	5	3
Mr E Jardine CB	5	5
Ms A Matthews	5	5

(iv) Corporate Resources Committee

The role of the Corporate Resources Committee is to provide the Board with assurance that PBNI has appropriate Financial Management, 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 six times during the year.

(vi) Remuneration Committee

The Board's Remuneration Committee met twice during the year.

(vii) Emergency Committee

The Board's Emergency Committee was not required during the year.

(viii) Special Board Meeting

There was one Special Board Meeting during the year to discuss potential changes to Terms and Conditions and related policies.

(ix) The Accounting Officer

As the Chief Executive of PBNI I am designated as PBNI's Accounting Officer by the departmental Accounting Officer of the DOJ. As Accounting Officer I am personally responsible for safeguarding the public funds for which I have 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 responsibilities 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 Government 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 the Management Executive Team.

(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 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 highlights 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 2017-18 financial year, seven risks were logged on PBNI's strategic risk register. During the year one risk was de-escalated from the strategic risk register and a new risk was added in relation to an increased security threat assessment in respect of PBNI staff and buildings. Whilst initially rated as High, the risk by the end of 2017-18 was reduced to Medium. At the end of the 2017-18 financial year there were seven risks on the register, 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 the impact on the delivery of front-line services. PBNI have put in controlling measures to mitigate against the likelihood of occurrence and the impact of any occurrences of the risks.

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 Permanent Secretary was held on 13 March 2018.

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 2018-19 Planning

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 Senior management. Effectiveness of the ARAC was carried out in April 2018.

(ii) Board Effectiveness

The Board carried out a detailed assessment of its effectiveness in January 2018. 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 2017-18.

(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 and approved the following items in 2017-18:

- Managing Attendance Policy
- Code of Courtesy
- Child Protection Policy
- Dignity at Work

- Grievance Policy
- Client Travel Policy
- Managing Attendance Policy
- Business Plan 2016-17 Annual Performance Report
- Business Planning: Quarterly Reports'
- Sick Absence figures
- Evidencing the Effectiveness of Probation
- Annual Report and Accounts
- Estate Business Cases
- Corporate Plan 2017/20
- 2016-17 Annual Report and Accounts
- National Negotiating Council Terms and Conditions
- Review of Terms of Reference for Committees
- Statement of Employer Policy and Discretionary Provision
- Equality Annual Progress Report
- Strategic Risk Register
- ECMS Outline Business Case
- Aspire Business Case
- ICT Service Delivery Business Case
- Alderwood Business Case
- Omagh Business Case
- Coleraine Business Case
- Downpatrick Business Case
- Fraud and Losses Report
- Budget 2017/18
- Budget 2018/19
- Governance Action Plan
- Stakeholder Mapping
- Culture Survey
- Terms of Reference for Committees reviewed
- Report to Those Charged with Governance
- Serious Further Offences annual report
- Legal Costs
- Annual Board Seminar
- Board's role as an employer and staff safety
- Programme for Government

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 2016/17
- Report to Those Charged with Governance
- Head of Internal Audit Annual Assurance
- Internal Audit reports
- Preparation of 2017-18 Year-end Accounts
- Review of Terms of Reference of Audit and Risk Assurance Committee
- Fraud and Losses Report

(vi) Achievements

During the year 2017-18 PBNI received **satisfactory assurance** on four internal audit reports (Annual Accounts, Health and Safety, Management Accounts and Budgetary Control and Payroll). PBNI are working towards implementing all of the recommendations from these reports.

HMRC carried out an Employer Compliance Review in October 2017. PBNI was selected at random by HMRC for an assurance and record review. HMRC issued a report on their findings which concluded that sound procedures were in place and that the monitoring and processing of payments are in accordance with HMRC guidance.

There were no specific Criminal Justice Inspection NI (CJINI) led PBNI audit inspections in 2017-18.

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 significant internal control issues:

- On 14 September 2017 PBNI were informed that the threat level had been increased. An updated threat assessment from NIRT (NI Related Terrorism) in March 2018 advised that the threat level remains at an increased level. During September 2017 staff were informed of the assessment level; personal security briefings were held for staff; advice was reissued on

Personal Security and a number of interim changes made to service delivery. PBNI will continue to keep the security assessment and actions under review, in consultation with staff, Unions the PSNI and DoJ.

