


ANNUAL REPORT

2018 ~  
2019



CHANGING LIVES FOR SAFER COMMUNITIES



**Probation Board for Northern Ireland Annual Report and Accounts  
For the year ended 31 March 2019**

*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*

*05 July 2019*

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## **THE PERFORMANCE REPORT**

### **CHAIRMAN'S FOREWORD**

I am delighted to present my first Annual Report as Probation Board for Northern Ireland (PBNI) Chair.

I was appointed Board Chair by the Secretary of State for Northern Ireland, and took up position on 1 December 2018 alongside newly appointed board members Neil Bodger, Jonny Byrne, Kelly Clarke, Kieran Donaghy, Theresa Donaldson, Paul Douglas, Patricia Keenan, Max Murray, and Alastair Ross. The Secretary of State also re-appointed Judith Gillespie, Gearoid O'hEara and David Wall to the Board.

I would like to offer my thanks to the previous Chair Vilma Patterson and the outgoing Board for all of their hard work in the period leading up to our appointment. The new Board, with a mixture of new and experienced members, will bring a range of skills and experiences that will help us to provide strategic direction, support, and accountability, all of which will benefit PBNI practice and delivery.

This annual report demonstrates how PBNI has delivered its services and performed against the business plan objectives and financial settlement. In the short period of time since my appointment I have been hugely impressed by the levels of commitment and professionalism that I have seen from PBNI staff and it is already apparent to me that the organisation is delivering an effective and efficient service that is making a real difference to communities across Northern Ireland.

In the last year the organisation has delivered on a number of problem solving justice initiatives including the Enhanced Combination Order and the Substance Misuse Court alongside the judiciary, court service and community and voluntary sector. It is also playing an important role in intervening early to prevent people becoming victims of crime. The 'Aspire' project which targets young men at risk of becoming involved in criminality and the domestic violence programme being run within the Western Health Trust are important examples of early and effective intervention.

The Board wants the organisation to build upon this innovative and collaborative work, collectively we undertake to do everything we can to help maintain an environment where the organisation will continue to work in effective partnership with relevant colleagues to deliver excellent services.

The Chief Executive has done a huge amount of work in terms of modernisation of the organisation and it is important that work is supported. I want to see a safe, stable, confident workforce, supported by all communities and whose work is respected, valued and understood across the criminal justice system and wider society.

I also want to build upon the engagement work carried out by the previous Board. This year the Board held a number of lunchtime seminars on mental health, victims and drugs. These seminars create a space to debate, inform, and network about a range of policy issues which impact upon creating safer communities. This year we will be consulting widely on our Corporate Plan and it is important that we hear from stakeholders about what services they want us to prioritise into the future. It is also an opportunity for us to contribute to the wider policy issues and think about how through effective collaboration we can improve wellbeing and enhance public safety across all communities.

Funding remains a challenge for all public sector organisations and one year budget settlements make it difficult for organisations to plan. However, despite the challenging financial environment this report shows clearly that PBNI has been creative and solution focused. I am confident that the professionalism and dedication of PBNI staff will support an ethos and culture that will help the organisation to thrive and grow well into the future.



**Mr Dale Ashford QFSM**  
**Chairperson**

## **INTRODUCTION FROM THE CHIEF EXECUTIVE**

2018-19 has been a very successful year for the probation service. Our annual business plan set ambitious targets.

Those targets were underpinned by our desire to provide effective public services and to be innovative and creative in response to changing societal and crime trends.

In the last 12 months we have developed new practice standards for operational staff and delivered training on these new requirements. Probation's main purpose is to reduce re-offending and make communities safer. To fully achieve this purpose requires not only a committed workforce; it also demands skilled practitioners who can apply sound, professional judgement at the point of service delivery. Our experience to date shows that clear and, consistent standards are the basis for sound and professional judgement. Our new standards will enable us to continue to provide a quality based, effective platform for our work in reducing re-offending.

We have also continued to modernise the service with developments made in IT, estates and workforce planning. We are developing a new case management system and are implementing ITAssist which will support staff across the service. We also have opened new offices in Downpatrick, Omagh and Coleraine which will enable us to provide a more effective service in those communities.

We continue to prioritise staff development and wellbeing and have implemented a wellbeing plan across the service.

We have been innovative and creative in response to the adoption of a problem solving approach to justice. Working closely with the Department of Justice, Court Service, Judiciary and voluntary and community sector we have continued to develop the Enhanced Combination Order and roll it out in the North West. Over 350 people have now been subject to an Enhanced Combination Order. Evaluations of those Orders show that it is making a real impact for individuals, families and communities.

The Substance Misuse Court piloted in Belfast and the Domestic Violence Perpetrator programme which has been developed within the Western Health Trust are two further examples of how collaboration and innovation can achieve positive outcomes.

Analysis of PBNI's caseload continues to show that the majority of people we work with have mental health and addiction problems and staff are dealing with many individuals who have behaviours which



are difficult to change. Staff have been trained on 'trauma informed practice' and have access to new technology including the PBNI mobile phone app to help people who have offended access support.

In the coming year I am keen to continue to enhance the service we deliver, in particular, in relation to early intervention. There are opportunities for us to work further upstream particularly with young adults and children, both before and after they enter the criminal justice system. I also want to build on our collaboration with the prison service and other partners to ensure that we have a through the gate service for all those being released back into the community.

The work of probation is about changing lives to create safer communities. I want to create further opportunities for us.

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 2018-19 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 2018.

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 Assess people convicted of criminal offences;
- Prepare approximately 8,400 reports annually, to assist decision-making in the criminal justice process;
- Supervise offenders (just over 4,500 offenders at 31 March 2019);
- 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:

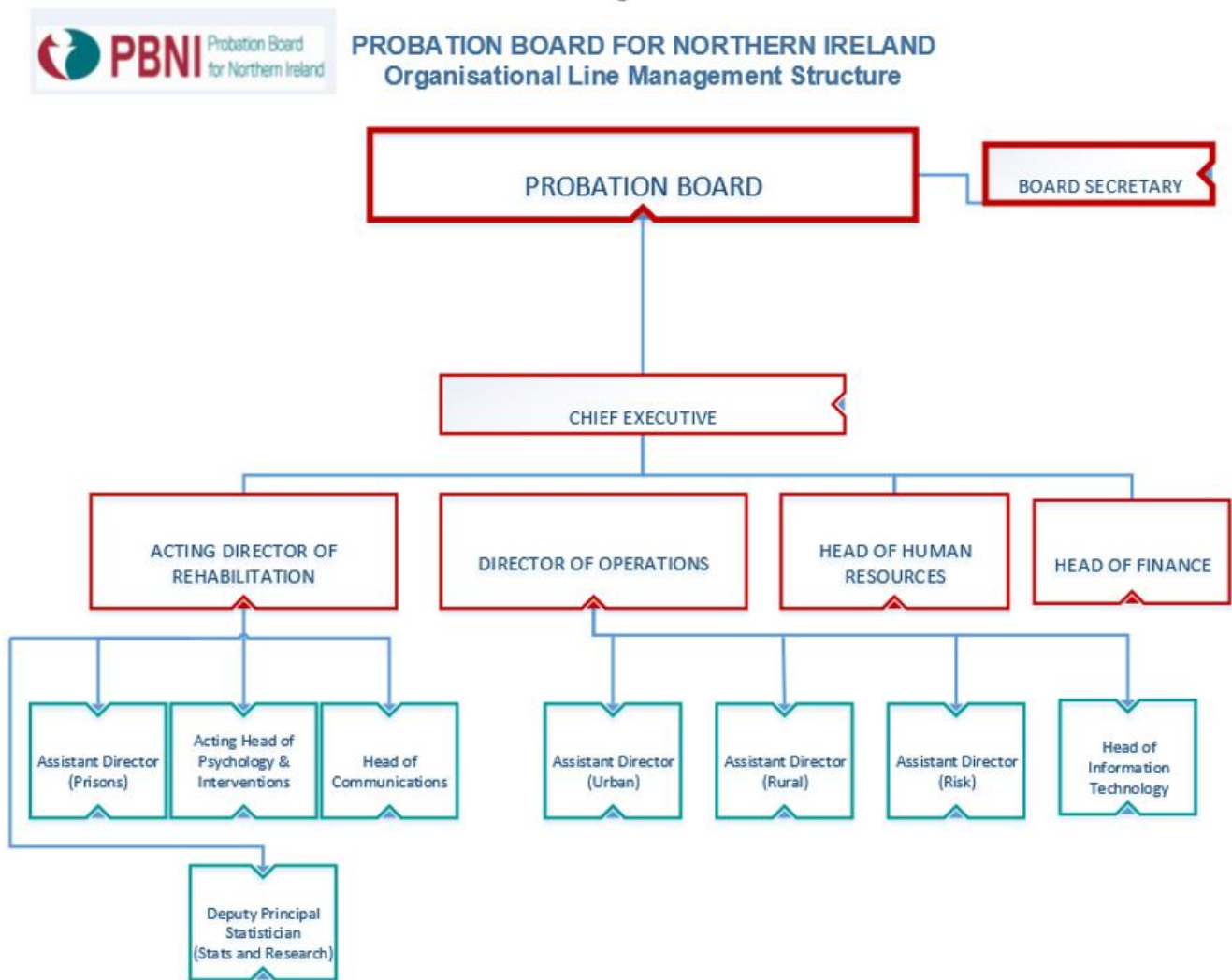
- Probation Orders
- Community Service Orders
- Combination Orders
- Custody Probation Orders
- Determinate Custodial Sentences
- Extended Custodial Sentences for Public Protection
- Indeterminate Custodial Sentences for Public Protection
- Juvenile Justice Centre Orders
- Article 26 Licences
- Life Sentence Licences
- Other Orders (e.g. Enhanced Combination Orders, Supervised Activity 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 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 reoffending and make communities safer.

A high level organisation structure of PBNI is set out below:



## Key issues and risks

At the commencement of 2018-19 financial year, eight risks were logged on PBNI's Strategic Risk Register (SRR). During the course of the year a further two risks were added to the SRR. These referred to firstly, the instability of PBNI's core IT systems and secondly, difficulties in the absence of a Minister associated with reviewing of terms and conditions for operational grades. At the end of the 2018-19 financial year there were nine risks on the SRR. Of these two were assessed red (high likelihood and high impact). These risks related to the need for a new Electronic Case Management system and Information Technology. PBNI have put in place control measures to mitigate against the likelihood of occurrence and the impact of the risks assessed as red.

## **Going Concern**

During 2018-19, 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 £16,637k on its Statement of Financial Position (£15,252k in 2017-18). This year this has resulted in overall net liabilities of £15,860k (£14,042k in 2017-18). The decrease to the pension liability is driven by an increase in employer assets partially offset by actuarial losses driven by an increase in the current service charge and changes in actuarial assumptions.

The Probation Board has paid pension contributions to Northern Ireland Local Government Officers' Superannuation Scheme (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**

2018-19 was the second 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 2018-19, eight of eight outcomes were fully delivered.

## Performance against 2018 -19 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 2018-19 Business Plan achievements are listed below. There were a total of eight 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 reducing re-offending  Key Outcome: To have fewer people, under probation supervision, re-offending	1		
Contributing to the delivery of the NI Executive's Fresh Start Agreement Action Plan  Key Outcomes: 1) To have fewer young men becoming involved in criminality 2) To implement a gender specific programme for women	2		
Influencing the development and delivery of the public policy on resettlement and rehabilitation  Key Outcomes: 1) To increase the level of community sentences 2) To increase satisfaction rates of the users of Probation's services	2		
<b>Total Outcomes</b>	<b>8</b>		

- Overall all eight key outcomes were fully achieved.

