

CRIMINAL JUSTICE AND COURT SERVICES ACT 2000

National Probation Service: Consolidated Accounts of the Local Probation Boards for the year ended 31 March 2005, prepared pursuant to Schedule 1, para 17(4) of the Criminal Justice and Court Services Act 2000, together with the Comptroller and Auditor General's Certificate and Report thereon.

Presented pursuant to Schedule 1, para 17(5) of the Criminal Justice and Court Services Act 2000

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# **National Probation Service**

## **Consolidated Accounts of the Local Probation Boards 2004–2005**

Ordered by the House of Commons to be printed 24 October 2005

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# Foreword to the Consolidated Accounts for the year ended 31 March 2005

## Statutory Background

The National Probation Service for England and Wales (NPS) was established by the Criminal Justice and Court Services Act 2000 (CJCS Act) and came into existence on 1 April 2001. The NPS operates within the provisions of the CJCS Act and relevant subordinate legislation and local probation boards will comply with any directions given by the Home Secretary under the powers in the legislation and act in accordance with any guidance given by him/her.

The NPS consists of the 42 Local Probation Boards (listed in Annex A to the Foreword) and the National Probation Directorate (NPD) which is part of the Home Office for accounting purposes. The NPS is part of the core Home Office. The 42 Local Probation Boards produce their own accounts, which are consolidated to produce the consolidated accounts of the Local Probation Boards. These in turn are consolidated into the Home Office accounts and so form part of the department's Statement of Accounts.

These accounts are a consolidation of the results of the 42 local probation boards and have been prepared in accordance with the Resource Accounting Manual issued by the Treasury, and in accordance with a direction given by the Treasury in pursuance of Section 7 (2) of the Government Resources and Accounts Act 2000. The direction is reproduced on page 35.

## Statement of Purpose

The NPS has five aims, specified in the Criminal Justice and Court Services Act 2000. They are:

- The protection of the public;
- the reduction of re-offending;
- the proper punishment of offenders;
- ensuring offenders' awareness of the effects of crime on the victims of crime and the public; and
- the rehabilitation of offenders.

## Principal Objectives

The principal objectives of the NPS are set out in the NPS Business Plan for 2004-05, Bold Steps.

The key priorities for the National Probation Service in 2004-05 were:

1. Improving performance, focusing on key Service Delivery Agreement targets and sound financial management.
2. Implementing the Criminal Justice Act, ensuring consistency and liaising with the National Offender Management Service (NOMS) Implementation Team to build links for future development.
3. Developing the role of Wales and the regions of England, maximising opportunities for collaboration and work with outside agencies and organisations.
4. Working purposefully with other criminal justice agencies to protect the public, managing the risks posed by dangerous offenders in the community.
5. Working with the NOMS Implementation Team to ensure the NPS was well prepared for the transition to NOMS on 1st April 2005.

### **National Offender Management Service (NOMS)**

NOMS came into being on 1 June 2004 in response to a review of Correctional Services “Managing Offenders, Reducing Crime”. NOMS is responsible for both the proper punishment of offenders and reducing re-offending and ensures the end to end management of offenders both in the community and in custody. NOMS encompasses the Prison Service, National Probation Service and the Youth Justice Board.

The Chief Executive of NOMS has responsibility for ensuring increased contestability in the provision of correctional services. This will involve ongoing organisational change as the constituent parts of NOMS are designated either as commissioning or as providing services and contestability is developed within the organisation.

During 2004-05 a National Offender Manager was appointed along with ten Regional Offender Managers (ROMs) who will be responsible for offender management within NOMS and for commissioning services from a range of providers. Work commenced within Boards to reflect the split between offender management and providing intervention programmes with the objective of agreeing a Service Level Agreement with the ROMs by 1 April 2006.

On 1 April 2005 NPD Finance transferred to the National Offender Management Service, along with various other units in NPD and the Prison Service.

### **Future Developments**

NPS Business Plan for 2005-06

This incorporates establishment of the National Offender Management Service to work with offenders. The publication of “Reducing Re-offending – A National Action Plan” in July 2004 highlighted the importance of an integrated approach to working with offenders involving a range of Government Departments, Statutory Agencies, the Voluntary Sector and private providers. The NPS will adopt a flexible approach to take full advantage of all these potential partnerships for all offenders whether they be in custody or in the community.

The key priorities for the National Probation Service for 2005-06 are:

- Contributing to the building of an excellent National Offender Management Service with the separation of Offender Management from Interventions: During 2005-06 areas will be expected to reorganise themselves to establish a clear operational division between offender management and interventions.
- Working purposefully with other criminal justice agencies to protect the public from harm.
- Working with other criminal justice agencies and local Crime and Disorder Partnerships to promote the effective implementation of the Prolific and Other Priority Offender (POPO) Strategy.
- Working with other criminal justice agencies, Judges and Magistrates to implement the 2003 Criminal Justice Act with a particular focus on the new Community Order.
- The full implementation at a national, regional and area level of “Reducing Re-offending – A National Action Plan”.

These priorities link to the NOMS Business Plan 2005-06 and the NOMS Corporate Plan 2005-2008.

### **Criminal Justice Act 2003**

The Criminal Justice Act makes radical changes to the sentencing framework in relation both to community and custodial sentences and will affect the work of the National Probation Service at all levels.

The Act sets out for the first time the purposes of sentencing which include reform, rehabilitation and reparation as well as punishment and deterrence. The Community Punishment Order, DTTO and other community sentences are replaced with a single Community Order that can be tailored by the

courts to meet the circumstances of individual cases. The Act also introduces new sentences for Public Protection.

All the sentences described in Part 12 of the Act, except Custody Plus and Intermittent Custody, were implemented on 4 April 2005 and apply to offences committed on or after that date. Custody Plus is expected to be implemented in Autumn 2006 while a limited pilot of Intermittent Custody has been running in several areas since 2004.

The Act means an increased workload for the National Probation Service particularly from the new licence arrangements for offenders released from custody. The effects of those however will not be felt significantly until 2006-07.