- 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.
- 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. 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. The Outline Business Case (OBC) has been approved by the Project Board and the Board of PBNI.

A Gateway Review was undertaken in October 2017 which took the form of a snapshot of the project's status at the time of the review as opposed to a formal Gateway Review. Whilst the Gateway Review acknowledged that some good progress had been made, there were serious gaps reported. The RAG status conclusion was Red. A Project Manager was appointed and the recommendations from the report were addressed. An Assurance Action Plan (AAP) Review took place in April 2018, and provided a Delivery Confidence Assessment (DCA) of Amber. The final report stressed the importance of the OBC being approved at Departmental level as a matter of urgency in order for the projected timescales to be successfully achieved.

Internal Auditor Statement on Assurance

In their Annual Assurance Report, the Probation Board's Internal Auditors reported that, on the basis of findings from work undertaken in 2017-18 and in previous years, 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 2018-19.

REMUNERATION AND STAFF REPORT

REMUNERATION 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; and
- 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 to deal with any performance pay issues at Director level.

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]

2017-18					
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>	95-100	0-5	1,300	69	165-170
Mr P Doran <i>Director of Rehabilitation</i>	70-75	-	1,300	9	85-90
Mr H Hamill <i>Director Operations</i>	65-70	-	1,300	10	80-85
Mrs G Robinson <i>Head of Human Resources</i>	60-65	-	1,300	17	80-85
Mrs C Teggart <i>Head of Finance</i>	50-55	-	1,300	13	65-70
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

*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.

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 Chief Executive (Ms C Lamont) and the previous Director of Probation (Mr Brian McCaughey) for 2014-15 and 2015-16 were paid during the year; bonuses for 2016-17 and 2017-18 await departmental approval.

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	Member	5 - 10
Mr D Brown	Member	5 - 10
Mr E Jardine CB	Member	5 - 10
Mr T O'Hanlon	Member	5 - 10
Ms P Shepherd	Member	5 - 10
Ms J Gillespie	Member	5 - 10
Mr I Jeffers	Member	5 - 10
Ms B Stuart	Member (Resigned May 2017)	0 - 5
Mr G OhEara	Member	5 - 10
Ms A Matthews	Member	5 - 10
Mr D Wall	Member	5 - 10

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.

Fair Pay 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 2017-18 was £95-100k - (2016-17 £85-90k). This was 3.02 times (2016-17, 2.89 times) the median remuneration of the workforce, which was £31.45k (2016-17, £31.19k).

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 31/3/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/18 £'000	CETV at 31/03/17 £'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)	838	734	70
Mr P Doran <i>Director of Rehabilitation</i>	30-35 + lump sum 60-65	0-2.5 + lump sum - (0 - 2.5)	609	571	15
Mr H Hamill <i>Director Operations</i>	25-30 + lump sum 50-55	0-2.5 + lump sum - (0 - 2.5)	550	512	18
Mrs G Robinson <i>Head of Human Resources</i>	5-10 + lump sum 0-5	0-2.5 + lump sum - (0 - 2.5)	112	96	8
Mrs C Teggart <i>Head of Finance</i>	10-15 + lump sum 10-15	0-2.5 + lump sum - (0 - 2.5)	129	116	5

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 2017-18 were as follows:

Contribution Rate

Band Range	Contribution Rate
Up to £14,000	5.50%
£14,001 - £21,500	5.80%
£21,501 - £35,900	6.50%
£35,901 - £43,400	6.80%
£43,401 - £85,800	8.50%
More than £85,800	10.50%

The employer's contribution is determined by the Committee's Actuary every 3 years and for 2017-18 year was 18% of remuneration plus a deficit recovery contribution of £170,400.

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 2017. An employer contribution rate of 19% plus a deficit recovery contribution of £170,400 has been proposed for year commencing 1 April 2018. 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.

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 31/03/17 and CETV at 31/03/18 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.