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

## PERFORMANCE ANALYSIS

PBNI manages performance against the 2018-19 Business Plan Outcomes. Progress and the potential risk or uncertainty of non-achieving is monitored on a quarterly basis by the Senior Leadership Team at the Senior Leadership team 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 2018-19 Business Plan Outcomes is set out in the table below:

<b>STRATEGIC PRIORITY 1: DELIVERING ON PROBATION'S STATUTORY OBLIGATIONS ACROSS THE CRIMINAL JUSTICE SYSTEM</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>ACTION</b>	<b>RAG STATUS</b>
<p><b>Key Outcome:</b></p> <p><b>To ensure sentence Compliance</b></p> <p><b>Indicator:</b></p> <p><b>An increase in the percentage of sentences supervised by probation completed*</b></p> <p><b>*Completion means the sentence is fully served in the community</b></p>	<ul style="list-style-type: none"> <li>• Q4 2017-18 was tabled at the Policy and Practice Committee in August 2018. (Sentence completion can only be extracted/reported with a delay of two quarters). Sentence completion findings continue to be reported on quarterly.</li> <li>• Validation of referrals and reports on programme completions have been carried out.</li> <li>• Areas for practice improvement and service delivery priorities have been identified from the cohort study.</li> <li>• The Phase 3 recommendations from the Workforce Modernisation Programme including the revised practice standards, has been implemented.</li> <li>• A Wellbeing Plan has been implemented and the sickness absence figure has been reduced by 30.5% against the 5% reduction target.</li> <li>• Funding was secured and spend was within budget in 2018-19.</li> <li>• A Voluntary Exit Scheme was considered and rejected for 2018-19.</li> <li>• Year 2 of the 2017-2020 Estates Strategy actions have been implemented.</li> </ul>	<p><b>Overall achieved (Green)</b></p>




	<ul style="list-style-type: none"> <li>• A supplier for the new Electronic Case Management System has been procured and appointed.</li> <li>• Future information communications technology (ICT) service delivery in PBNI - IT and telephony services – will move to IT Assist by September 2019.</li> <li>• GDPR Action Plan has been implemented.</li> <li>• The Community Service Review recommendations have been implemented.</li> </ul>	
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<b>STRATEGIC PRIORITY 2: PRIORITISING SERVICE DELIVERY ON PERPETRATORS OF CRIME AGAINST VULNERABLE PEOPLE</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>ACTION</b>	<b>RAG STATUS</b>
<p><b>Key Outcomes:</b></p> <p><b>1. To prioritise service delivery to perpetrators of crimes against vulnerable people</b></p> <p><b>2. To have better informed and supported victims, through increased usage of the Victim Information Scheme (VIS)</b></p> <p><b>Indicators:</b></p> <p><b>1. The number of offenders who complete their sentences for offences against vulnerable people*</b></p> <p><b>2. The number of users of the VIS</b></p> <p><b>*It subsequently became clear that it is not possible to measure this indicator within the limitations of the current electronic case management system (PIMS)</b></p>	<ul style="list-style-type: none"> <li>• Offenders who target older or vulnerable people have been identified and the new Case Management system will have a mechanism for capturing this information.</li> <li>• It is unlikely the Criminal Justice Inspection of the Reducing Offending in Partnership (ROP) will be published. The draft Revised terms of reference (ToR) for the review of arrangements have been completed, and approved.</li> <li>• During 2018-19 there were 173 new registrations to the Victim Information Scheme (VIS), a 13% increase on 2017-18.</li> <li>• The action plan objectives following the Victims Audit 2017-18 have been delivered.</li> <li>• The new model of Interventions for Sex Offenders has been evaluated with a report pending.</li> <li>• The training course for staff on domestic violence and substance misuse has been delivered.</li> <li>• The substance misuse care pathway arrangements have been implemented.</li> <li>• Recommendations from the Criminal Justice Inspection of Hate Crime have been actioned.</li> </ul>	<p><b>Overall achieved (Green)</b></p>

<b>STRATEGIC PRIORITY 3: PROMOTING AN INNOVATIVE AND PROBLEM SOLVING APPROACH TO REDUCING REOFFENDING</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>ACTION</b>	<b>RAG STATUS</b>
<p><b>Key Outcome:</b></p> <p><b>To have fewer people, under probation supervision, reoffending</b></p> <p><b>Indicator:</b></p> <p><b>The Reoffending Rate</b></p>	<ul style="list-style-type: none"> <li>• The one year proven reoffending rate for court community disposals (with supervision) in 2015-16 was 34.7%. This is down from 35.2% in the previous year. These statistics are produced by the Department of Justice with a lag time of almost two years (to allow the reoffending interval and return to court processing time).</li> <li>• Evaluation databases for the North West Domestic Violence Court and non-adjudicated Programme are in place and information from 2 completed programmes has been gathered to inform the DOJ evaluation.</li> <li>• Enhanced Combination Orders are established in the Londonderry Court area and engagement with the Lord Chief Justice has taken place. Reoffending datalab data has been received and will be fed into the economic evaluation.</li> <li>• The funding support for work with the Community and Voluntary sector has been reviewed with a focus on alternative methods of funding and targeted towards innovative work in the areas of employment, accommodation, addictions and mental health. Five projects have been approved for funding extending up to three years e.g. the Working Well project for employability with NIACRO.</li> <li>• A new service model for volunteers jointly designed and co-delivered with the Community Voluntary Sector will seek funding from the Big Lottery Fund.</li> <li>• All elements of the implementation of the Supervised Activity Order scheme have commenced.</li> <li>• Discussions have taken place with the DOJ and Lord Chief Justice towards extending the Problem Solving court portfolio to Mental Health.</li> </ul>	<p><b>Overall achieved (Green)</b></p>

<b>STRATEGIC PRIORITY 4: CONTRIBUTING TO THE DELIVERY OF THE NI EXECUTIVE'S FRESH START AGREEMENT ACTION PLAN</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>ACTION</b>	<b>RAG STATUS</b>
<p><b>Key Outcomes:</b></p> <ol style="list-style-type: none"> <li><b>To have fewer young men becoming involved in criminality</b></li> <li><b>To implement a gender specific programme for women</b></li> </ol> <p><b>Indicator:</b></p> <p><b>Implementation and evaluation of the 'Aspire' Young Men's Project</b></p>	<ul style="list-style-type: none"> <li>The Aspire project year 1 has been delivered and an evaluation report produced.</li> <li>The second phase of the Engage project for women has been delivered and evaluated.</li> <li>PBNI has contributed to discussions with DOJ, Northern Ireland Prison Service (NIPS) and Police Service for Northern Ireland (PSNI) to revise Terrorist, Politically Motivated Offenders (TPMO) Guidance.</li> </ul>	<p><b>Overall achieved (Green)</b></p>

<b>STRATEGIC PRIORITY 5: INFLUENCING THE DEVELOPMENT AND DELIVERY OF THE PUBLIC POLICY ON RESETTLEMENT AND REHABILITATION</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>ACTION</b>	<b>RAG STATUS</b>
<p><b>Key Outcomes:</b></p> <ol style="list-style-type: none"> <li><b>To increase the level of community sentences</b></li> <li><b>To increase satisfaction rates of the users of Probation's services</b></li> </ol> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li><b>An increase in the percentage and number of community sentences* made by the Courts</b></li> <li><b>The satisfaction rates of victims, Sentencers and service users</b></li> </ol> <p><b>*Increase measured in comparison to the level of custodial sentences and community sentences to</b></p>	<ul style="list-style-type: none"> <li>Report on the proportion of community sentences in comparison to custodial sentences imposed has been completed, and indicates that in 2017 10.1% of sentences were community based. This represents an increase from 2014 when the community based proportion was 8.7%. The proportion of custodial sentences has remained steady at 12.3% in 2017 compared with 12.8% in 2016. The four year average proportion of community based sentences is 10.1%.</li> <li>Engagement with the DOJ Reducing Offending Directorate (ROD), and Sentencing Policy Review has continued.</li> <li>The role of PBNI in Policing and Community Safety Partnerships has been promoted internally and externally.</li> <li>The Action plan for engagement and an annual review of the Service Users strategy was implemented and completed.</li> </ul>	<p><b>Overall achieved (Green)</b></p>

<p><b>include problem solving courts interventions</b></p>	<ul style="list-style-type: none"> <li>• The Action Plan from the 2017-18 Sentencer Satisfaction Survey was developed and analysis has been carried out on usage of Probation sentences broken down by individual court, which has been shared with the Presiding District Judge.</li> <li>• Recommendations from the Review of Communications have been implemented. With DOJ, PBNI have developed a communications strategy for problem solving justice and two Probation seminars have taken place.</li> <li>• Work with NIPS towards delivery of the recommendations of Prisons 2020 has continued.</li> <li>• PBNI has agreed operational responses with DOJ and the Irish Probation Service to the UK decision to leave the EU.</li> <li>• Engagement with Parole Commissioners and NIPS on the processes in relation to the supply of information, evidence and reports has taken place, the Burgess review is not yet complete.</li> </ul>	
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## Work Undertaken during 2018-19

### Report Writing (Table 1)

In 2018-19, the Probation Board provided 8,427 reports to assist decision making in the criminal justice process. The majority of these reports, some 3,495, were Magistrates' Court Reports to assist judges' decisions regarding the types of sentences to give at criminal courts; with 1,205 Pre-Sentence Reports and 1,372 addendum reports also being provided. The majority of Magistrates' Court Reports and Pre-Sentence Reports completed during 2018-19 were provided to Magistrates' Courts (76%), with approximately one fifth (22%) provided to Crown Court. The proportion of Crown Court reports is similar to the previous year.

Table 1 provides a summary of the types of reports completed by the Probation Board over the past three years. The total number of reports completed has increased by 3% in the last year. The increase in the number of Magistrates' Court Reports (MCRs) completed reflects the move towards this shorter version of a pre-sentence report, which has been welcomed by the judiciary.

**Table 1: Reports\* Completed: 2016-17 to 2018-19**

<b>Type of Report</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>% change 2018-19 on 2017-18</b>
Pre-Sentence Report	4,734	3,372	1,205	-64%
Magistrates' Court/Short Pre-Sentence Reports‡	731	1,326	3,495	+164%
Addendum Report	1,437	1,297	1,372	+6%
Breach / Recall / Revocation Reports	1,274	1,232	1,306	+6%
Parole Commissioners/Life Sentence Unit Reports	80	109	43	-61%
Other**	784	828	1,006	+21%
<b>Total Reports</b>	<b>9,040</b>	<b>8,164</b>	<b>8,427</b>	<b>+3%</b>

\*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 3,167, the number of new statutory orders requiring PBNi supervision made between 1st April 2018 and 31st March 2019 was 7% higher than the number made in 2017-18 (2,971).

In terms of the main community disposals, the number of Community Service Orders made in 2018-19 is 9% lower than in 2017-18, while the number of Combination Orders made is 20% higher, and the

number of Probation Orders is 19% higher. Enhanced Combination Orders, while still in the pilot stage, have increased by 17% compared with the previous year.

**Table 2: New Supervision Orders starting during the year: 2016-17 to 2018-19**

<b>Type of Supervision</b>		<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>% change 2018-19 on 2017-18</b>
<b>Orders</b>	Combination Order	333	326	391	+20%
	Community Service Order	1,003	914	831	-9%
	Custody Probation Order	15	16	11	-
	Determinate Custodial Sentence	621	496	486	-2%
	Enhanced Combination Order	108	104	122	+17%
	Juvenile Justice Centre Order	28	38	29	-
	Probation Order	1,153	1,022	1,216	+19%
	Other Orders*	4	-	1	-
<b>Licences</b>	Life/Sentence Licence	10	3	15	-
	Sex Offender Licence	2	3	8	-
	GB Licence	25	25	35	-
<b>Public Protection Sentences</b>	Extended Custodial Sentence	35	20	20	-
	Indeterminate Custodial Sentence	4	4	2	-
<b>Total Orders</b>		<b>3,341</b>	<b>2,971</b>	<b>3,167</b>	<b>+7%</b>

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

\*Includes Community Responsibility Order, Supervised Activity Order and Supervision & Treatment Order.