### Results for the Year

This is the fourth year that accounts have been produced by the NPS. The Operating Cost Statement for the year is shown on page 18 together with the Statement of Recognised Gains and Losses. The Balance Sheet and Cash Flow Statement are on pages 19 and 20 respectively.

The 2004/05 Net Resource Out-turn for the 42 Boards is £688.8m.

Although the NPD was part of the NPS, its expenditure is not included in the consolidation because the Directorate's expenditure is part of the Home Office Accounts. The table below shows the direct costs associated with NPD, as extracted from the Home Office accounting records.

Expenditure for NPD is:

	<b>2004-05</b>	<b>2003-04</b>
	<b>£'000</b>	<b>£'000</b>
Pay	8,950.0	9,004.0
Other Admin Costs	1,618.0	5,263.0
Total Expenditure	<u>10,568.0</u>	<u>14,267.0</u>
Income	0.0	0.0
Net Expenditure	<u>10,568.0</u>	<u>14,267.0</u>

The reduction in costs between 2003-04 and 2004-05 has been due to a reorganisation within NPD leading to a reduction in staff numbers.

### Going Concern

The balance sheet at 31 March 2005 shows net liabilities of £318.8m. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from other sources of income, may only be met by future grants or grants in aid from the Home Office. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant and grant in aid for 2005-06, taking into account the amounts required to meet liabilities falling due in that year, have already been included in the departments Estimates for that year. These have been approved by Parliament, and there is no reason to believe that the departments future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### Fixed Assets

Ownership of land, buildings and IT equipment transferred to the Secretary of State from the predecessor organisations on 1 April 2001.

On 1 April 2003 the responsibility for the management of the NPD estate transferred from the local probation boards to the National Probation Directorate. As a result, the risks and rewards of ownership have transferred to the National Probation Directorate. From the 1 April 2003 therefore, in

accordance with FRS 5, the estate properties will not be accounted for in the consolidated accounts of the local boards. They are accounted for within the Home Office Consolidated Resource Accounts as tangible fixed assets.

Local Probation Boards retain ownership of vehicles and office machinery. During 2004-05 the 42 Probation Boards purchased assets costing £1.9m and disposed of assets to the value of £0.7m.

### **Post Balance Sheet Events**

There is no Post Balance Sheet Event.

### **Research and Development**

The National Probation Service continues to ensure that its work is delivered consistently and within an agreed framework across England and Wales and uses evidence-based practice to reduce re-offending. The NPS has a Public Service Agreement (PSA) to reduce the rate of re-convictions of all offenders punished by community supervision by 5% by 2004 compared to the predicted rate. Research published in November 2002 indicated that the Service was on the way to achieving this; the reduction in the reconviction rate was 3.1% for probation supervision overall, with some community penalties achieving a 4.9% reduction.

Following the introduction of NOMS there will be a target of a further 5% reduction, based on the 2002 baseline.

Research will be managed under NOMS Research, Development and Statistics (RDS) as part of the larger research plan for NOMS. Small scale local projects will be managed at the local level, and where of a sufficiently large scale will be quality assured by RDS NOMS.

NOMS becomes the driver for the future development of interventions. The major development of an Offender Management Model has been led by NOMS. During the year there has been a review of Pre-Sentence Reports, with the introduction of the “Fast Delivery” report, alongside the standard Pre-Sentence PSR. OASys has been fully implemented and is used as the basis for sentence planning at the offender level, as well as for planning projections nationally.

The development of other “products” such as Enhanced Community Punishment and employment packages has slowed as the original development plan set out in 2001 is achieved. Future development work will largely focus on improving the effectiveness of the new interventions e.g. through improving compliance or creating “added value” by embedding basic skill into programmes.

The introduction of the Community Order and Custody Minus in April 2005 was the first step in the implementation of the Criminal Justice Act 2003. The introduction of the Custody Plus element of the Act possibly in 2006 may require further changes to the types of interventions currently available. Wherever possible the new interventions such as motivational programmes, training etc, will be developed jointly with the Prison Service.

### **Pensions Liabilities**

See Notes 1.9 and 3 to the Accounts for further information.

### **Communications and Employee Involvement**

Since 2003-04, the number of full time equivalent employees across England and Wales has increased to an average in year figure of 19,300, including staff working in probation offices, prisons, Youth Offending Teams (YOTs), Drug Action Teams (DATs) and Local Authority community safety teams.

A communications team continues to integrate the Director’s communications, both internally and with key stakeholders outside the Probation Service. Activity ranges from monitoring and regulating communications with the 42 probation areas as the central distribution point, to publishing corporate manuals, leaflets, reports and regular briefings, to launching new projects and initiatives, to maintaining the Service’s authoritative website.

The team has worked closely with the NOMS communication team and been the conduit for communicating NOMS policy to the 42 areas. Two members of NPS communications were separately seconded to work in NOMS.

Much of the focus of communications has been on communicating changes brought about by the Criminal Justice Act to staff, sentencers, offenders and other stakeholders. A variety of information material was produced. A Bench Guide was produced for magistrates and work is ongoing to produce a comprehensive Bench Manual for judges.

The team has worked with the Home Office marketing unit and a commercial PR consultancy on a campaign to raise the profile of community sentences. This included a very successful Clean-up Week which involved asking the public to vote on environmental community projects which were carried out by offenders sentenced to community punishment.

### **Equality and Diversity**

During 2004-05 the NPS continued to make good progress in the mainstreaming and embedding of equality and diversity issues into all business practices. However, it is recognised that there is still scope for further improvements; some of the tangible outcomes (but by no means all) are as follows:

The NPS hosted its first Diversity Award Ceremony. This ceremony was established as a platform to display and celebrate front line equality and diversity practice and innovation, as well as providing a forum to share best practice. Fifty-four nominations were received which provided an indication of the broad range of initiatives that have been implemented across the service, in line with the organisation's strategic priorities and objectives.