STAFF REPORT

Staff costs (AUDITED INFORMATION)

Staff costs are captured in the table below:

			2017-18 £'000	2016-17 £'000
	Permanently Employed Staff	Others	Total	Total
Wages and salaries	10,918	938	11,856	11,610
Social security costs	1,078		1,078	1,243
Other pension costs	3,336		3,336	2,480
SUB TOTAL	15,332	938	16,270	15,333
Less recoveries in respect of outward secondments	(90)	-	(90)	(226)
Total net costs	15,242	938	16,180	15,107

The average number of staff employed by the Probation Board during 2017-18 were as follows:

	Permanently Employed Staff	Others	Total 2017-18	Total 2016-17
Directly Employed	370	-	370	322
Other		24	24	34
Staff engaged on Capital Projects		-	-	-
Totals	370	24	394	356

Employees

The breakdown of Full Time Equivalent (FTE) employee group by gender at the 31 March 2018 is as follows:

Employee Group	Number of FTE employees at 31 March 2018		
	Female	Male	Total
Chief Executive/Directors	3	2	5
Senior Managers (other than Directors)	5.81	2.8	8.61
Permanent employees	233.60	85.42	319.02
Temporary employees (Agency)	26.08	2.94	29.02
Total	268.49	93.16	361.65

Agency workers filled vacant essential established posts created by leavers and maternity leave and were also used to fill temporary posts created by temporary programmes.

Sickness Absence Data

The average day's sick absence per employee for the year 2017-18 was 17.7 days. The average day's sick absence per employee for the previous year 2016-17 was 19.3 days (13.2 days in 2015-16). The reduction of sickness absence levels remains a business objective for the Probation Board in 2018-19.

A Department of Justice Internal Audit review of PBNI's procedures for attendance management (February 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.'

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. In 2017 PBNI conducted an on-line cultural survey and set up a staff working group to produce an action plan to recommend actions that will enhance staff empowerment, wellbeing, engagement and productivity.

Equal Opportunity 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 and republished in August 2017. This five-year scheme contains commitments to engagement with our consultees and the mainstreaming of equality into our corporate business planning processes. PBNI has also published its Equality Action Plan designed to promote greater equality of opportunity and better community relations in the delivery of our service.

Assembly Accountability and Audit Report (AUDITED INFORMATION)

Regularity of Expenditure

There were no special payments made by the Board in 2017-18

2017-18	2016-17
(10 cases) £4k	(6 cases) £3k

The 10 cases relates to criminal damage at PBNI premises and the Graffiti van costing £4k 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 2017-18

Remote contingent liabilities

PBNI has no remote contingent liabilities to report at 31 March 2018



Cheryl Lamont
Chief Executive
25 May 2018

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

Opinion on financial statements

I certify that I have audited the financial statements of the Probation Board for Northern Ireland for the year ended 31 March 2018 under the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010. The financial statements 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Probation Board for Northern Ireland's affairs as at 31 March 2018 and of the Probation Board for Northern Ireland's net expenditure for the year then ended; and
- 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 Justice's directions issued thereunder.

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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Probation Board for Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have 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 1988 (Devolution of Policing and Justice Functions) Order 2010; and

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, 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 am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

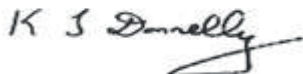
Matters on which I report by exception

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 parts of the Accountability 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 the Department of Finance'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
22 June 2018

FINANCIAL STATEMENTS 2017-18

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2018

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	2017-18 £'000	2016-17 £'000
Income			
Income from sale of goods and services	5	(1,516)	(1,450)
Total Operating Income		<u>(1,516)</u>	<u>(1,450)</u>
Expenditure			
Staff Costs	2	16,270	15,333
Purchases of goods and services	3	3,207	3,118
Depreciation and impairment charges	6&7	427	385
Provision Expense	11.4	371	212
Other Operating Expenditure	4	1,022	773
Total Operating Expenditure		<u>21,297</u>	<u>19,821</u>
Net Operating Expenditure		<u>19,781</u>	<u>18,371</u>
Finance Income	16	(2)	(3)
Net expenditure for the year		<u>19,779</u>	<u>18,368</u>
Other comprehensive net expenditure			
Net gain on revaluation of Property, Plant and Equipment and Intangible Assets	6 & 7	(158)	(39)
Actuarial Pension Liability (decrease)/increase	11.7	(122)	6,984
Comprehensive net expenditure for the year		<u>19,499</u>	<u>25,313</u>

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

The notes on pages 67 to 96 form part of the accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