\*\*Please note that a person can receive more than one new order during the year. New Non-statutory cases are not included in these figures.

## Orders Supervised at a Point in Time

At the end of March 2019, the Probation Board was supervising 4,154 people subject to 4,552 court orders (similar to the position twelve months previously). A breakdown of the types of orders under PBNI supervision at 31 March 2019 is given in Table 3. More than three-quarters of people (79%) 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 increased by 11%, the number of Combination Orders has increased by 12% whilst the number of Community Service Orders has fallen by 18%.

The number of Determinate Custodial Sentences under supervision has decreased by 5%.

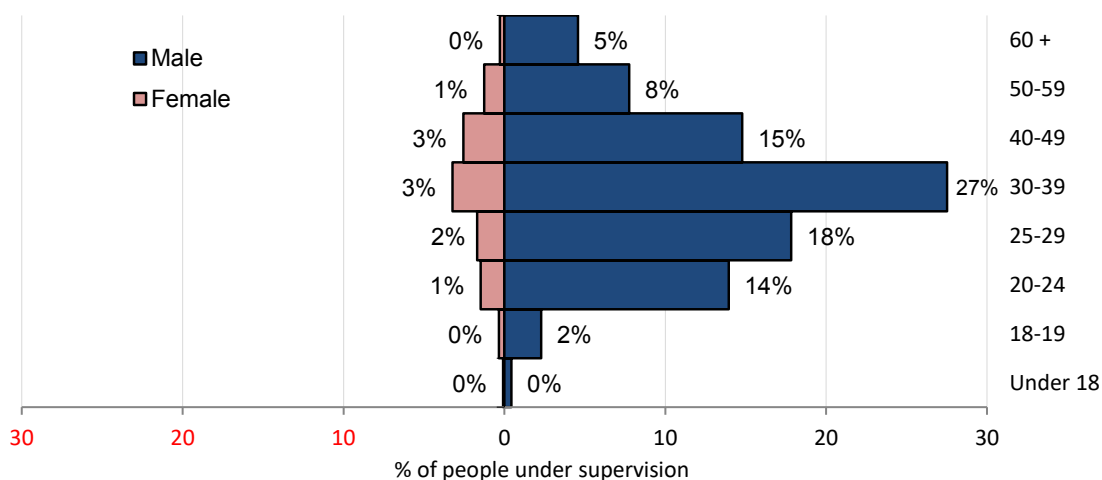
The number of Enhanced Combination Orders has increased by 17%, although this remains in the pilot stage and has not yet been rolled out across Northern Ireland.

**Table 3: Orders supervised at point in time: 31 March 2017 – 31 March 2019**

Type of Supervision		31 Mar 2017	31 Mar 2018	31 Mar 2019	% change 31 Mar 2018 on 31 Mar 2017
<b>Orders</b>	Combination Order	394	388	435	+12%
	Community Service Order	694	679	558	-18%
	Custody Probation Order	72	59	39	-34%
	Determinate Custodial Sentence	1,302	1,253	1,191	-5%
	Enhanced Combination Order	121	159	186	+17%
	Juvenile Justice Centre Order	7	14	11	-
	Probation Order	1,464	1,360	1,504	+11%
	Other Orders*	4	1	2	-
<b>Licences</b>	Life/Sentence Licence	254	248	251	+1%
	Sex Offender Licence	92	85	80	-6%
	GB Licence	51	54	45	-17%
<b>Public Protection Sentences</b>	Extended Custodial Sentence	209	200	185	-8%
	Indeterminate Custodial Sentence	39	39	41	-
<b>Non-statutory Sentences</b>	Inescapable Voluntary	12	15	20	-
	Remand/Sentence	1	3	4	-
<b>Total Orders</b>		<b>4,716</b>	<b>4,557</b>	<b>4,552</b>	<b>0%</b>
<b>Total People</b>		<b>4,301</b>	<b>4,147</b>	<b>4,154</b>	<b>0%</b>

- Percentage change is not shown as the denominator is less than 50. \* Includes Community Responsibility Order, Supervised Activity Order and Supervision & Treatment Order. Note that the Enhanced Combination Order pilot started operating during 2015/16.

**Gender and Age profile of people supervised by PBNI at 31st March 2019**



## Victim Information Scheme

There were 173 new registrations to the PBNI Victims Information Scheme during 2018-19. At the end of March 2019 there were 348 victims registered on the Scheme.

## Financial Review

The financial results for the PBNI are set out on page 68, in the Statement of Comprehensive Net Expenditure. The deficit for the year transferred to General Reserve was £23,510k (2017-18: £19,779k).

## Net Expenditure Review

The net expenditure of Probation Board for 2018-19 is compared to the previous two financial years in the following table:

### Net Expenditure Summary

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>	<b>2016-17</b> <b>£'000</b>
Total operating income	<u>(1,862)</u>	<u>(1,516)</u>	<u>(1,450)</u>
Staff costs	16,838	16,270	15,333
Purchase of goods and services	3,587	3,207	3,118
Depreciation and Impairment charges	449	427	385
Provision expense	3,036	371	212
Grants	1,464	1,022	773
Total operating expenditure	<u>25,374</u>	<u>21,297</u>	<u>19,821</u>
Net operating expenditure	<u><b>23,512</b></u>	<u>19,781</u>	<u>18,371</u>
Finance income	(2)	(2)	(3)
Net expenditure for the year	<u><b>23,510</b></u>	<u>19,779</u>	<u>18,368</u>



In 2018-19 overall net expenditure increased by £3,731k (18.9%). This reflects the fact that PBNI received additional funding for programmes and to meet pressures in 2018-19. The majority of these pressures were in pay and estates; £134k increase in accommodation costs due to Structural survey work completed, £60k increase in leases with the addition of the Shipquay lease, £50k increase in professional costs to Properties Division and £108k increase in office services. There was an increase in staff costs for programmes and an accrued potential pay rise of 2% has resulted in increased payroll costs of £568k which is subject to pay remit approval. These programmes have also contributed to increased grants to Community and Voluntary Sector partners of £442k. Programme funding included Domestic Violence (£376k), Substance Misuse (£222k), Supervised activity orders (£330k), and a further rollout of Enhanced Combination Orders in the North West. There was an increase in the provision expense as a result of increased borrowings costs on pensions and the McCloud Judgement see note 11.

### Summary of Actual expenditure against budget

For 2018-19 PBNI had a net Department Expenditure Limit (DEL) operating cost of £19,176k which was £220k less than the net budget allocation of £19,396k. The capital spend of £647k was £296k less than the net budget allocation of £943k. A comparison of net DEL operating costs against budget is summarised in the following table:

**Table: Summary of Actual expenditure against budget**

	<b>2018-19 actual*</b>	<b>2018-19 budget*</b>	<b>Variance</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Net Operating Costs* (excluding depreciation)	18,728	18,896	168	0.8
Depreciation	448	500	52	10.4
<b>Net Operating Costs*</b>	<b>19,176</b>	<b>19,396</b>	<b>220</b>	<b>1.1</b>
Net Capital Expenditure	647	943	296	31.4
<b>Overall Total Expenditure</b>	<b>19,823</b>	<b>20,339</b>	<b>516</b>	<b>2.5</b>

\*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**

	<b>£'000</b>
<b>Net Expenditure from Statement of Comprehensive Net Expenditure</b>	<b>23,510</b>
Exclude Current Service Cost (AME cost)	(3,407)
Include cash payment of provision (DEL cost)	2,109
Exclude pension borrowing costs (AME cost)	(369)
Exclude administration costs (AME cost)	(41)
Exclude Past Service Cost (AME Cost)	(2,626)
<b>Net Operating Costs</b>	<b>19,176</b>

### **Non-current Assets**

The Probation Board's non-current asset expenditure movements are detailed in notes 5 & 6 to the financial statements. Capital expenditure in 2018-19 totalled £647k (2017-18 £157k).

### **Financial position**

The Probation Board's Statement of Financial Position shows net liabilities of £15,860k (2017-18 £14,042k). The main reason for the increase of £1,818k is due to the movement in the pension past service cost of £2,626k for the McCloud Judgement and Guaranteed Minimum Pension (GMP) as calculated by the Actuary (AON). This is partially offset by the NILGOSC asset returns over the accounting period have been higher than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position before any changes in assumptions. There has been a change in the NILGOSC financial assumptions over the period, the discount rate has reduced by 0.2% and the CPI Inflation assumption has increased by 0.1%. This has resulted in a less positive balance sheet position than if the financial assumptions at the start of the period had been used. NILGOSC demographic assumptions also changed. NILGOSC have updated the assumption for the future improvements to post-retirement mortality rates.

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

**Table: Defined Benefit Obligation liability at 31 March 2019**

	<b>£'000</b>	<b>Percentage Change in Liability</b>
Defined Benefit Obligation 2018	<b>129,108</b>	
Interest on the obligation	3,331	(6)%
Current service cost and admin cost	3,448	2%
Contributions by members	674	(1)%
Actuarial losses	2,202	(19)%
Past service cost	2,626	(100)%
Estimated unfunded benefits paid	(8)	0%
Estimated benefits paid	(2,704)	3%
Liability 2019	<b>138,677</b>	<b>5%</b>

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

There has also been an increase in the 2018-19 Accruals of £497k, this has been as a result of the continued conditioning works in Omagh and Coleraine, work on the new case management system and the new mobile APP.

### **Cash flow**

The Probation Board's net decrease in cash and cash equivalents in the year is £61k (2017-18, £82k increase).

### **Prompt Payment of Suppliers**

The Probation Board's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. Monthly statistics are uploaded by the Department of Justice through AccountNI. The prompt payment results for 2018-19 showed that 95.2% (94.3% for 2017-18) of invoices were paid within 10 working days following receipt of a properly rendered invoice. 98.6% (97.4% for 2017-18) 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).

PBNI has a Well-being Committee chaired by the Deputy Head of Human Resources, who develop and implement the Annual Wellbeing Action Plan. In 2018-19 the following well-being initiatives were undertaken: Walking Challenge, Walking Football match with London Probation, relay teams took part in the Belfast Marathon, Mindfulness Training delivered to staff, Staff Impact Days (volunteering at local charities), Hydration Challenge and providing information on good mental health. The well-being plan also incorporated an initiative that encouraged staff to be more active during their lunchtime by taking exercise and socialising with colleagues to increase their overall wellbeing.