Improving the equality monitoring statistics for both staff and offenders became a high priority for the NPS, so that meaningful analysis about the quality of service delivery to all under-represented groups could be conducted. In addition, NPD set a target of 95% monitoring completion rate for all offenders and staff and integrated ethnic monitoring into the weighted score card performance management system.

Substantial progress was made in the area of workforce representation. All regions met the Home Secretary's regional targets while some national targets for 2009 have been met and surpassed. The priority here has been on achieving a better representation of staff from Black and Minority Ethnic background at senior management level. The roll out of the positive action leadership programmes – called "ACCELERATE" has supported this priority. The first cohort of the programme commenced in September 2004 with 12 participants from the targeted groups. Some 25% of the participants from this cohort have already been successfully promoted to more senior roles. In September 2005 this programme will be extended to include staff with disabilities.

During 2004-05 work has been ongoing towards the development of a National Disability Discrimination Act compliance plan, with areas submitting their own compliance plans. During 2005-06 these will be aggregated and a national proposed programme of works developed.

The Interventions Unit has revised and published its Diversity Strategy and implementation work will continue during 2005.

The review of NPD and the Probation Areas Race Equality Schemes is a statutory requirement and work is in progress to publish a new scheme by May 2005. The Disability Equality Scheme, required by the Disability Discrimination Act 2005 will be developed in conjunction with the Home Office, drafted and published for consultation by December 2006.

The main priority for equality and diversity in 2005-06 will be to ensure that NPS remains fully compliant with equality legislation. Also, through improved communication of the progress made by NPS in delivering equality and diversity it is hoped that NPS will be recognised as an exemplary employer and a beacon organisation for best practice organisation in diversity issues.

### **Payment of Creditors**

All the Local Probation Boards observe the principles of the CBI "Prompt Payment" Code and aim to pay all approved invoices within 30 days. The percentage of undisputed invoices paid within 30 days by Board is shown in 5% ranges.

Range	Number of Boards within range	
	2004-05	2003-04
Less than 55%	1	1
55%-59.9%	0	0
60%-64.9%	1	2
65%-69.9%	3	1
70%-74.9%	0	4
75%-79.9%	2	2
80%-84.9%	4	4
85%-89.9%	5	5
90%-94.9%	13	12
95%-100%	13	11
<b>Total</b>	<b>42</b>	<b>42</b>

### Freedom of Information Act 2000

The NPS has implemented the Freedom of Information Act 2000 on 1 January 2005, working with the Home Office and specifically adopting an integrated approach with HM Prison Service.

### Audit

Local Boards are required under Schedule 2, paragraph 1(p) of the Audit Commission Act 1998, as amended by Schedule 1 paragraph 17(3) of the CJCS Act to send a copy of the statement of accounts to the auditor appointed by the Audit Commission. The auditor will examine, certify and report on the statement of accounts in accordance with the Audit Commission Act 1998.

The Boards are required to send a copy of the audited statement of accounts to the National Directorate for consolidation. The Boards are also required to make available as required the statement of accounts and any accounts and records relating to them, to the Comptroller and Auditor General (C&AG) so that the accounts may be examined as under paragraph 17(2) of Schedule 1 of the CJCS Act. The C&AG will examine, certify and report to Parliament on the consolidated accounts in accordance with Schedule 1 paragraph 17(5) of the CJCS Act and the Government Resource and Accounts Act 2000.

The notional audit fee for 2004-05 is £65.5k (£60.0k in 2003-04).

### Strategic Board

The Director General 2004-05 was appointed under normal recruitment policies with permission from the Cabinet Office, as was the Director of Probation in 2005-06. Both the Director General's and the Director's pay is determined under the rules set out in chapter 7.1, Annex A of the Senior Civil Service Management Code.

The Strategic Board met during 2004/05. The members were:

Steve Murphy	Director General
Ray McBurney	Acting Director of Resources
David Perry	Acting Director of Service Delivery

The members of the Strategic Board have no significant interests to declare.

The Strategic Board has been superseded by the Directorate Management Team. The members are:

Roger Hill	Director of Probation
George Barrow	Head of Communication
John Scott	Head of Public and Licensed Release Unit
Richard Mason	Head of CJA Unit
Roger Mcgarva	Head of Regions and Performance Management
David Griffiths	Head of Business Development
Sarah Mann	Head of Intervention
Richard Cullen	Head of Human Resources

On 1 April 2005 Steve Murphy commenced as Regional Offender Manager for London and Roger Hill took up his appointment as Director of Probation.

The Directors are NPD staff and are therefore employed by the Home Office and are on the Home Office payroll. All the employee costs associated with the Directors are accounted for in the Home Office Accounts.

All the 42 Local Probation Boards have their own separate Board. The remuneration of Local Probation Board members is disclosed in the Local Probation Board published accounts.

*Roger Hill*  
Director of Probation and National Accountable Officer

13 October 2005

# Annex A

## 42 Local Probation Boards

Avon & Somerset  
Bedfordshire  
Cambridgeshire  
Cheshire  
Cumbria  
Derbyshire  
Devon & Cornwall  
Dorset  
Durham  
Dyfed-Powys  
Essex  
Gloucestershire  
Greater Manchester  
Gwent  
Hampshire  
Hertfordshire  
Humberside  
Kent  
Lancashire  
Leicestershire & Rutland  
Lincolnshire  
London  
Merseyside  
Norfolk  
Northamptonshire  
Northumbria  
North Wales  
North Yorkshire  
Nottinghamshire  
South Wales  
South Yorkshire  
Staffordshire  
Suffolk  
Surrey  
Sussex  
Teesside  
Thames Valley  
Warwickshire  
West Mercia  
West Midlands  
West Yorkshire  
Wiltshire

## Statement of National Accountable Officer's Responsibilities

Under the Criminal Justice and Court Services Act 2000 the National Probation Service is required to prepare a Consolidated Account of the Local Probation Boards for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the local boards during the year.

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

The Home Office has appointed the Director General of the National Probation Service as the Accountable Officer, with responsibility for preparing the Consolidated Accounts of the Local Probation Boards and for transmitting them to the Comptroller and Auditor General.