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	2018 £'000	2017 £'000
Non-current assets:			
Property, plant and equipment	6	2,485	2,590
Intangible assets	7	58	66
Financial assets	16	18	12
Total non-current assets		<u>2,561</u>	<u>2,668</u>
Current assets:			
Trade and other receivables	9	361	433
Financial assets	16	9	11
Total current assets		<u>370</u>	<u>444</u>
Total assets		<u>2,931</u>	<u>3,112</u>
Current liabilities:			
Cash and cash equivalents	8	(214)	(296)
Trade and other payables	10	(1,507)	(1,691)
Total current liabilities		<u>(1,721)</u>	<u>(1,987)</u>
Total assets less current liabilities		<u>1,210</u>	<u>1,125</u>
Non-current liabilities			
Provisions	11.3	(15,252)	(13,719)
Total non-current liabilities		<u>(15,252)</u>	<u>(13,719)</u>
Total assets less liabilities		<u>(14,042)</u>	<u>(12,594)</u>
Taxpayers' equity and other reserves			
General Reserve		(14,912)	(13,358)
Revaluation reserve		870	764
Total Taxpayers' Equity		<u>(14,042)</u>	<u>(12,594)</u>

The notes on pages 67 to 96 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 A Lamont

Cheryl Lamont
Chief Executive
25 May 2018

STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

The Statement of Cash Flows shows the changes in cash and cash equivalents of the PBNI during the reporting period. The statement shows how PBNI 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 PBNI. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the PBNI's future public service delivery.

	Note	£'000	2017-18 £'000	2016-17 £'000
Cash Flows from operating activities				
Net (expenditure) for the year			(19,779)	(18,368)
Adjustments for non-cash transactions	12	4,134		3,090
(Increase) in trade and other receivables	9	72		132
(Decrease)/Increase in trade and other payables	10	(184)		(388)
Employers Pension Costs	11.6	(2,052)		(1,996)
Utilisation of Provision		-		-
Payables movement on non-current assets		133	<u>2,103</u>	<u>(75)</u>
Net cash outflow from operating activities			(17,676)	(17,605)
Cash flows from investing activities				
Purchase of property, plant and equipment	6	(273)		(336)
Purchase of intangible assets	7	(15)		(10)
Proceeds from disposal of property, plant and equipment		-		16
Loans to employees for car loans		(17)		(10)
Repayments of Loans		12		22
Net cash outflow from investing activities			(293)	(318)
Cash flows from financing activities				
Grants from Sponsoring Department			<u>18,051</u>	<u>17,589</u>
Net increase/(decrease) in cash and cash equivalents in the period			82	(334)
Cash and cash equivalents at the beginning of the period			<u>(296)</u>	<u>38</u>
Cash and cash equivalents at the end of the period	8		(214)	(296)

The notes on pages 67 to 96 form part of the accounts

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
for the year ended 31 March 2018

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 31 March 2016	(5,638)	768	(4,870)
Net gain on revaluation of property, plant and equipment	-	39	39
Actuarial gain	(6,984)	-	(6,984)
Release of reserves to the net expenditure account	43	(43)	-
Comprehensive net expenditure	(18,368)	-	(18,368)
Grant from parent department	17,589	-	17,589
	<hr/>		
Balance at 31 March 2017	(13,358)	764	(12,594)
Changes in taxpayers' equity for 2017-18			
Net gain on revaluation of property, plant and equipment	-	158	158
Actuarial loss	122	-	122
Release of reserves to the net expenditure account	52	(52)	-
Comprehensive net expenditure	(19,779)	-	(19,779)
Grant from parent department	18,051	-	18,051
	<hr/>		
Balance at 31 March 2018	(14,912)	870	(14,042)

The notes on pages 67 to 96 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 March 2018 for year ended 31 March 2018.

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 2018.

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	£1,000*	10 years
Plant and machinery	Individual	£1,000*	5 years
Office machinery and equipment	Individual	£1,000*	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

* PBNI changed the threshold for recognition of Non-Current Assets from £500 to £1,000 for these categories. Under IAS 8 this would be considered a change in accounting policy. PBNI considered retrospective application in line with IAS 8, however concluded that the criteria for exemption were met on the grounds of immateriality as there were no purchases made in 2017/18 that would have been capitalised under the previous thresholds.

Method of Recording.

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

Threshold.

Expenditure in each category is capitalised and included in the 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 2018.

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. Note 16 reflects the balance owed to PBNI in respect of the car loan scheme. Officers designated as essential car users will be considered for a loan under the conditions of the scheme in accordance with the Probation Board (NI) Order 1982.