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**

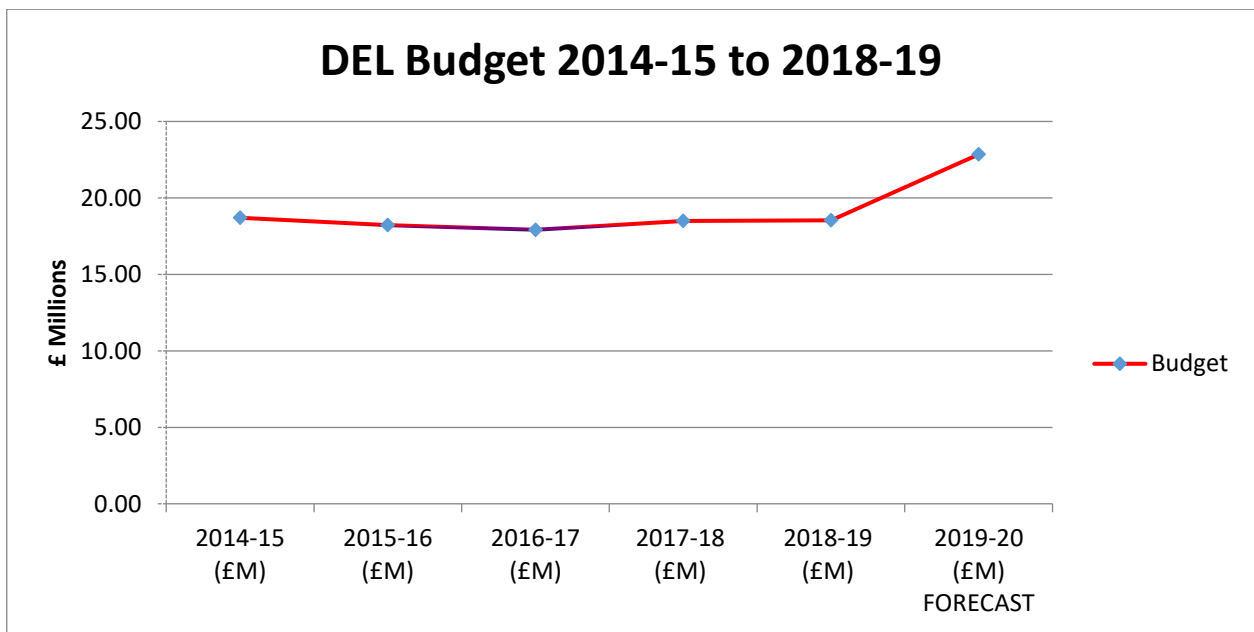
PBNI is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and work collaboratively to avoid and minimise adverse impacts of PBNI's 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 properties which allowed for significant improvements over a three year period was undertaken by PBNI. In 2017-18 and 2018-19 PBNI made significant improvements to its property as a result of the surveys with a focus on energy efficiency and cost reduction.

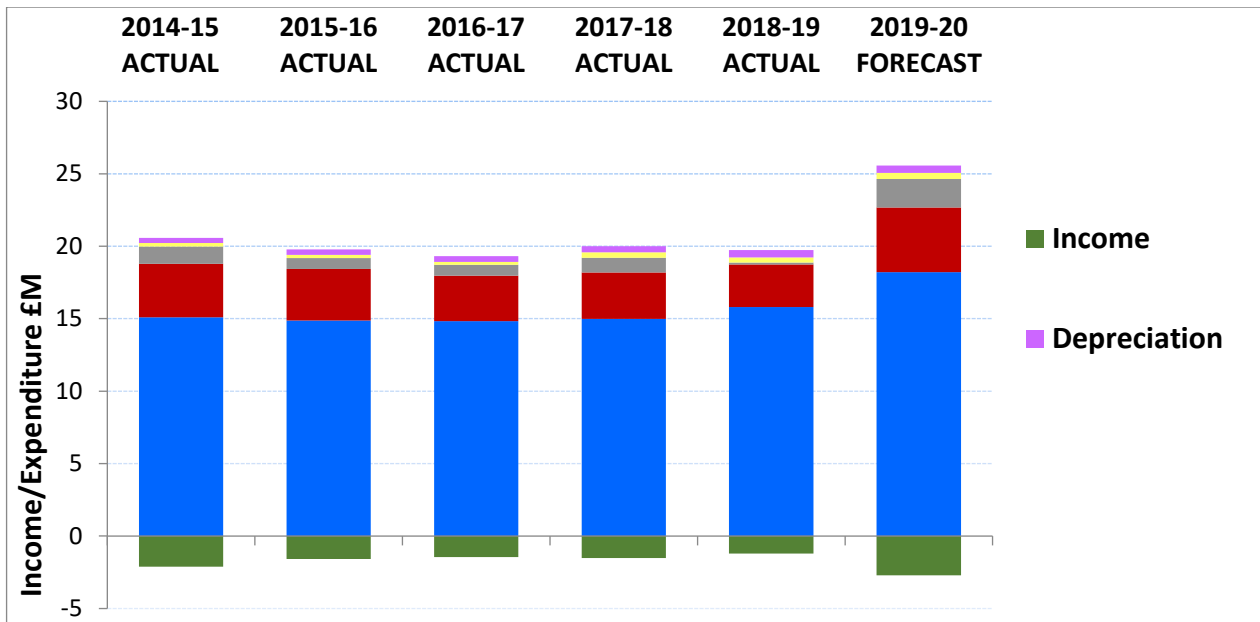
**Long-term expenditure trends**

The chart below captures the long-term summary expenditure profile of the PBNI budget over the financial years 2014-15 to 2019-20.



Figures above reflect the final allocated budget. In 2018-19 an additional £3,404k Resource DEL was received largely for the Aspire Programme, Domestic Violence Programme, Enhanced Combination Orders and unforeseen in year pressures. In 2018-19, the baseline has increased by £277k (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 2019-20 Forecast with the final DEL and capital budget included as reference.



**2018-19 financial year**

Due to the suspension of the Northern Ireland Executive, the budget in 2018-19 was set later in the financial year. PBNI's 2018-19 baseline budget of £16,545k reflects an increase of 1.7% 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. The final budget was £19,949k.

**2019-20 financial year**

PBNI's budget for 2019-20 has been approved by the Department of Justice. The baseline remains unchanged at a flat settlement of £16,545k. Additional funding for pay, pension and estates pressures was approved. Funding has been allocated under the Transformation fund for ECO (Ards and North Down and Derry) and for the new Electronic Case Management System. Funding has also been allocated to enable the on boarding to ITAssist, for Aspire Programme, Engage Programmes and for the Domestic Violence and Substance Mis-use programmes. Total additional funding in 2019-20 is £4.5m which is an increase of 27% to the baseline.

*Cheryl A Lamont*

**Cheryl Lamont**  
**Chief Executive**  
**02 July 2019**

# 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 Senior Executive Team who served during the year was as follows:

Ms C Lamont	Chief Executive
Mr P Doran	Director of Rehabilitation (left on Secondment to NIPS September 2018)
Mrs G O'Hare	Director of Rehabilitation (started post in September 2018)
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. However, in the absence of a minister in 2018-19, the Secretary of State under a specific statutory authority appointed new members to the Board on 1 December 2018. Details of Board members during 2018-19 are as follows:

### **Members to 30 November 2018**

Mrs V Patterson MBE	Chair
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
Mr G OhEara	Member
Ms A Matthews	Member
Mr D Wall	Member

### **Members from 1 December 2018**

Mr D Ashford QSM	Chair
Ms J Gillespie CBE	Member



Mr G OhEara	Member
Mr D Wall	Member
Mr N Bodger	Member
Dr J Byrne	Member
Dr K Clarke	Member
Mr K Donaghy	Member
Dr T Donaldson	Member
Mr P Douglas	Member
Ms P Keenan	Member
Mr M Murray	Member
Mr A Ross	Member

Mrs D Groves Boardroom Apprentice(until 31 August 2018)

Ms B Henderson Boardroom Apprentice (from 1 September 2018)

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 2019 stood at 12 (Chairman and 11 other members). A Deputy Chair has not yet been appointed.

### **The Board's Audit & Risk Assurance Committee**

The members of the Audit & Risk Assurance Committee until 30 November 2018 were:

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

The members of the current Audit and Risk Assurance Committee from 1 December 2018:

Mr N Bodger	Chair
Dr K Clarke	Member
Mr K Donaghy	Member
Dr T Donaldson	Member
Mr M Murray	Member

A Deputy Chair has not yet been appointed.

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 2018-19**

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.

No incidents were reported to the Information Commissioner's Office (ICO) in 2018-19. 2 incidents were reported to the DOJ.

There were 12 localised incidents (1 Apr 2018 -31 Mar 2019) which were thoroughly investigated and did not require reporting to the Information Commissioner's Office or DOJ.

The following information Assurance training programmes were available to PBNI staff by e-learning during 2018-19:

- 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)

Memoranda relating to the learning from the localised incidents were issued to all staff in respect of Information Assurance throughout the 2018-19 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 Public Service 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 2018-19 the Probation Board received 30 complaints, (2017-18 - 26 Complaints) an increase of 4 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. One complaint 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 has directed PBNI to prepare for each financial year 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 state of affairs of PBNI and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular 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;
- prepare the financial statements on the going concern basis; and
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer of the Department of Justice has appointed 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 the Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that PBNI's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## **GOVERNANCE STATEMENT 2018-19**

### **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 8,400 reports in 2018-19;
- Supervise offenders (4,500 offenders at 31 March 2019);
- 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

In addition to its core responsibilities, during 2018-19 PBNI undertook the following programmes: Enhanced Combination Order, Young Men's Project - Aspire and a bespoke project for women - Engage, Problem Solving Justice – Substance Mis-Use Court and Domestic Violence Non-adjudicated programme. 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. The 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. This document was reviewed and updated in 2018-19. 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 its 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 usually made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments. However, in the absence of a Minister for Justice, the appointments were made by the Secretary of State under a specific statutory authority.



The Board has corporate responsibility for leading and providing the strategic direction for the organisation including, developing the Corporate and Business Plans, taking account of government policies, aims and objectives; 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 possible conflicts of interest, Board Members annually complete a Register of Interests form which is published on PBNI's website. Likewise, members of the Senior Leadership Team also complete a 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.

The Board was reconstituted on 1 December 2018 by the DOJ and approved by the Secretary of State. The Commissioner for Public Appointments identified a number of instances of non-compliance in her recent Audit Report on the Appointment of a Chair and twelve members to the Probation Board for Northern Ireland. The Department of Justice has accepted all of the recommendations contained within the report and remedial action is being taken to avoid a reoccurrence of the issues which arose during this competition. The Department will continue to work closely with CPANI on the implementation of

the recommendations made within the report. The Information Commissioner's Office has been notified that incorrect data sharing occurred and is currently investigating the incident.

Details of Board Members during 2018-19 are as follows:

**Board Members to 30 November 2018**

Mrs V Patterson MBE	Chair
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
Mr D Wall	Member

**Board Members from 1 December 2018**

Mr D Ashford QSFM	Chair
Mr D Wall	Member
Mrs J Gillespie CBE	Member
Mr G OhEara	Member
Mr N Bodger	Member
Dr J Byrne	Member
Dr K Clarke	Member
Mr K Donaghy	Member
Dr T Donaldson	Member
Mr P Douglas	Member
Ms P Keenan	Member
Mr M Murray	Member
Mr A Ross	Member
Mr D Wall	Member

A Deputy Chair has not yet been appointed.