In preparing the Accounts, the National Accountable Officer is required to comply with the *Resource Accounting Manual* prepared by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Resource Accounting Manual* have been followed in accordance with the HM Treasury direction and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis, unless it is inappropriate to assume that the National Probation Service or any material part of it will continue in operation.

The responsibilities of the National Accountable Officer, including the responsibility for the propriety and regularity of the public finances for which he/she is answerable, for keeping proper accounting records and for safeguarding the National Probation Service's assets, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Government Accounting.

The Director of Probation, as National Accountable Officer is responsible for appointing the Accountable Officers for the local probation boards. Their responsibilities are set out in their own Statements of Accountable Officer's Responsibilities, which are included in the boards' published accounts.

# Statement on Internal Control

## Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the National Probation Service policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and letters of delegation.

I discharge this responsibility in conjunction with the Accountable Officers of the Area Probation Boards. My relationship with these Accountable Officers is set out in statements contained in the NPS Management Statement and Financial Memorandum and designatory letters.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of NPS policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the National Probation Service for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

I am committed to the ongoing development, monitoring and review of these systems to ensure they continue to be appropriate, effective and integral to the business processes of the NPS.

## Capacity to handle risk

The National Probation Service comprises the National Probation Directorate (a Directorate of the Home Office) and the 42 Local Probation Boards, established under the Criminal Justice and Court Services Act 2000.

As National Accountable Officer and Director of Probation I lead the risk management process, supported by the NPS Audit Committee and the Risk Management Project Board.

A risk management policy and strategy was published in 2004 has been in place throughout the year. This policy and strategy has been used by local Probation Areas to develop their own risk management policies and practices to assist in the identification, evaluation and treatment of various related risks in the provision of their services. The Risk Management Project Board has continued to provide further assistance in the enhancement of the ability of NPS to embed risk management processes in all the services provided.

## The risk and control framework

The process of risk management operated by the NPS is consistent with both HM Treasury guidelines and the Home Office Risk Management guidance. Risks to the successful delivery of Area Probation objectives were identified; evaluated and appropriate action plans were developed to ensure effective management of the risks.

The identified risk with appropriate risk owners and action owners are detailed in each Probation Area risk register. These risks are monitored regularly by the Probation Area Audit Committees.

As part of the business planning process, each Probation Area continues to submit their risk register to NPD. These risks are then reviewed together with identified NPD risks by the Directorate Management Team, to ensure that appropriate and corrective actions are taken so that NPS business objectives and targets are successfully delivered.

The Risk Management Project Board and NPS Audit Committee continue to monitor the progress of the action plans set out in the risk register to ensure the effective management of the identified risks. This has shown considerable improvement in 2004-05. From September 2005 the NOMS Audit Committee will continue with this role.

Identified key risks to the achievement of PSA targets are included in the Home Office risk register, and these are being monitored by the Home Office Audit Committee.

Key risks in the areas of policy submission and projects undertaken, are being identified regularly and appropriate action taken to reduce the impact of risk on the policy submission and projects.

During the 2004-05 financial year, the main identified risks were:

- Failure to influence sentencing resulting in diverting scarce resources to low level risk offenders
- Inability to communicate effectively between NPD, Regions and Probation Areas leading to failure to implement the NOMS agenda.
- Failure to maintain performance level during the transition period of NOMS.
- Inability to recruit and retain staff with skills, knowledge and experience required to deliver the work plan in the continuing uncertain environment.

### **Review of effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Chief Officers within the Probation Areas who have responsibility for the development and maintenance of the internal control framework, executive managers within NPD, external “gateway” review of key projects, the work of Her Majesty’s Inspectorate of Probation and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### **The Service Delivery Board (SDB)**

The Service Delivery Board continues to provide strategic direction, monitors and manages the risks to the successful implementation of the key objectives of the organisation.

### **The Audit Committee**

The purpose of the Audit Committee is to advise me as NPS Accountable Officer on the adequacy of arrangements for internal control and risk management across the National Probation Service. The Committee is being chaired by an independent chair in accordance with Audit Committee best practice. It also includes senior members of the NPD as well as two independent members drawn from Probation Area Boards.

From September 2005 the NOMS Audit Committee will continue with this role.

### **Internal Audit**

The NPS Internal Audit service is provided by the Home Office Audit and Assurance Unit, operating to standards laid down in HM Treasury’s Government Internal Audit Standards. The audit programmes comprise:

- Internal audit programmes delivered to the 42 Probation Boards based on a local analysis of risks;
- Centrally determined “thematic” audits covering the Probation Service as a whole, commissioned by me as national Accountable Officer; and
- Audits carried out within NPD as a Home Office directorate on behalf of the Home Office Accounting Officer.

The Head of Internal Audit for the NPS provides regular reports to the Audit Committee as well as ad hoc advice on risk and governance related issues. Annually the HIA provides a report summarising internal audit findings and giving his independent opinion as to the adequacy and effectiveness of

internal controls. For 2004-05 the Head of Internal Audit reported that only one Board did not have adequate controls. His overall assessment was that the NPS was adequately controlled.

### **HMIP**

Her Majesty's Inspectorate of Probation which was created under section 23 of the Probation Service Act 1993 continue to carry out its independent scrutiny of the National Probation Service and reports its findings directly to the Secretary of State.

HMIP also continues to carry out a variety of Thematic Inspections across the NPS as well as local Area inspections. Individual reports are discussed with operational management and, where appropriate, improvement programmes agreed. The overall results of these are brought together by HM Chief Inspector in an annual report.

### **Planned Control Improvements**

NPS is committed in ensuring a continuous improvement in the overall control of corporate governance environment. To assist in this process, the following initiatives have been introduced:

- The development of Business Continuity Planning within the NPD and all Probation Areas will be monitored to ensure that the BCP is effective and up-to date;
- Increased monitoring of the performance of contractors delivering Facilities Management services; and
- Greater monitoring of the performance of Probation Areas whose performance falls below expectations.