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

Review of Financial Process:

Standard	Comments
<p>IFRS 10 - <i>Consolidated Financial Statements</i></p> <p>IFRS 11 - <i>Joint Arrangements</i></p> <p>IFRS 12 - <i>Disclosure of Interests in Other Entities</i></p>	<p>The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change to include NDPBs and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.</p>

Issued and effective in 2017-18 for the first time:

There were no accounting initiatives issued and effective in 2017-18 for the first time.

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

PBNI has considered those new standards, interpretations and amendments to existing standards which have been published and are mandatory for the accounting periods beginning on or after 1 April 2018 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 9 - <i>Financial Instruments</i>
Effective date	1 January 2018 (EU endorsed 22 November 2016)
FReM application	2018-19
Description of revision	<p>IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes:</p> <ul style="list-style-type: none"> • a single approach to classification and measurement; • a new forward-looking 'expected loss' impairment model; and • a revised approach to hedge accounting. <p>The application of this standard is retrospective (without restatement). This has been mandated in the FReM with approval from the Financial Reporting Advisory Board (FRAB).</p>
Comments	IFRS 9 will affect all public sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets).

Standard	IFRS 16 - Leases (replaces IAS 17 Leases and related interpretations)
Effective date	1 January 2019 (EU endorsed 31 October 2017)
<i>FReM</i> application	2019-20
Description of revision	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is significantly unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments and the enhanced disclosure requirements.</p>
Comments	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 during 2018 in advance of the effective date.

1.22 Financial Reporting - Future Developments

PBNI has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers that these changes are not relevant or material to its operations.

2. STAFF COSTS

			2017-18 £'000	2016-17 £'000
	Permanently Employed Staff	Others	Total	Total
Wages and salaries	10,918	938	11,856	11,610
Social security costs	1,078	-	1,078	1,243
Other Pension costs	3,336	-	3,336	2,480
SUB TOTAL	15,332	938	16,270	15,333
Less recoveries in respect of outward secondments	(90)	-	(90)	(226)
TOTAL	15,242	938	16,180	15,107

3. PURCHASES OF GOODS & SERVICES

	2017-18 £'000	2016-17 £'000
Staff related costs	630	548
Rentals under operating leases	572	609
Accommodation costs	749	550
Office services	570	664
Contracted out services	209	217
Professional costs	224	231
Audit and accountancy fees	17	28
Managed services	3	2
Consumables, materials and equipment costs	114	121
Commissions and tribunal costs	32	27
Non-capital purchases	18	13
Client and other programme operating costs	51	66
Loss on disposal of non-current assets	-	13
Other	18	29
	3,207	3,118

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:

	2017-18 £'000	2016-17 £'000
Grants over £100,000		
Northern Ireland Association for the Care & Resettlement of Offenders (NIACRO) ¹	582	471
Grants £50,001 - £100,000		
Addiction NI ²	81	-
Barnardo's ³	55	-
Grants £25,001 - £50,000		
Start 360 ⁴	48	-
AdvantageNI ⁵	38	-
Women's Aid Federation ⁶	30	-
Grants up to £25,000⁷	188	302
	1,022	773

¹ **NIACRO** - £460k was awarded for Aspire under Fresh Start Agreement, £100k awarded for the Access Programme, a further £22k was awarded as under the Asset Recovery Community Scheme (ARCS).

² **Addiction NI** – £39k was awarded for Addiction Counselling, £32k for Substance Mis-use Court pilot and £10k for Emotional Wellbeing Project .

³ **Barnardo's** –£50k was awarded for Aspire under the Fresh Start Agreement and a further £5k was awarded under ARCS.

⁴ **Start 360** –£48k awarded for Aspire under the Fresh Start Agreement.

⁵ **AdvantageNI** - £38k was awarded under ARCS.

⁶ **Women's Aid Federation** – £30k was awarded for the Domestic Abuse Projects

⁷ **Grants up to £25,000** - Funding relates to the following programmes: Aspire under the Fresh Start Agreement, Bereavement Services Programme, Victim Focused Counselling Programme, Community Services – 29 groups awarded sums between £480 and £7,600 in support of community Service Placements, Asset Recovery Community Scheme (ARCS) -3 groups were awarded sums between £1k and £14k.