Mrs D Groves*	Boardroom Apprentice (until 31 August 2018)
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\*Mrs Groves and Ms Henderson are participants on the Boardroom Apprentice Scheme, who were assigned to the Probation Board for Northern Ireland's Board in September 2017 and 2018 respectively for a period of one year. Neither Mrs Groves nor Ms Henderson 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. The table overleaf provides details of the number of Board and Audit and Risk 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 and Risk Assurance 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 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 2018-19**

**From April 2018– November 2018**

Board Member	Number of Board Meetings	Number of Board Meetings Attended
Mrs V Patterson MBE	8	8
Mrs J Erskine	8	6
Mr D Brown	8	6
Mrs J Gillespie CBE	8	7
Mr E Jardine CB	8	8
Mr I Jeffers	8	8
Ms A Matthews	8	6
Mr R Mullan	8	7
Mr T O’Hanlon	8	2
Mr G OhEara	8	7
Mrs P Shepherd	8	3
Mr D Wall	8	7

**From December 2018 – March 2019**

Board Member	Number of Board meetings	Number of Board meetings attended
Mr D Ashford QSMF	4	4
Mr N Bodger	4	3
Dr J Byrne	4	3
Dr K Clarke	4	3
Mr K Donaghy	4	4
Dr T Donaldson	4	3
Mr P Douglas	4	4
Mrs J Gillespie CBE	4	4
Ms P Keenan	4	4
Mr M Murray	4	3
My G OhEara	4	4
Mr A Ross	4	4
Mr D Wall	4	2

**From April 2018 – November 2018**

<b>Audit &amp; Risk Assurance Committee Member</b>	<b>Number of Audit Committee Meetings</b>	<b>Number of Audit Committee Meetings Attended</b>
Mrs J Erskine (Chair)	4	4
Mr G OhEara (Deputy Chair)	4	1
Mr D Brown	4	2
Mr E Jardine CB	4	4
Ms A Matthews	4	3

**Audit and Risk Assurance Committee**

**From December 2018 – March 2019**

<b>Member</b>	<b>Number of ARAC meetings</b>	<b>Number of ARAC meetings attended</b>
Mr N Bodger, Chair	1	1
Dr K Clarke	1	1
Mr K Donaghy	1	1
Dr T Donaldson	1	0
Mr M Murray	1	1

(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 five times during the year.

(vi) Remuneration Committee

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

(vii) Emergency Committee

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

(viii) Special Board Meeting

There was no Special Board Meeting during the year

(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

Department of Finance 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 DOF 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 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 process a senior managers' workshop is held annually to agree PBNI's new Strategic Risk Register (SRR) and Departmental Risk Registers respectively. During the course of the year a further two risks were added to the SRR. These referred to firstly the instability of PBNI's core IT systems and secondly difficulties, in the absence of a Minister, associated with reviewing of terms and conditions for operational grades. At the end of the 2018-19 financial year there were nine risks on the SRR. Two were assessed a red (high likelihood and high impact). These risks related to the need for a new Electronic Case Management system and Information Technology. PBNI have put in place control measures to mitigate against the likelihood of occurrence and the impact of the risks assessed as red.

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 met with the new Permanent Secretary in October 2018 to address emerging issues.

## **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 and communications
- Programme and projects update
- Policy Reviews
- Budget 2018-19 Planning

Audit & Risk Assurance Committee (ARAC) 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 2018-19.

(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 2018-19

- Data Protection Policy
- Freedom of Information Policy
- Remote Working Policy
- Whistleblowing Policy
- Transfer Mobility Policy
- Disciplinary Policy
- Gifts and Hospitality Policy
- Secondment Policy and Procedures
- Substance Abuse Policy and Procedures

Business Cases

- Antrim Road Closure Business Case
- 72 North Street Business Case
- Shipquay Street Business Case
- Andersonstown Business Case
- Magherafelt Business Case
- Security Recommendations Business Case
- Extension of Licence 72 North Street

- Working Well Business Case

#### Substantive Items Discussed / Approved

- Governance Action Plan
- Annual Serious Further Offence Report
- Strategic Risk Register 2018/19
- Sentencers' Survey
- Business Plan Review 2018/19
- New Practice Standards
- NNC SCCOG Terms and Conditions
- Equality Annual Report
- Register of Interests
- PBNI Business Plan 2019/20

#### Miscellaneous

- Board Workshop
- Board Overview Governance Meeting
- Board Induction

#### Audit and Risk Assurances Committee

- 2017/18 Annual Accounts
- Internal Audit Customer Satisfaction Survey
- ARAC annual Self-Assessment
- MSFM Review
- Annual Closed Session with Auditors

#### Corporate Resource Committee

- Estates Presentation by Strategic Investment Board (SIB)
- Visit to the Omagh Office

#### Presentations

- Dr G O'Hare - Domestic Abuse
- Brendan McGuigan - Future of Criminal Justice
- Ms Gillian Montgomery - New Practice Standards
- Mr Peter May, Permanent Secretary
- Dr Brendan Mooney, Kainos

- Mr Peter May and Mr Anthony Harbinson
- Ms Karen Pearson, Brexit Briefing

(vi) Achievements

During the year 2018-19 PBNI received **satisfactory assurance** on five internal audit reports (Administration of Grants, Gifts and Hospitality, GDPR, Managing Attendance and Procurement and Contract Management). An internal audit commenced on Travel and Subsistence which raised NICS wide issues with the current policy. Internal Audit agreed to revisit this audit when a decision has been made on the policy and provided a Management letter with observations based on their review. PBNI are working towards implementing all of the recommendations from these reports. There were no specific PBNI Criminal Justice Inspection NI (CJINI) led PBNI audit inspections in 2018-19.

**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:

- PBNI are currently reviewing the Terms and Conditions of employment for staff on National Negotiating Council (NCC) and Standing Committee of Chief Officer Grades (SCCOG) terms. Due to changes in the England and Wales Probation Service, the National Probation terms and conditions of employment that PBNI has followed since 1983 have been disestablished. DOJ has confirmed in the absence of an Assembly in Northern Ireland, decisions on future changes to PBNI's terms and conditions of employment can only be made when a Minister is in place. A working group has been set up comprising representation from DOJ, Trade Unions and PBNI management to review the options and determine the most appropriate terms and conditions of employment for PBNI staff moving forward. There may be financial implications depending on the terms and conditions of employment applied to these staff, in particular the impact on pay remits.
- 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 which ended in July 2018. NIPSA are querying this approach.

- PBNI's overall Northern Ireland Terrorism Security Assessment level was assessed in December 2018 as "Moderate", having been assessed as "Substantial" following Northern Ireland Related Terrorism threat assessments in September 2017 and March 2018. PBNI will continue to keep the Northern Ireland Related Terrorism threat assessment and actions under review, in consultation with DOJ, PBNI Board, staff and Unions.
- 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. The Outline Business Case has been approved by the DOJ.
- A Gateway Review in January 2019 assessed the ECMS project as Green/Amber RAG status rating, having received a Red RAG status rating when a Gateway Review was undertaken in October 2017. Robust controls have now been put in place to ensure the project is progressing on target. The project is still considered as being high risk given the nature and value of the system.

### **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 2018-19 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 Leadership Team and the Audit & Risk Assurance Committee and this work will continue in 2019-20.

## **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.

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

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

- Ensure that the implementation of new pay and conditions arrangements is within financial and other constraints; and
- 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 Chair, Board Deputy Chair, the Chairs of the Corporate Resources and Policy and Practice Committees 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 and some other HR issues.

### **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 – Senior Executive Team**

**[AUDITED INFORMATION]**

					<b>2018-19</b>
<b>Name &amp; Title</b>	<b>Salary £'000</b>	<b>Bonus Payments £'000</b>	<b>Benefits in Kind (to nearest £100)</b>	<b>Pension Benefits * (to nearest £1000)</b>	<b>Total £'000</b>
Ms C Lamont <i>Chief Executive of Probation</i>	95-100	0-5	200	10	105-110
Mr P Doran <i>Director of Rehabilitation (left PBNI on secondment to NIPS 30 September 2018)</i>	35-40	-	100	7	45-50
Mrs G O'Hare <i>Acting Director of Rehabilitation (started post on 03 September 2018)</i>	35-40	-	200	17	55-60
Mr H Hamill <i>Director Operations</i>	70-75	-	200	10	80-85
Mrs G Robinson ** <i>Head of Human Resources</i>	75-80	-	100	20	95-100
Mrs C Teggart ** <i>Head of Finance</i>	65-70	-	100	16	80-85
					<b>2017-18</b>
<b>Name &amp; Title</b>	<b>Salary £'000</b>	<b>Bonus Payments £'000</b>	<b>Benefits in Kind (to nearest £100)</b>	<b>Pension Benefits * (to nearest £1000)</b>	<b>Total £'000</b>
RESTATED					
Ms C Lamont <i>Chief Executive of Probation</i>	95-100	0-5	200	69	165-170
Mr P Doran <i>Director of Rehabilitation</i>	75-80	-	300	9	85-90
Mr H Hamill <i>Director Operations</i>	70-75	-	400	10	80-85
Mrs G Robinson <i>Head of Human Resources</i>	65-70	-	200	17	80-85
Mrs C Teggart <i>Head of Finance</i>	55-60	-	100	13	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 includes a 5% responsibility allowance back dated from 1 April 2015.

## **Salary**

'Salary' includes gross salary; overtime; recruitment and retention allowance; and any allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments.

The Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the department during 2017-18 and 2018-19.

## **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 for 2018 was paid during the year. Bonuses relate to performance in the year in which they become payable to the individual. The bonuses reported in 2018-19 relate to the performance in 2018-19 and the comparative bonuses reported for 2017-18.

## **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's remuneration is £33,010 per annum payable at a monthly rate of £2,751. Board Members receive remuneration of £5,050 per annum payable 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]**

**Members to 30 November 2018**

		**Remuneration and Expenses £'000
Mrs V Patterson MBE	Chair	20-25
Mrs J Erskine	Deputy Chair	0-5
Mr R Mullan	Member	0-5
Mr D Brown	Member	0-5
Mr E Jardine CB	Member	0-5
Mr T O'Hanlon	Member	0-5
Ms P Shepherd	Member	0-5
Ms J Gillespie CBE	Member	0-5
Mr I Jeffers	Member	0-5
Mr G OhEara	Member	0-5
Ms A Matthews	Member	0-5
Mr D Wall	Member	0-5

**Members from 1 December 2018**

Mr D Ashford QSFM	Chair	10-15
Ms J Gillespie CBE	Member	0-5
Mr G OhEara	Member	0-5
Mr D Wall	Member	0-5
Mr N Bodger	Member	0-5
Dr J Byrne	Member	0-5
Dr K Clarke	Member	0-5
Mr K Donaghy	Member	0-5
Dr T Donaldson	Member	0-5
Mr P Douglas	Member	0-5
Ms P Keenan	Member	0-5
Mr M Murray	Member	0-5
Mr A Ross	Member	0-5

These figures include an element of benefits in kind, relating to mileage expenses paid in line with DOE Local Government Policy circular LG 10/09. These rates are higher than the amount allowable for tax.

The element which relates to home to office mileage is taxed at source and any additional business mileage is reported as a further taxable emolument to Inland Revenue.

**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 2018-19 was £95,000 - £100,000 - (2017-18 £95,000 - £100,000). This was 3.18 times (2017-18, 3.02 times) the median remuneration of the workforce, which was £30,280 (2017-18, £31,450).

Remuneration ranged from £18,000 to £96,000 (2017-18, £18,000 to £96,000)

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]**

<b>Name &amp; Title</b>	<b>Accrued pension at pension age as at 31/3/19 and related lump sum £'000</b>	<b>Real increase in pension and related lump sum at pension age £'000</b>	<b>CETV at 31/03/19 £'000</b>	<b>CETV at 31/03/18 Restated* £'000</b>	<b>CETV at 31/03/18 £'000</b>	<b>Real increase in CETV £'000</b>
Ms C Lamont <i>Chief Executive</i>	45 - 50 + lump sum 85 - 90	0 - 2.5 + lump sum - (0 - 2.5)	961	908	838	21
Mr P Doran <i>Director of Rehabilitation (left PBNI on secondment 30 Sept 218)</i>	35 - 40 + lump sum 60 - 65	0 - 2.5 + lump sum - (0 - 2.5)	700	671	609	21
Mrs G O'Hare <i>Director of Rehabilitation (started 30 Sept 2018)</i>	20 - 25 + lump sum 30 - 35	0 - 2.5 + lump sum (0 - 2.5)	369	341	341	23
Mr H Hamill <i>Director of Operations</i>	30 - 35 + lump sum 50 - 55	0 - 2.5 + lump sum - (0 - 2.5)	642	602	550	20

Mrs G Robinson <i>Head of Human Resources</i>	10 - 15+ lump sum 0 - 5	0 - 2.5 + lump sum - (0 - 2.5)	152	131	112	11
Mrs C Teggart <i>Head of Finance</i>	15 - 20 + lump sum 10 - 15	0 - 2.5 + lump sum - (0 - 2.5)	173	156	129	8

\*New transfer factors, effective from 7 January 2019, have been used to recalculate the 2017-18 CETV and for the 2018-19 CETV. The real increase in CETV should exclude the impact of any changes in factors. The CETV now stated will be different for 2018-19.