*Roger Hill*  
Director of Probation and National Accountable Officer

13 October 2005

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

I certify that I have audited the financial statements on pages 15 to 34 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 21.

## **Respective responsibilities of the National Accountable Officer and Auditor**

As described on page 9, the National Accountable Officer is responsible for the preparation of the financial statements in accordance with the Criminal Justice and Court Services Act 2000, the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The National Accountable Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Criminal Justice and Court Services Act 2000, the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the National Probation Directorate has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 10 to 12 reflects the National Probation Service's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the National Accountable Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the National Probation Service's corporate governance procedures or its risk and control procedures.

## **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the National Probation Directorate in the preparation of the financial statements, and of whether the accounting policies are appropriate to the National Probation Service's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the National Probation Service at 31 March 2005 and of the net resource outturn, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000, the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

17 October 2005

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## Operating Cost Statement for the year ended 31 March 2005

	Notes	2004-2005		2003-2004	
		£000	£000	£000	£000
<b>Administration Costs</b>					
Staff Costs	2A	555,529		525,512	
Non-staff administration costs	4A	171,266		157,205	
Other Expenditure	4B	34,714		36,629	
<b>Gross Administration Costs</b>		<u>761,509</u>		<u>719,346</u>	
Less: Finance (Income)/Charge	3E	15,307		21,278	
Less: Operating Income	6	(90,163)		(67,498)	
		<u>(74,856)</u>		<u>(46,220)</u>	
<b>Net Administration Costs</b>			<b>686,653</b>		<b>673,126</b>
<b>Programme Costs</b>					
Staff Costs	5	2,953		2,562	
Expenditure	5	2,055		3,649	
		<u>5,008</u>		<u>6,211</u>	
Less: Income	6B	(4,697)		(5,368)	
<b>Net Programme Costs</b>			<b>311</b>		<b>843</b>
<b>Net Operating Costs</b>			<b>686,964</b>		<b>673,969</b>
<b>Operating Income to be surrendered</b> (Interest received)	6B		1,831		1,149
<b>Net Resource Outturn</b>			<b>688,795</b>		<b>675,118</b>

All income and expenditure is derived from continuing operations.

## Statement of Recognised Gains and Losses for the year ended 31 March 2005

	Notes	2004-2005	2003-2004
		£000	(Restated) £000
Net Gain/(Loss) on Other Assets	7	(49)	323
Receipt of Donated Assets	16B	0	0
Actuarial Gain/(Loss) relating to the pension scheme	3F	<u>74,375</u>	<u>150,037</u>
<b>Total recognised gains and losses for the financial year</b>		<b><u>74,326</u></b>	<b><u>150,360</u></b>

The notes on pages 19 to 34 form part of these accounts

## Balance Sheet as at 31 March 2005

	Notes	31 March 2005		31 March 2004	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	7		5,462		5,010
<b>Debtors falling due after more than one year</b>	10		1,539		2,237
<b>Current Assets</b>					
Debtors	9	19,915		23,817	
Cash at bank and in hand	11	33,777		31,587	
		<u>53,692</u>		<u>55,404</u>	
<b>Creditors (amounts falling due within one year)</b>	12	<u>(49,989)</u>		<u>(55,414)</u>	
<b>Net current assets/(liabilities)</b>			3,703		(10)
<b>Total assets less current liabilities</b>			<u>10,704</u>		<u>7,237</u>
<b>Creditors (amounts falling due after more than one year)</b>	13	(27)		(43)	
<b>Provisions for liabilities and charges</b>	14	<u>(31,961)</u>		<u>(32,335)</u>	
<b>Net assets/(liabilities) excluding pension liability</b>			<u>(21,284)</u>		<u>(25,141)</u>
Pension Liability	3C		<u>(299,987)</u>		<u>(360,896)</u>
Pension Asset			2,480		0
<b>Net assets/(liabilities) including pension liability</b>			<u>(318,791)</u>		<u>(386,037)</u>
<b>Taxpayers' equity</b>					
General fund	15		(319,037)		(386,360)
Revaluation reserve	16A		246		323
Donated asset reserve	16B		0		0
			<u>(318,791)</u>		<u>(386,037)</u>

Roger Hill

Director of Probation and National Accountable Officer

13 October 2005

The notes on pages 19 to 34 form part of these accounts

## Cash Flow Statement for the year ended 31 March 2005

	2004-2005		2003-2004	
	£000	£000	£000	£000
<b>Net cash outflow from operating activities (a)</b>		<b>(684,880)</b>		<b>(674,508)</b>
<b>Capital Expenditure and Financial Investment</b>				
Purchase of Fixed Assets (from Note 7)	(1,859)		(1,628)	
Plus Opening Balance for Fixed Asset Accruals (from Note 12)	(463)		(1,123)	
Minus Closing Balance for Fixed Asset Accruals (from Note 12)	179		463	
Minus Proceeds of Disposal of Fixed Assets	9		11	
<b>Net cash outflow from Investing Activities</b>		<b>(2,134)</b>		<b>(2,277)</b>
<b>Financing</b>				
Net NPD Financing received in year (excluding Training Consortia)	527,383		528,937	
Training Consortia financing received by the Lead Board from NPD	24,300		19,379	
Training Consortia financing received by the non-lead Board from NPD	33,760		31,975	
Training Consortia financing received from the boards within their consortia	325		1,234	
Training Consortia financing transferred from the Lead Board to the boards within their consortia	(2,045)		(2,864)	
Training Consortia financing received from their Lead Board	2,016		1,744	
Training Consortia financing transferred to their Lead Board	(264)		(146)	
Training Consortia financing received by the Board from another non-lead board	0		14	
Training Consortia financing transferred from the Board to another non-lead board	0		(12)	
Recharges	104,646		106,798	
Capital element of finance lease rentals	0		0	
Consolidated Fund Extra Receipts received in prior year paid over (Interest Received)	(1,149)		(2,322)	
<b>Net Financing</b>		<b>688,972</b>		<b>684,737</b>
<b>Increase/(Decrease) in Cash</b>		<b>1,958</b>		<b>7,952</b>