All awards were subject to open application and adjudication in line with PBNI grants policies and procedures.

5. INCOME FROM SALE OF GOODS AND SERVICES

	2017-18	2016-17
	£'000	£'000
Income from Activities		
NI Prison Service	1,134	1,134
Secondment	90	226
Other Income	292	90
	<u>1,516</u>	<u>1,450</u>

Prison Service - £1,134k (2016-17 £1,134k) 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 - £90k (2016-17 £226k) represents salary and travel income of seconded staff.

Other Income - £292k (2016-17 £90k) for programmes in 2017-18 funded from additional monies received from the DOJ for the Domestic Violence Perpetrator Project and Substance Misuse Court pilot and also for recharges for services supplied to other public bodies for rent and for ARCS.

6. PROPERTY, PLANT AND EQUIPMENT

Land and Property Services carried out a valuation of land and buildings at 28 February 2018. There was no significant change in this valuation during March 2018. A full professional valuation was carried out at 28 February 2018 and the next one will be carried out at 28 February 2023. 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 £1,752k 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

2017-18 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	POA & AUC	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/ Valuation										
At 1 April 2017	647	3,749	77	116	747	1,378	203	63	-	6,980
Additions	-	-	1	1	72	18	8	-	41	141
Reclassification	-	(10)	-	-	-	10	-	-	-	-
Indexation	-	68	2	2	10	15	3	-	-	100
At 31 March 2018	647	3,807	80	119	829	1,421	214	63	41	7,221
Depreciation										
At 1 April 2017	-	2,618	24	72	479	1,032	116	49	-	4,390
Charged in year	-	157	11	13	71	120	26	5	-	403
Indexation	-	38	-	1	5	9	1	-	-	54
Revaluation	-	(111)	-	-	-	-	-	-	-	(111)
At 31 March 2018	-	2,702	35	86	555	1,161	143	54	-	4,736

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

2017-18 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	POA & AUC	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount at 31 March 2018	647	1,105	45	33	274	260	71	9	41	2,485
Carrying amount at 31 March 2017	647	1,131	53	44	268	346	87	14	-	2,590
Asset financing:										
Owned	647	1,105	45	33	274	260	71	9	41	2,485
Carrying amount at 31 March 2018	647	1,105	45	33	274	260	71	9	41	2,485

6. PROPERTY, PLANT AND EQUIPMENT

2016-17 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/ Valuation									
At 1 April 2016	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	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	3	-	-	3
At 31 March 2017	647	3,749	77	116	747	1,378	203	63	6,980
Depreciation									
At 1 April 2016	-	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	-	-	-	-	-	-	-	-	-
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 £'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	Total £'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
Carrying amount at 31 March 2017	647	1,131	53	44	268	346	87	14	2,590

7. INTANGIBLE ASSETS

2017-18 Note	Software Licences £'000
Cost/Valuation	
At 1 April 2017	1,030
Indexation	3
Additions	15
Disposals	-
At 31 March 2018	1,048
Amortisation	
At 1 April 2017	964
Indexation	2
Charged in Year	24
Disposals	-
At 31 March 2018	990
Carrying amount at 31 March 2018	58
Carrying amount at 31 March 2017	66
Asset financing:	
Owned	58
Carrying amount at 31 March 2018	58

7. INTANGIBLE ASSETS (Continued)

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>
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	85
Asset financing:	
Owned	<u>66</u>
Carrying amount at 31 March 2017	<u>66</u>

8. CASH AND CASH EQUIVALENTS

	2017-18 £'000	2016-17 £'000
Balance at 1 April	(296)	38
Net change in cash and cash equivalent balances	82	(334)
Balance at 31 March	<u>(214)</u>	<u>(296)</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	(214)	(296)
Balance at 31 March	<u>(214)</u>	<u>(296)</u>

9. TRADE AND OTHER RECEIVABLES

	2017-18 £'000	2016-17 £'000
Amounts falling due within one year:		
Trade receivables	154	198
Prepayments and accrued income	207	235
	<u>361</u>	<u>433</u>

10. TRADE PAYABLES AND OTHER LIABILITIES

	2017-18 £'000	2016-17 £'000
Amounts falling due within one year:		
HM Revenue and Customs	268	266
Trade payables	-	13
Accruals	1,239	1,412
	<u>1,507</u>	<u>1,691</u>