## 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 2018-19 were as follows:

### Contribution Rate

Band Range	Contribution Rate
Up to £14,500	5.5%
£14,501 - £22,100	5.8%
£22,101 - £36,900	6.5%
£36,901 - £44,700	6.8%
£44,701 - £88,300	8.5%
More than £88,300	10.5%

The employer's contribution is determined by the Committee's Actuary every 3 years and for 2018-19 year was 19% 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 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 1/49<sup>th</sup> 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 2019. An employer contribution rate of 19% plus a deficit recovery contribution of £170,400 has been proposed for year commencing 1 April 2019. 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**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Northern Ireland Local Government Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Scheme (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include 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 the end period. However, the real increase calculation uses common actuarial factors at the start and the end of the period so that it disregards the effect of any change in factors and focuses only on the increase that is funded by the employer.

## STAFF REPORT

### Staff costs (AUDITED INFORMATION)

Staff costs are captured in the table below:

			2018-19 £'000	2017-18 £'000
	<b>Permanently Employed Staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
Wages and salaries	10,713	1,681	12,394	11,856
Social security costs	1,036	-	1,036	1,078
Other pension costs	3,408	-	3,408	3,336
<b>Sub Total</b>	<u>15,157</u>	<u>1,681</u>	<u>16,838</u>	<u>16,270</u>
Less recoveries in respect of outward secondments	(102)	-	(102)	(90)
<b>Total net costs</b>	15,055	1,681	<b>16,736</b>	<b>16,180</b>
Of which:	<b>Charged to Programme</b>	<b>Charged to Others</b>	<b>Total*</b>	
PBNI	<u>15,055</u>	<u>1,681</u>	<u>16,736</u>	
Total net costs	<u>15,055</u>	<u>1,681</u>	<u>16,736</u>	

\* Of the total, £25,000 has been charged to capital.

Pensions information is available in Note 11.

The average number of staff employed by the Probation Board during 2018-19 were as follows:

(AUDITED INFORMATION)

	<b>Permanently Employed Staff</b>	<b>Others</b>	<b>Total 2018-19</b>	<b>Total 2017-18</b>
Directly Employed	358	-	358	370
Other	-	44	44	24
Staff engaged on Capital Projects	-	-	-	-
<b>Totals</b>	<b>358</b>	<b>44</b>	<b>402</b>	<b>394</b>

#### **Employees (AUDITED INFORMATION)**

The breakdown of Full Time Equivalent (FTE) employee group by gender at the 31 March 2019 is as follows:

<b>Employee Group</b>	<b>Number of FTE employees at 31 March 2019</b>		
	Female	Male	Total
Chief Executive/Directors	2	1	3
Senior Managers (other than Directors)	7	2	9
Permanent employees	252	90	342
Temporary employees (Agency)	38	3	41
<b>Total</b>	<b>299</b>	<b>96</b>	<b>395</b>

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 number of day's sick absence per employee for the year 2018-19 was 12.3 days. The average day's sick absence per employee for the previous year 2017-18 was 17.7 days (19.3 days in 2016-17). The reduction of sickness absence levels remains a business objective for the Probation Board in 2019-20.

A Department of Finance 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 mechanism 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. PBNI are currently working on recommendations gathered from staff as part of a cultural survey that will enhance staff empowerment, wellbeing, engagement and productivity.

### **Equal Opportunity Policy Statement**

During 2018-19 PBNI has updated its Equal Opportunity Policy to ensure 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.

### **Off-payroll engagements and Exit Packages**

PBNI did not have any off-payroll engagements during the 2018-19 financial year.

## **Assembly Accountability and Audit Report (AUDITED INFORMATION)**

### **Losses and Special Payments**

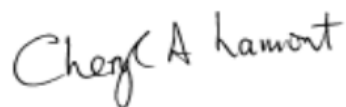
There were no special payments made by the Board in 2018-19. In 2017-18 there were 10 cases related to criminal damage at PBNI premises and the Graffiti van costing £4k for investigation and remedy.

### **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 2018-19

### **Remote contingent liabilities**

PBNI has no remote contingent liabilities to report at 31 March 2019.



**Cheryl Lamont**  
**Chief Executive**  
**02 July 2019**

## **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 2019 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, including significant accounting policies. 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 2019 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 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 the 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 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.

My objectives are 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 (UK) 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](http://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 the 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*

5 July 2019

## FINANCIAL STATEMENTS 2018-19

### STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2019

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	2018-19 £'000	2017-18 £'000
Revenue from contracts with customers	4	(1,134)	(1,134)
Other Operating Income	4	(728)	(382)
<b>Total Operating Income</b>		<b>(1,862)</b>	<b>(1,516)</b>
Staff Costs	2	16,838	16,270
Purchases of goods and services	2	3,587	3,207
Depreciation and impairment charges	5&6	449	427
Provision Expense	11.4	3,036	371
Other Operating Expenditure	3	1,464	1,022
<b>Total Operating Expenditure</b>		<b>25,374</b>	<b>21,297</b>
<b>Net Operating Expenditure</b>		<b>23,512</b>	<b>19,781</b>
Finance Income		(2)	(2)
<b>Net expenditure for the year</b>		<b>23,510</b>	<b>19,779</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to net operating expenditure:			
Net (gain) on revaluation of Property, Plant and Equipment.	5	(15)	(157)
Net (gain) on revaluation of Intangible Assets	6	(1)	(1)
Actuarial (gain) on Pension Scheme Liabilities	11.7	(2,949)	(122)
<b>Comprehensive net expenditure for the year</b>		<b>20,545</b>	<b>19,499</b>

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

The notes on pages 72 to 104 form part of the accounts.

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2019

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	2019 £'000	2018 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	5	2,579	2,485
Intangible assets	6	88	58
Financial assets	17	23	18
<b>Total non-current assets</b>		<u>2,690</u>	<u>2,561</u>
<b>Current assets:</b>			
Assets classified as held for sale	7	105	-
Trade and other receivables	9	271	361
Financial assets	17	8	9
<b>Total current assets</b>		<u>384</u>	<u>370</u>
<b>Total assets</b>		<u>3,074</u>	<u>2,931</u>
<b>Current liabilities:</b>			
Cash and cash equivalents	8	(275)	(214)
Trade and other payables	10	(2,022)	(1,507)
<b>Total current liabilities</b>		<u>(2,297)</u>	<u>(1,721)</u>
<b>Total assets less current liabilities</b>		<u>777</u>	<u>1,210</u>
<b>Non-current liabilities</b>			
Provisions	11.3	(16,637)	(15,252)
<b>Total non-current liabilities</b>		<u>(16,637)</u>	<u>(15,252)</u>
<b>Total assets less liabilities</b>		<u>(15,860)</u>	<u>(14,042)</u>
<b>Taxpayers' equity and other reserves</b>			
General Reserve		(16,675)	(14,912)
Revaluation reserve		815	870
<b>Total Taxpayers' Equity</b>		<u>(15,860)</u>	<u>(14,042)</u>

The notes on pages 72 to 104 form part of the accounts. The financial statements on pages 68 to 71 were approved by the Board and were signed on its behalf by:



**Cheryl Lamont**  
Chief Executive  
02 July 2019

**STATEMENT OF CASH FLOWS**  
for the year ended 31 March 2019

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	2018-19 £'000	£'000	2017-18 £'000
<b>Cash Flows from operating activities</b>					
Net (expenditure) for the year			(23,510)		(19,779)
Adjustments for non-cash transactions	12	6,892		4,134	
(Increase)/Decrease in trade and other receivables	9	90		72	
(Decrease)/Increase in trade and other payables	10	515		(184)	
Employers Pension Costs	11.6	(2,109)		(2,052)	
Payables movement on non-current assets			5,388	133	2,103
<b>Net cash outflow from operating activities</b>			<b>(18,122)</b>		<b>(17,676)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	5	(607)		(273)	
Purchase of intangible assets	6	(55)		(15)	
Loans to employees for car loans	17	(25)		(17)	
Repayments of Loans	17	21		12	
<b>Net cash outflow from investing activities</b>			<b>(666)</b>		<b>(293)</b>
<b>Cash flows from financing activities</b>					
Grants from Sponsoring Department			18,727		18,051
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			<b>(61)</b>		<b>82</b>
Cash and cash equivalents at the beginning of the period			(214)		(296)
Cash and cash equivalents at the end of the period	8		<b>(275)</b>		<b>(214)</b>

The notes on pages 72 to 104 form part of the accounts



**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
for the year ended 31 March 2019

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.

	<b>General Fund</b>	<b>Revaluation Reserve</b>	<b>Taxpayers' Equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2017</b>	(13,358)	764	(12,594)
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/>	<hr/>	<hr/>
<b>Balance at 31 March 2018</b>	(14,912)	870	(14,042)
<b>Changes in taxpayers' equity for 2017-18</b>			
Net gain on revaluation of property, plant and equipment	-	16	16
Actuarial loss	2,949	-	2,949
Release of reserves to the net expenditure account	71	(71)	-
Comprehensive net expenditure	(23,510)	-	(23,510)
Grant from parent department	18,727	-	18,727
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2019</b>	<b>(16,675)</b>	<b>815</b>	<b>(15,860)</b>

The notes on pages 72 to 104 form part of the accounts

## **NOTES TO THE ACCOUNTS**

### **1. STATEMENT OF ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the 2018-19 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 29 January 2019 for year ended 31 March 2019.

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

PBNI registered for VAT on secondment income only from 1 April 2014. HMRC advised PBNI of the registration in January 2016 and have charged VAT on seconded income from April 2014. There was a VAT liability of £5k with HMRC at 31 March 2019.

All other transactions are currently stated gross of VAT.

#### 1.5 Income – Note 4

IFRS 15 Revenue from Contracts with Customers is applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 2018-19. IFRS introduces a new five stage model for the recognition of revenue from contracts with customers replacing the previous Standards IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. PBNI recognises revenue by applying the following steps:

Step 1: A contract is put in place with all customers

Step 2: Performance obligations are included in the contract

Step 3: Transaction price is agreed with the customer

Step 4: Performance obligations in the contract are monitored in line with payment

Step 5: Revenue is recognised when performance obligations are satisfied.

Income at note 4 represents services provided to PBNI'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

### **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.

PBNI 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 in PBNI 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 12 – 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 PBNI 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 17 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**

PBNI 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. PBNI 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, PBNI 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 PBNI's current system/format of internal management reporting to the Chief Executive, Senior Executive Team, Senior Leadership Team and Board, who consider financial performance at 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 PBNI'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

PBNI 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 PBNI, across all grades and specialisms. The sample results are then used as a basis for calculating an overall figure for PBNI.

**1.20 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2018-19 financial year**

<b>Standard</b>	IFRS 9 Financial Instruments
<b>Effective date</b>	1 January 2018 (EU endorsed 22 November 2016)
<b>FReM application</b>	2018-19
<b>Description of revision</b>	IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes: <ul style="list-style-type: none"> <li>• a single approach to classification and measurement</li> <li>• a new forward-looking 'expected loss' impairment model; and</li> <li>• a revised approach to hedge accounting.</li> </ul>
<b>Comments</b>	IFRS 9 will affect all public-sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets).