The notes on pages 19 to 34 form part of these accounts

	2004-2005		2003-2004	
	£000	£000	£000	£000
<b>(a) Reconciliation of Operating Cost to Operating Cash Flows</b>				
Net Operating Cost (From Operating Cost Statement)		686,964		673,969
Adjustments for non-cash transactions (From Note 4)		11,259		12,758
Adjustments for movements in working capital other than cash (From Note 8)		(2,356)		8,949
Adjustments for pension funding (From Note 3)		(10,987)		(21,168)
<b>Net Cash Outflow from Operating Activities</b>		<b>684,880</b>		<b>674,508</b>
<b>(b) Reconciliation of Net Cash Flow to Movement in Net Debt</b>				
		<b>£000</b>		<b>£000</b>
(Decrease)/Increase in cash		1,958		7,952
Cash paid for finance leases		0		228
Change in net debt from Cash flows		1,958		8,180
Interest on finance leases (From Note 4)		0		4,980
Movement in net funds		1,958		13,160
Net Funds at 1 April		31,523		18,363
Net Funds at 31 March		<b>33,481</b>		<b>31,523</b>
<b>(c) Analysis of Net Funds</b>				
	<b>At</b>	<b>Cash</b>	<b>Non Cash</b>	<b>At</b>
	<b>01.04.04</b>	<b>Flows</b>	<b>Flows</b>	<b>31.03.05</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	31,587	2,190	0	33,777
Overdraft	(64)	(232)	0	(296)
		1,958		
Finance lease creditor	0	0	0	0
<b>Total</b>	<b>31,523</b>	<b>1,958</b>	<b>0</b>	<b>33,481</b>

The notes on pages 19 to 34 form part of these accounts

# Notes to the Accounts

## 1 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2004-05 Resource Accounting Manual (RAM) issued by the HM Treasury. The accounting policies contained in the RAM follow generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the RAM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate and gives a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting Convention

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

#### 1.1 (i) Going concern

The balance sheet at 31 March 2005 shows negative Taxpayers Equity. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet Net Cash Requirement of the Home Office of which the NPS is part. Under Government Resources and Accounts Act 2000, no money may be drawn from the fund by the Home Office other than required for the service of the specified year or retained in excess of that need.

In common with government departments, the future financing of the NPS liabilities is accordingly to be met by future grants of Supply to the Home Office and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2005-06 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for preparation of these financial statements.

### 1.2 Basis of Consolidation

These consolidated accounts shall be prepared from the audited accounts of the 42 Probation Boards to which they relate and shall comply with the accounting principles and disclosure requirements of the HM Treasury's Resource Accounting Manual (the Resource Accounting Manual) which is in force in the relevant year. Transactions between entities included in the consolidation are eliminated.

### 1.3 Tangible Fixed Assets

The minimum level for capitalisation of a tangible fixed asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate. Tangible assets have been stated at current cost using published indices appropriate to the category of asset.

### 1.4 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Asset lives are normally in the following ranges:

Vehicles	—	5 to 7 years;
Office Machinery, Fixtures and Fittings and IT Equipment	—	5 years.

The Revaluation Reserve does not include any values where fixed assets suffer from permanent downward indexation as this is charged to the Operating Cost Statement as impairment.

### 1.5 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Operating Cost Statement.

### 1.6 Operating Income

Income is accounted for applying the accruals convention and is recognised in the period in which services are provided.

Operating income is income that relates directly to the operating activities of the 42 Probation Boards. It principally comprises of recovery of secondees salaries costs to the Prison Service, National Probation Directorate and other Government Departments. Other Operating Income comprises of grants from other government bodies and EU sources. Fees and charges for services are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

The 42 Probation Boards can earn interest from various sources but under the Criminal Justice and Court Services Act 2000, it is not allowed to retain any interest received from the investment of funds received from the National Probation Directorate. This interest is surrendered to HM Treasury via the Home Office who treat this as Consolidated Funds Extra Receipts (CFERs).

### 1.7 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the 42 Probation Boards together with associated operating income. Programme costs are defined as one off projects, which are fully or partially funded from outside the Home Office, with a threshold of £10,000 per scheme.

### 1.8 Capital Charge

A charge, reflecting the cost of capital utilised by the department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities except for:

- a) Tangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
  - additions at cost
  - disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
  - impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure).
- b) Donated assets, where the charge is nil.

### 1.9 Retirement Benefits

FRS 17, Retirement Benefits requires a liability to be recognised as benefits are earned, not when they are due to be paid. The fact that the employer is funded by a local authority or body acting on behalf of the local authority is not a reason for the employer not to recognise its own liabilities arising under the FRS.

The Local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and is a funded scheme that currently has a shortfall. The 42 Probation Boards participate in the Local Government Pension Scheme, administered by the appropriate local authority or body acting on behalf of the local authority. This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the Local Government Pension Scheme Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate.

### 1.10 *Early Departure Costs*

The 42 Probation Boards are required to meet the additional costs of benefits beyond the normal pension benefits in respect of employees who retire early. The 42 Probation Boards policy is to provide in full for this cost when the early retirement programme has been announced and is binding on the 42 Probation Boards.

### 1.11 *Leases*

Where substantially all risks and rewards of ownership of a leased asset are borne by the 42 Probation Boards, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in the relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

### 1.12 *Private Finance Initiative (PFI) Transactions*

Where the balance of risks and rewards of ownership of the PFI property is borne by the 42 Probation Boards, the property is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

There are no PFI transactions at the Balance Sheet date.

### 1.13 *Grants Receivable*

Monies received as grants (of any nominal type, classification, or attached conditions) is treated as financing rather than income and are recognised in the accounts by directly crediting the General Fund. (Most bodies covered by the Resource Accounting Manual do not receive grants, and are financed by voted parliamentary funding).

### **Financing of Training Consortia**

Part of the funding that goes to the local areas is allocated to the Regional Training Consortia. This is for all the costs of the Regional Training Consortia and is approximately ten per cent of the funds that go to the areas for this activity.