11. PROVISIONS - 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

	31/03/18	31/03/17	31/03/16	31/03/15	31/03/14
Inflation Increase Rate (CPI)	2.1%	2.0%	1.8%	1.8%	2.4%
Inflation Increase (RPI)	3.2%	3.1%	2.9%	2.9%	3.4%
Salary Increase Rate	3.6%	3.5%	3.3%	3.3%	3.9%
Pension Increase Rate	2.1%	2.0%	1.8%	1.8%	2.4%
Discount rate	2.6%	2.6%	3.4%	3.2%	4.3%

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	23.3 years	25.9 years
Future Pensioners	25.5 years	28.2 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 2018 and the projected service costs for the year ending 31 March 2018 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)	126,466	131,387
% change in present value of total obligation	-1.9%	1.9%
Projected service cost (£'000s)	3,493	3,699
Approximate % change in projected service cost	-2.8%	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)	129,599	128,214
% change in present value of total obligation	0.5%	-0.5%
Projected service cost (£'000s)	3,595	3,595
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)	130,684	127,148
% change in present value of total obligation	1.4%	-1.4%
Projected service cost (£'000s)	3,699	3,493
Approximate % change in projected service cost	2.9%	-2.8%
Post retirement mortality assumption		
Adjustment to mortality age rating assumption*	-1 year	+1 year
Present value of total obligation (£'000s)	132,718	125,109
% change in present value of total obligation	3.0%	-2.9%
Projected service cost (£'000s)	3,723	3,468
Approximate % change in projected service cost	3.6%	-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 2018

11.2 Fair Value of employer assets

Year Ended:	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	£'000	£'000	£'000	£'000	£'000
Equities	81,293	80,534	66,636	65,209	57,876
Government Bonds	5,921	5,837	5,283	5,092	4,602
Corporate Bonds	8,198	6,594	5,931	5,806	4,758
Property	11,386	11,350	12,234	11,255	8,736
Cash	5,123	2,811	2,132	1,787	2,028
Other	1,935	973	463	179	-
Total	113,856	108,099	92,679	89,328	78,000

The above assets' values as at 31 March 2018 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 Pension provision calculation

Year Ended	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	113,856	108,099	92,679	89,328	78,000
Present Value of Funded Liabilities	(128,903)	(121,616)	(98,542)	(98,715)	(84,628)
Net (Under)/Overfunding in Funded Plans	(15,047)	(13,517)	(5,863)	(9,387)	(6,628)
Present Value of Unfunded Liabilities	(205)	(202)	(176)	(186)	(176)
Net Liability	(15,252)	(13,719)	(6,039)	(9,573)	(6,804)
Amount in the Statement of Financial Position – Liabilities	15,252	13,719	6,039	9,573	6,804
Net Liability	(15,252)	(13,719)	(6,039)	(9,573)	(6,804)

Statement of Comprehensive Net Expenditure Costs at 31 March 2018

11.4 Recognition in the Statement of Comprehensive Net Expenditure

Year Ended	31 March 2018 £'000	31 March 2017 £'000
Current Service Cost (excluding Administration expense)	3,336	2,470
Administration expense	41	40
Past Service Cost (including curtailments)	-	10
Interest on net defined benefit liability	330	172
Pension expense recognised in statement of comprehensive net expenditure	3,707	2,692
Actual Return on Plan Assets	5,658	15,363

11.5 Reconciliation of defined benefit obligation during the accounting period

Year Ended:	31 March 2018 £'000	31 March 2017 £'000
Opening Defined Benefit Obligation	121,818	98,718
Current Service Cost	3,336	2,470
Administration Expense	41	40
Interest expense	3,142	3,325
Contributions by Members	683	669
Actuarial Losses/(Gains)	2,724	19,194
Past Service Costs	-	10
Losses/(Gains) on Curtailments	-	-
Estimated Unfunded Benefits Paid	(8)	(8)
Estimated Benefits Paid	(2,628)	(2,600)
Closing Defined Benefit Obligation	129,108	121,818