<b>Standard</b>	IFRS 15 Revenue from Contracts with Customers
<b>Effective date</b>	1 January 2018 (EU endorsed 31 October 2017)
<b>FReM application</b>	2018-19
<b>Description of revision</b>	IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18).
<b>Comments</b>	IFRS 15 will affect all public-sector bodies.

**Review of Financial Process:**

<b>Standard</b>	<b>Comments</b>
<b>IFRS 10 - Consolidated Financial Statements</b>	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.  Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based
<b>IFRS 11 - Joint Arrangements</b>	

<b>IFRS 12 - Disclosure of Interests in Other Entities</b>	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 have change as a result of the new Standards.
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### 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 2019 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.

<b>Standard</b>	IFRS 16 - Leases (replaces IAS 17 Leases and related interpretations)
<b>Effective date</b>	1 January 2019 (EU endorsed 31 October 2017)
<b>FReM application</b>	2020-21
<b>Description of revision</b>	<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, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</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</p>

	Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset in subleases.
<b>Comments</b>	IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020.

## 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. EXPENDITURE

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Staff Costs <sup>1</sup>		
Wages and Salaries	12,394	11,856
Social Security Costs	1,036	1,078
Other Pension Costs	3,408	3,336
Staff related Costs	591	630
Rentals under operating leases	632	572
Accommodation costs	883	749
Office services	678	570
Contracted out services	210	209
Professional costs	274	224
Audit and accountancy fees	20	17
Managed services	3	3
Consumables, materials and equipment costs	131	114
Commissions and tribunal costs	30	32
Non-capital purchases	45	18
Client and other programme operating costs	70	51
Other	20	18
	<b>20,425</b>	<b>19,477</b>

<sup>1</sup> Further Analysis of staff costs is located in the Staff Report on page 60

### 3. OTHER OPERATING EXPENDITURE - GRANTS FOR COMMUNITY DEVELOPMENT

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

	2018-19 £'000	2017-18 £'000
<b>Grants over £100,000</b>		
Northern Ireland Association for Care and Resettlement of Offenders (NIACRO) <sup>1</sup>	750	582
Addiction NI <sup>2</sup>	172	81
<b>Grants £50,001 - £100,000</b>		
Start 360 <sup>3</sup>	92	48
Women's Aid Federation <sup>4</sup>	91	30
Barnardo's <sup>5</sup>	75	55
<b>Grants £25,001 - £50,000</b>		
NI Alternatives <sup>6</sup>	30	-
Community Restorative Justice Ireland (CRJI) <sup>7</sup>	30	-
Verbal Arts Centre NI <sup>8</sup>	30	-
The Turnaround Project <sup>9</sup>	29	-
AdvantageNI	-	38
<b>Grants up to £25,000<sup>10</sup></b>	165	188
	<b>1,464</b>	<b>1,022</b>

<sup>1</sup> **NIACRO** - £650k was awarded for the Aspire programme and £100k awarded for the Working Well Programme

<sup>2</sup> **Addiction NI** – £172k for Substance Misuse Court programme.

<sup>3</sup> **Start 360** –£92k awarded for the Aspire programme.

<sup>4</sup> **Women's Aid Federation** – £60k was awarded for the Domestic Abuse Programme and £31k for Dress for Success project.

<sup>5</sup> **Barnardo's** –£50k was awarded through Transformation Budget and £25k for the Aspire programme.

<sup>6</sup> **Northern Ireland Alternatives** - £20k through Transformation fund for ECO, and £10k for the Aspire programme.

<sup>7</sup> **CRJI** - £20k through Transformation fund for ECO and £10k for the Aspire programme.

<sup>8</sup> **Verbal Arts Centre NI** – £30k was awarded for the Reading Rooms programme.

<sup>9</sup> **The Turnaround Project** - £29k was awarded through ARCS Funding for the project.

<sup>10</sup> **Grants up to £25,000** - Funding relates to the following programmes: Bereavement Services Programme, Victim Focused Counselling Programme and Community Services placements – 26 groups awarded sums between £480 and £8.4K in support of Community Service Placements, Asset Recovery Community Scheme (ARCS) -3 groups were awarded sums between £4k and £20k.

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

#### 4. INCOME

	<b>2018-19</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income from Activities</b>		
<b>Revenue from contracts with customers</b>		
NI Prison Service	1,134	1,134
<b>Other Operating Income</b>		
Secondment	102	90
Other Income	626	292
	<u><b>1,862</b></u>	<u><b>1,516</b></u>

Prison Service - £1,134k (2017-18 £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 - £102k (2017-18 £90k) represents salary and travel income for staff on secondment.

Other Income - £626k (2017-18 £292k) for programmes in 2018-19 funded from additional monies received from the DOJ for the Domestic Violence Perpetrator Programme and Substance Misuse Court programme and also for recharges for services supplied to other public bodies for rent and for ARCS funding.

## **5. PROPERTY, PLANT AND EQUIPMENT**

Land and Property Services carried out a valuation of land and buildings at 19 February 2019. There was no significant change in this valuation during March 2019. 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 £1,659k and this is also the existing use value. Included within land and buildings is land valued at £647k, which is non-depreciable.

**5. PROPERTY, PLANT AND EQUIPMENT**

<b>2018-19 Note</b>	<b>Land</b>	<b>Buildings &amp; Dwellings</b>	<b>Motor Vehicles</b>	<b>Plant and Machinery</b>	<b>Office Machinery and equipment</b>	<b>Computer Hardware</b>	<b>Telecoms and networks</b>	<b>Furniture and Fittings</b>	<b>POA &amp; AUC*</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost/ Valuation</b>										
At 1 April 2018	647	3,807	80	119	829	1,421	214	63	41	7,221
Additions	-	178	-	-	297	11	3	33	85	607
Disposals	-	-	-	-	(3)	(11)	-	-	-	(14)
Reclassification	-	(115)	-	-	-	-	-	-	-	(115)
Indexation	-	30	1	2	5	4	(3)	1	-	40
<b>At 31 March 2019</b>	<b>647</b>	<b>3,900</b>	<b>81</b>	<b>121</b>	<b>1,128</b>	<b>1,425</b>	<b>214</b>	<b>97</b>	<b>126</b>	<b>7,739</b>
<b>Depreciation</b>										
At 1 April 2018	-	2,702	35	86	555	1,161	143	54	-	4,736
Charged in year	-	176	12	10	92	100	28	5	-	423
Disposals	-	-	-	-	(3)	(11)	-	-	-	(14)
Reclassifications	-	(10)	-	-	-	-	-	-	-	(10)
Indexation	-	20	1	1	2	3	(2)	-	-	25
Revaluation	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>2,888</b>	<b>48</b>	<b>97</b>	<b>646</b>	<b>1,253</b>	<b>169</b>	<b>59</b>	<b>-</b>	<b>5,160</b>

**5. PROPERTY, PLANT AND EQUIPMENT (Continued)**

2018-19 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 2019	647	1,012	33	24	482	172	45	38	126	2,579
Carrying amount at 31 March 2018	647	1,105	45	33	274	260	71	9	41	2,485
<b>Asset financing:</b>										
Owned	647	1,012	33	24	482	172	45	38	127	2,579
Carrying amount at 31 March 2019	647	1,012	33	24	482	172	45	38	127	2,579

\*Payments on Account and Assets Under Construction



**5. PROPERTY, PLANT AND EQUIPMENT**

<b>2017-18 Note</b>	<b>Land</b>	<b>Buildings &amp; Dwellings</b>	<b>Motor Vehicles</b>	<b>Plant and Machinery</b>	<b>Office Machinery and equipment</b>	<b>Computer Hardware</b>	<b>Telecoms and networks</b>	<b>Furniture and Fittings</b>	<b>POA &amp; AUC</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost/ Valuation</b>										
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
<b>At 31 March 2018</b>	<b>647</b>	<b>3,807</b>	<b>80</b>	<b>119</b>	<b>829</b>	<b>1,421</b>	<b>214</b>	<b>63</b>	<b>41</b>	<b>7,221</b>
<b>Depreciation</b>										
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)
<b>At 31 March 2018</b>	<b>-</b>	<b>2,702</b>	<b>35</b>	<b>86</b>	<b>555</b>	<b>1,161</b>	<b>143</b>	<b>54</b>	<b>-</b>	<b>4,736</b>

**5. 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. INTANGIBLE ASSETS

<b>2018-19 Note</b>	<b>Software Licences £'000</b>
<b>Cost/Valuation</b>	
At 1 April 2018	1,048
Additions	55
Indexation	3
Disposals	-
At 31 March 2019	<u>1,106</u>
<b>Amortisation</b>	
At 1 April 2018	990
Charged in Year	26
Indexation	2
Disposals	-
At 31 March 2019	<u>1,018</u>
<b>Carrying amount at 31 March 2019</b>	<u>88</u>
Carrying amount at 31 March 2018	<u>58</u>
<b>Asset financing:</b>	
Owned	88
<b>Carrying amount at 31 March 2019</b>	<u>88</u>

## 6. INTANGIBLE ASSETS (Continued)

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

## 7. ASSETS HELD FOR SALE

During the financial year 2018-19 PBNI put the property at 306 Antrim Road on the market as it was deemed to be unfit for purpose. This property was classified as held for sale as the carrying amount will be recovered through a sale transaction rather than through continuing use. This property is available for immediate sale in its present condition and PBNI is committed to sell this property within one year of classification.

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
<b>Cost/Valuation</b>		
At 1 April 2018	-	-
Reclassification	105	-
At 31 March 2019	<u>105</u>	<u>-</u>

## 8. CASH AND CASH EQUIVALENTS

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Balance at 1 April	(214)	(296)
Net change in cash and cash equivalent balances	(61)	82
Balance at 31 March	<u>(275)</u>	<u>(214)</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	<u>(275)</u>	<u>(214)</u>
Balance at 31 March	<u>(275)</u>	<u>(214)</u>

## 9. TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2018-19 £'000	2017-18 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	136	154
Prepayments and accrued income	133	203
Other receivables	2	4
	<u>271</u>	<u>361</u>

## 10. TRADE PAYABLES, FINANCIAL AND OTHER LIABILITIES

	2018-19 £'000	2017-18 £'000
<b>Amounts falling due within one year:</b>		
VAT	5	-
HM Revenue and Customs	251	268
Trade payables	30	-
Accruals	1,736	1,239
	<u>2,022</u>	<u>1,507</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

	31/03/19	31/03/18	31/03/17	31/03/16	31/03/15
Inflation Increase Rate (CPI)	2.2%	2.1%	2.0%	1.8%	1.8%
Inflation Increase (RPI)	3.3%	3.2%	3.1%	2.9%	2.9%
Salary Increase Rate	3.7%	3.6%	3.5%	3.3%	3.3%
Pension Increase Rate	2.2%	2.1%	2.0%	1.8%	1.8%
Discount rate	2.4%	2.6%	2.6%	3.4%	3.2%

### 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	22.6 years	24.9 years
Future Pensioners	24.3 years	26.7 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 2019 and the projected service costs for the year ending 31 March 2019 is set out below. This does not include sensitivity of unfunded benefits on materiality grounds.