### 1.14 *Provisions*

The 42 Probation Boards provide 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. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5 per cent).

### 1.15 *Value Added Tax*

Most of the activities of the 42 Probation Boards are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## 2 Staff Numbers and Costs

### A Total staff costs consist of:

	2004-2005		2003-2004	
	£000	£000	£000	£000
	Permanently Employed			
	Total	staff	Others	Total
Salaries and Wages	470,006	458,145	11,861	443,705
Social Security Costs	35,228	35,150	78	32,775
Other Pension Costs	52,780	52,694	86	51,233
<b>Sub Total</b>	<b>558,014</b>	<b>545,989</b>	<b>12,025</b>	<b>527,713</b>
Inward Secondments	468	338	130	361
<b>Total</b>	<b>558,482</b>	<b>546,327</b>	<b>12,155</b>	<b>528,074</b>
Less: Charged as Programme Staff costs	2,953	2,266	687	2,562
<b>Total Costs</b>	<b>555,529</b>	<b>544,061</b>	<b>11,468</b>	<b>525,512</b>

In 2004-05, contributions of £57,100,000 (2003-04 : £51,343,000) were paid to the Local Pension Schemes at rates determined by the scheme's Actuaries. Employers contributions are 14.9% of pensionable pay, based on salary bands.

72 persons (2003-04: 86 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £803,000 (2003-04: £1,821,000).

### B The average number of whole-time equivalent persons employed during the year was as follows.

	2004-2005		2003-2004	
	Permanently Employed			
	Total	staff	Others	Total
	19,939	19,347	592	18,968
	19,939	19,347	592	18,968

### C Details of the gross pay (excluding pension contributions) and pension entitlements of the 42 Probation Boards' Chief Officers have been disclosed in their locally published accounts.

The salary and pension entitlement details of the Director of Probation, the most senior manager of the National Probation Directorate are not required to be disclosed.

## 3 Disclosure of Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the 42 Probation Boards offer retirement benefits. Although these will not actually be payable until employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

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

The Local Government Pension Scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of one-eightieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three eightieths of final pay of every year of total membership is payable on retirement.

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

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

- A** Under the Local Government Pension Scheme Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. Independent actuarial valuations were carried out for the 42 Probation Boards at 31 March 2004 by various actuaries, with an approximate updating for the subsequent financial years to reflect known changes which have occurred within the period from 31 March 2004 to March 2006.

The approximate employer's pension contributions for the three years from:

Employer's contributions for 2003-04 were 14.6% of salaries; and,

Employer's contributions for 2004-05 were 14.9% of salaries; and

Employer's contributions for 2005-06 which will be 17.1% of salaries.

- B** The major assumptions used by the actuary were:

	<b>31 March 2005 %</b>	<b>31 March 2004 %</b>	<b>31 March 2003 %</b>
Inflation assumption	2.9%	2.8%	2.5%
Rate of increase in salaries	4.5%	4.3%	4.1%
Rate of increase for pensions in payment and deferred pensions	2.9%	2.8%	2.5%
Discount rate	6.4%	6.2%	6.0%

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

	<b>Long-term rate of return expected at 31 March 2005 %</b>	<b>Value at 31 March 2005 £000</b>	<b>Long-term rate of return expected at 31 March 2004 %</b>	<b>Value at 31 March 2004 £000</b>	<b>Long-term rate of return expected at 31 March 2003 %</b>	<b>Value at 31 March 2003 £000</b>
Equities	7.6%	1,004,521	7.6%	886,180	7.9%	668,136
Bonds	4.8%	222,561	5.0%	201,557	4.8%	175,911
Property	6.2%	114,603	6.5%	92,525	6.0%	86,479
Cash	4.8%	66,496	3.7%	44,896	3.1%	33,218
<b>Total market value of assets</b>		<b>1,408,181</b>		<b>1,225,158</b>		<b>963,744</b>
<b>Present value of scheme liabilities</b>		<u>1,705,688</u>		<u>1,586,054</u>		<u>1,453,508</u>
<b>Surplus/(Shortfall) of the scheme</b>		<u>(297,507)</u>		<u>(360,896)</u>		<u>(489,764)</u>
<b>Net pension asset/(liability)</b>		<u>(297,507)</u>		<u>(360,896)</u>		<u>(489,764)</u>

**D Analysis of the amount charged to operations**

	2004-2005 £000	2003-2004 £000
Current service cost	51,757	49,775
Past service cost	1,023	1,458
<b>Total operating charge</b>	<b>52,780</b>	<b>51,233</b>

**E Analysis of the amount credited to other finance income**

	2004-2005 £000	2003-2004 £000
Expected return on pension scheme assets	86,472	68,838
Interest on pension scheme liabilities	(101,779)	(90,116)
<b>Net return</b>	<b>(15,307)</b>	<b>(21,278)</b>

**F Analysis of amount recognised in statement of total recognised gains and losses (STRGL)**

	2004-2005 £000	2003-2004 £000
Actual return less expected return on pension scheme assets	54,137	157,623
Experience gains and losses arising on the scheme liabilities	23,586	(3,912)
Changes in assumptions underlying the present value of the scheme liabilities	(3,348)	(3,674)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>74,375</b>	<b>150,037</b>

**G Movement in surplus/(shortfall) during the year:**

	2004-2005 £000	2003-2004 £000
(Shortfall) in scheme in the beginning of the year	(360,895)	(489,764)
Movement in year:		
Current service costs	(51,757)	(49,775)
Employer contributions	57,100	51,343
Past service costs	(1,023)	(1,458)
Other finance income	(15,307)	(21,278)
Actuarial gain/(loss)	74,375	150,037
<b>(Shortfall) in scheme at the end of the year</b>	<b>(297,507)</b>	<b>(360,895)</b>

The full actuarial valuation as at 31 March 2005 showed a decrease in the shortfall from £360,896 to £297,507.