11.6 Reconciliation of fair value of employer assets

Year Ended:	31 March 2018 £'000	31 March 2017 £'000
Opening Fair Value of Employer Assets	108,099	92,679
Interest income on assets	2,812	3,153
Contributions by Members	683	669
Contributions by Employer	2,044	1,988
Contributions in respect of Unfunded Benefits	8	8
Actuarial Gains/(Losses)	2,846	12,210
Unfunded Benefits Paid	(8)	(8)
Benefits Paid	(2,628)	(2,600)
Closing Fair value of Employer Assets	113,856	108,099

11.7 Amounts for the current and previous accounting periods

Year Ended:	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000
Fair Value of Employer Assets	113,856	108,099	92,679	89,328
Present Value of Defined Benefit Obligation	(129,108)	(121,818)	(98,542)	(98,715)
(Deficit)	(15,252)	(13,719)	(5,863)	(9,387)
Experience Gains/(Losses) on Assets	2,846	12,210	(323)	6,900
Experience Gains/(Losses) on Liabilities	481	(2,453)	(639)	(373)
Actuarial Gains/(Losses) on Employer Assets	2,846	12,210	(323)	6,900
Actuarial Gains/(Losses) on Obligation	(2,724)	(19,194)	4,580	(8,911)
Actuarial Gains/(Losses) recognised in SOCTE	122	(6,984)	4,257	(2,011)

11.8 Estimate of employer's contributions for financial year 2018-19 - £2,179k

12. CASH FLOW ADJUSTMENTS FOR NON - CASH TRANSACTIONS

	2017-18 £'000	2016-17 £'000
Depreciation and amortisation charge	427	385
Non-cash Pension Costs	3,336	2,480
Pension provision borrowing income	371	212
Loss on Disposal of Non-Current Assets	-	13
	<u>4,134</u>	<u>3,090</u>

13. 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	2017-18 Total £'000	2016-17 Total £'000
Not later than one year	468	7	475	455
Later than one year and not later than five years	927	20	947	1,043
Later than 5 years	544	-	544	412
Total	<u>1,939</u>	<u>27</u>	<u>1,966</u>	<u>1,910</u>

14. CONTINGENT LIABILITIES

At year end PBNI has contingent liabilities consisting of 4 compensation claims, 4 health and safety claims and 8 Pre-Action Protocols/Judicial Reviews. While legal proceedings have been initiated or it has been indicated that proceedings may be brought, they have not been provided for in the financial statements as at this stage it is considered that these cases will be successfully defended.

15. 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 2017-18. 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:

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 £0.5k from the Youth Justice Agency relating to Duke of Edinburgh fees and charges in 2017-18. During 2017-18 the YJA transferred £120k budget to PBNI to cover charges for the PBNI's use of YJA premises. PBNI charged YJA for use of three rural offices – Newry, Omagh and Portadown and recovered £35k 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 2017-18 PBNI made miscellaneous payments of £3.4k in total 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 Care and Resettlement of Offenders (NIACRO). During 2017-18, £582k 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.

Mr Ian Jeffers is the UK Operations Manager and Mrs Debbie Groves (PBNI Board Apprentice) an employee of the Princes Trust. During 2017-18, PBNI paid £1.2k to the Princes Trust as part of the ARCS programme. Mr Jeffers and Ms Groves were not involved in the procurement exercise or any decision making process in the awarding of any service contracts.

16. 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

PBNI operate an Assisted Car Purchase Scheme for officers designated as essential car users for the purpose of their post as set out in their terms and conditions for employment and in the Probation Board (Northern Ireland) Order 1982. The book values and fair values of the Probation Board's financial assets and financial liabilities relating to the Assisted Car Purchase Scheme as at 31 March 2018 are set out below:

Assisted Car Purchase Scheme	Book Value 2017-18 £'000	Fair Value 2017-18 £'000	Book Value 2016-17 £'000	Fair Value 2016-17 £'000
Financial assets:				
Receivables amount due after one year	<u>18</u>	<u>18</u>	<u>11</u>	<u>11</u>
Financial liabilities:				
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

17. 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 26 June 2018.

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Public Protection Team	028 9025 9576
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South - Ormeau Road	028 9064 7156
West - Andersonstown Road	028 9060 2988

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Enniskillen	028 6632 4383
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Magherafelt	028 7963 3341
Newry	028 3026 3955
Newtownards	028 9181 7778
Omagh	028 8224 6051
Portadown	028 3833 3301

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H M P Magilligan	028 7772 0583
H M YOC & P Hydebank	028 9049 4100

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