<b>Discount rate assumption</b>		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	135,855	141,142
% change in present value of total obligation	-1.9%	1.9%
Projected service cost (£'000s)	3,559	3,766
Approximate % change in projected service cost	-2.8%	2.9%
<b>Rate of general increase in salaries</b>		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	139,233	137,720
% change in present value of total obligation	0.5%	-0.5%
Projected service cost (£'000s)	3,661	3,661
Approximate % change in projected service cost	0.0%	0.0%
<b>Rate of increase to pensions in payment and deferred pensions assumption</b>		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	140,374	136,599

% change in present value of total obligation	1.4%	-1.4%
Projected service cost (£'000s)	3,766	3,559
Approximate % change in projected service cost	2.9%	-2.8%
<b>Post retirement mortality assumption</b>		
Adjustment to mortality age rating assumption*	<b>-1 year</b>	<b>+1 year</b>
Present value of total obligation (£'000s)	142,887	134,098
% change in present value of total obligation	3.2%	-3.2%
Projected service cost (£'000s)	3,800	3,523
Approximate % change in projected service cost	3.8%	-3.8%

\*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 2019**

### **11.2 Fair Value of employer assets**

<b>Year Ended:</b>	<b>31 March 2019</b>	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities	72,614	81,293	80,534	66,636	65,209
Government Bonds	20,137	5,921	5,837	5,283	5,092
Corporate Bonds	8,543	8,198	6,594	5,931	5,806
Property	13,668	11,386	11,350	12,234	11,255
Cash	3,295	5,123	2,811	2,132	1,787
Other	3,783	1,935	973	463	179
<b>Total</b>	<b>122,040</b>	<b>113,856</b>	<b>108,099</b>	<b>92,679</b>	<b>89,328</b>

The above assets' values as at 31 March 2019 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 2019	31 March 2018	31 March 2017	31 March 2016
	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	122,040	113,856	108,099	92,679
Present Value of Funded Liabilities	(138,473)	(128,903)	(121,616)	(98,542)
Net (Under)/Overfunding in Funded Plans	(16,433)	(15,047)	(13,517)	(5,863)
Present Value of Unfunded Liabilities	(204)	(205)	(202)	(176)
<b>Net Liability</b>	<b>(16,637)</b>	<b>(15,252)</b>	<b>(13,719)</b>	<b>(6,039)</b>
Amount in the Statement of Financial Position – Liabilities	16,637	15,252	13,719	6,039
<b>Net Liability</b>	<b>(16,637)</b>	<b>(15,252)</b>	<b>(13,719)</b>	<b>(6,039)</b>

### Statement of Comprehensive Net Expenditure Costs at 31 March 2019

#### 11.4 Recognition in the Statement of Comprehensive Net Expenditure

Year Ended	31 March 2019	31 March 2018
	£'000	£'000
Current Service Cost (excluding Administration expense)	3,407	3,336
Administration expense	41	41
Past Service Cost (including curtailments)	2,626	-
Interest on net defined benefit liability	369	330
<b>Total</b>	<b>3,036</b>	<b>371</b>
<b>Pension expense recognised in statement of comprehensive net expenditure</b>	<b>6,443</b>	<b>3,707</b>
Actual Return on Plan Assets	8,113	5,658

## 11.5 Reconciliation of defined benefit obligation during the accounting period

<b>Year Ended:</b>	<b>31 March 2019 £'000</b>	<b>31 March 2018 £'000</b>
<b>Opening Defined Benefit Obligation</b>	<b>129,108</b>	<b>121,818</b>
Current Service Cost	3,407	3,336
Administration Expense	41	41
Interest expense	3,331	3,142
Contributions by Members	674	683
Actuarial Losses/(Gains)	2,202	2,724
Past Service Costs	2,626	-
Losses/(Gains) on Curtailments	-	-
Estimated Unfunded Benefits Paid	(8)	(8)
Estimated Benefits Paid	(2,704)	(2,628)
<b>Closing Defined Benefit Obligation</b>	<b>138,677</b>	<b>129,108</b>

## 11.6 Reconciliation of fair value of employer assets

<b>Year Ended:</b>	<b>31 March 2019 £'000</b>	<b>31 March 2018 £'000</b>
<b>Opening Fair Value of Employer Assets</b>	<b>113,856</b>	<b>108,099</b>
Interest income on assets	2,962	2,812
Contributions by Members	674	683
Contributions by Employer	2,101	2,044
Contributions in respect of Unfunded Benefits	8	8
Actuarial Gains/(Losses)	5,151	2,846
Unfunded Benefits Paid	(8)	(8)
Benefits Paid	(2,704)	(2,628)
<b>Closing Fair value of Employer Assets</b>	<b>122,040</b>	<b>113,856</b>

## 11.7 Amounts for the current and previous accounting periods

Year Ended:	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Fair Value of Employer Assets	122,040	113,856	108,099	92,679
Present Value of Defined Benefit Obligation	(138,677)	(129,108)	(121,818)	(98,542)
(Deficit)	(16,637)	(15,252)	(13,719)	(5,863)
Experience Gains/(Losses) on Assets	5,151	2,846	12,210	(323)
Experience Gains/(Losses) on Liabilities	152	481	(2,453)	(639)
Actuarial Gains/(Losses) on Employer Assets	5,151	2,846	12,210	(323)
Actuarial Gains/(Losses) on Obligation	(2,202)	(2,724)	(19,194)	4,580
<b>Actuarial Gains/(Losses) recognised in SOCTE</b>	<b>2,949</b>	<b>122</b>	<b>(6,984)</b>	<b>4,257</b>

## 11.8 Estimate of employer's contributions for financial year 2019-20 – 20%

## 11.9 McCloud Judgement

In December 2018 the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement which found that the transitional protection arrangements put in place when specified public sector pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated. The Government has applied to the Supreme Court for permission to appeal this judgement.

The Government Actuary's Department (GAD), under instruction of the Local Government Pension Scheme Advisory Board ( England and Wales) was asked to calculate the worst case scenario impact at Scheme level, and in their paper titled " Local Government Pension Scheme Potential impact of McCloud/Sargeant ruling on pension accounts disclosures" dated 10 June 2019, they state, that for a salary increase assumption of CPI +1.5% (as used for employers in the Northern Ireland Local Government Officer's Pension Fund), the worst case scenario impact will be a 3.2% increase in the active liabilities. The actuary has deemed these figures appropriate to accounting for benefits in the NILGOSC Pension Fund.

## **GMP Indexation and Equalisation**

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. All of the public service schemes, were contracted out. On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The ruling confirmed that trustees have a duty “to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs”.

In March 2016 the government introduced an interim solution to members in public sector pension schemes with GMPs who were set to lose out from the removal of AP. This was done by paying full increases on GMP Pensions for individuals reaching State Pension Age (SPA) from 5 April 2016 through 5 December 2018 (GMP Rules do not require schemes to pay any increases on GMPs earned before April 1988, and to cap increases at 3% p.a. on GMPs earned after April 1988). This additional liability was included in the balance sheet for years ending in 2017 and recognised through OCI in the same year.

In January 2018 the interim solution was extended for individuals reaching SPA before 5 April 2021. The additional liability from extending the interim solution was not measured over the year ending 2018 as it was deemed extremely unlikely to be material and would have been complex to measure accurately without undertaking a full valuation of the liability.

Broadly, if HM Treasury’s solution was to extend the interim solution indefinitely it would expect the impact to be an increase in the defined benefit obligation of 0.3% for an average mature employer in the LGPS (which includes the liability for members reaching SPA after 5 December 2018 which has not previously been accounted for).

At the request of the Employer, an allowance has been included within the accounting disclosure for the potential impact of the McCloud judgement, which has been derived based on the GADs figures above, and GMP Equalisation and Indexation, based on our estimated impact. These allowances have been included within the past service cost within the accounting disclosure.

## 12. CASH FLOW ADJUSTMENTS FOR NON - CASH TRANSACTIONS

	2018-19 £'000	2017-18 £'000
Depreciation and amortisation charge	449	427
Non-cash Pension Costs	3,408	3,336
Pension provision borrowing income	3,036	371
	<u>6,893</u>	<u>4,134</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	Other £'000	2018-19 Total £'000	2017- 18 Total £'000
	£'000		£'000	£'000
Not later than one year	474	7	481	475
Later than one year and not later than five years	889	15	904	947
Later than 5 years	389	-	389	544
<b>Total</b>	<u>1,752</u>	<u>22</u>	<u>1,774</u>	<u>1,966</u>

## 14. CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

At year end PBNI has contingent liabilities consisting of 5 compensation claims, 3 health and safety claims and 4 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.

Court of Appeal judgment on backdated PSNI Holiday Pay:

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process

of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the NICS and wider public sector will need further consideration. DoF is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

## **15. RELATED PARTY TRANSACTIONS OUTSTANDING**

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](http://www.pbni.org.uk).

### **The following Related Party Transactions were incurred during the year:**

#### **Board Members from 1 December 2018**

Mr D Ashford - Mr Ashford was appointed Chair of the Probation Board for Northern Ireland on 1 December 2018 whilst serving on Northern Ireland Prison Service (NIPS) as an independent Board member. PBNI provide social welfare services to prisons and young offenders' centres. A member of staff is on secondment to the NI Prison Service. Mr Ashford was not part of the decision making process in relation to these transactions.

Mr M Murray – Mr Murray received payment of £13,379 as an independent Serious Case reviewer. This contract was terminated once Mr Murray was appointed as a Board Member on 1 December 2019.

Dr J Byrne – Dr Byrne is a Senior Lecturer at the Ulster University. The Ulster University received payment of £8,996 for student work across the financial year. Dr Byrne was not involved in the decision making process in relation to this income.



Mr D Wall – Mr Wall is a member of the Care and Resettlement of Offenders (NIACRO). During 2018-19, £800k in grant awards were paid to NIACRO for supply of services across a number of programmes all which were assessed and awarded via one application and adjudication processes under departmental guidelines. Mr Wall was not involved in the procurement exercise or any decision making process in awarding of any service contracts.

### **Board Members to 1 December 2018**

Mr D Brown- Mr Brown, a member of the Board, is also a member of the Board of the Youth Justice Agency (YJA). The Probation Board received income of £696 from the YJA relating to Duke of Edinburgh Award fees and charges in 2018-19. During 2018-19 the YJA transferred £83k budget to the PBNI to cover charges for the PBNI's use of YJA premises and a payment of £8k (excluding VAT) was made in relation to the use of a car park in Waring Street.

Mr T O'Hanlon – Mr T O'Hanlon is a councilor for Armagh City, Banbridge and Craigavon Council. In 2018-19 PBNI made payments of £2k in total for use of council premises. Mr O'Hanlon was not involved in the decision making process relating to the above transactions.

## **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 2019 are set out below:

### 17. FINANCIAL ASSETS

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Balance at 1 April 2018	27	22
Additions	25	17
Repayments	<u>(21)</u>	<u>(12)</u>
	<u>31</u>	<u>27</u>
Current Assets	8	9
Non- current Assets	<u>23</u>	<u>18</u>
	<u>31</u>	<u>27</u>

### 18. 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 05 July 2019.

## CONTACT DETAILS

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Inspire Women's Project	028 9031 6489
Aspire	028 9031 6408
ISU, Alderwood	028 9025 7340
Public Protection Team	028 9025 9576
East - Newtownards Road	028 9052 6655
South - Ormeau Road	028 9054 1444
West - Andersonstown Road	028 9030 6630

Coleraine	028 7034 6880
Dungannon	028 8775 4848
Enniskillen	028 6634 2345
Lisburn	028 9262 3456
Victim Information Scheme	0300 1233269
Crawford Square, Londonderry	028 7126 4774
Limavady Road, Londonderry	028 7134 6701
Magherafelt	028 7930 2115
Newry	028 3025 3030
Newtownards	028 9185 8282
Omagh	028 8225 4872
Portadown	028 3839 7575

### Prison Teams

H M P Maghaberry	028 9261 6772
H M P Magilligan	028 7772 0583
H M YOC & P Hydebank	028 9049 4100

This document can be made available, upon request, in alternative formats (including large print, Braille, disk, audio tape) or in other languages to meet the needs of those who are not fluent in English. Requests for alternative formats can be made to the Probation Board using the following contact information:

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