**H History of experience gains and losses**

	2004-2005	2003-2004	2002-2003
<b>Difference between the expected and actual return on scheme assets:</b>			
Amount in £000	54,137	132,366	(248,990)
Percentage of scheme assets	3.8%	10.8%	(25.8%)
<b>Experience gains and losses on scheme liabilities:</b>			
Amount in £000	23,586	(3,912)	(2,292)
Percentage of the present value of the scheme liabilities	1.4%	(0.2%)	(0.2%)
<b>Total amount recognised in statement of total recognised gains and losses:</b>			
Amount in £000	74,375	124,779	(254,392)
Percentage of the present value of the scheme liabilities	4.4%	7.9%	(17.5%)

**4 Non-staff administration costs**

	2004-2005		2003-2004	
	£000	£000	£000	£000
<b>A Rentals under Operating Leases</b>				
Expenditure on hire of plant and machinery	106		93	
Expenditure on other leases	1,653		1,689	
		1,759		1,782
<b>Interest Charges</b>				
Finance leases		0		0
Interest payable on bank overdrafts		1		7
Utilities and Premises	3,041		6,025	
Transport Costs	2,719		2,653	
Supplies and Services	30,475		22,794	
Contracted Out Services	100,722		98,742	
Third Party Payments	32,344		28,078	
Chair's and Member's Expenses	2,035		2,003	
Other Administration Costs	8,055		6,418	
		179,391		166,713
Auditor's Remuneration for the 42 Probation Boards Accounts	1,374		1,461	
		1,374		1,461
		182,525		169,963
<i>Non-cash costs:</i>				
Depreciation	1,306		1,740	
Impairment of Fixed Assets	26		(14)	
Profit on disposal of Fixed Assets	0		0	
Loss on Disposal of Fixed Assets	43		245	
Cost of Capital for Fixed Assets	192		163	
Cost of Capital for Net Assets/(Liabilities) excluding Fixed Assets	(12,517)		(15,910)	
Movement in Early Retirement and Pension Commitments Provisions	(416)		4,960	
Movement in Other Provisions	41		(4,002)	
Notional Audit Remuneration for Consolidated Accounts	66		60	
		(11,259)		(12,758)
<b>Total-non staff administration costs</b>		<b>171,266</b>		<b>157,205</b>
<b>B Other Administration Costs</b>				
Expenditure on Staff Related and Personnel Activities				
Consultants	2,391		3,813	
Travel, Subsistence and Hospitality	20,540		20,772	
Publicity and Advertising	1,832		2,187	
Other Staff Related Expenditure	9,951		9,857	
<b>Total Other Expenditure</b>		<b>34,714</b>		<b>36,629</b>
<b>Total Administration Costs</b>		<b>205,980</b>		<b>193,834</b>

**5 Net Programme Costs**

	2004-2005		2003-2004	
	£000	£000	£000	£000
	<b>Total</b>	<b>Permanently Employed staff</b>	<b>Others</b>	<b>Total</b>
<b>Staff costs consist of:</b>				
Salaries and Wages	2,600	1,917	683	2,234
Social Security Costs	139	138	1	130
Other Pension Costs	214	211	3	198
<b>Sub Total</b>	<b>2,953</b>	<b>2,266</b>	<b>687</b>	<b>2,562</b>
Inward Secondments	0	0	0	0
<b>Total Staff costs</b>	<b>2,953</b>	<b>2,266</b>	<b>687</b>	<b>2,562</b>
Current Expenditure	2,055	1,433	622	3,649
<b>Total Net Programme Costs</b>	<b>5,008</b>	<b>3,699</b>	<b>1,309</b>	<b>6,211</b>

**6 Administration Income****A Administration Income excluding Operating Income to be Surrendered**

	2004-2005		2003-2004	
	£000	£000	£000	£000
Rent receivable from minor occupiers of Probation Estate property:				
From within the Departmental Boundary	103		135	
From Other Government Departments	0		76	
From Local Authorities	24		0	
From External Tenants	141		150	
		268		361
Secondments to:				
H.M. Prison Service	30,495		28,441	
National Probation Directorate	3,756		3,517	
Home Office	1,143		1,453	
Other Probation Boards	1,266		856	
Other Bodies	5,218		4,944	
		41,878		39,211
Income from EU Sources: Direct contributions to the Probation Boards activities		91		83
Income Receivable: From Other Government Departments		18,295		3,120
Profits on disposal of assets		5		7
Miscellaneous Income		27,795		23,567
<b>Total Administration Income excluding Operating Income to be surrendered</b>		<b>88,332</b>		<b>66,349</b>

Costs associated with staff on secondment are recovered on a full-cost basis in accordance with the Treasury's Fees and Charges Guide. For 2004-05 £1,266,000 (2003-04 £856,000) secondments to other Probation Boards is included to allow NPS on consolidation to separately identify these transactions.

There has been a reclassification of rent receivable between Local Authorities and External Tenants. This is to meet the requirements of Whole of Government Accounting.

**B Operating Income to be Surrendered**

	2004-2005		2003-2004	
	£000	£000	£000	£000
Interest received:				
From Bank	1,582		884	
From Car Loans	195		232	
From Other Sources	54		33	
<b>Total Operating Income to be surrendered</b>		<b>1,831</b>		<b>1,149</b>
<b>Total Administration Income</b>		<b>90,163</b>		<b>67,498</b>
Programme income		4,697		5,368
<b>Total Income Operating Cost Statement</b>		<b>94,860</b>		<b>72,866</b>

**7 Tangible Fixed Assets**

	2004-2005		
	Office Machinery, Fixtures and Fittings and IT Equipment £000	Vehicles £000	Total £000
<b>Cost / Valuation</b>			
At 1 April 2004	5,239	6,873	12,112
Additions	661	1,198	1,859
Net Transfers In/Out	0	0	0
Disposals	(390)	(286)	(676)
Revaluations	5	0	5
Indexation	(953)	49	(904)
Impairment	(159)	0	(159)
At 31 March 2005	4,403	7,834	12,237
<b>Depreciation</b>			
At 1 April 2004	3,701	3,401	7,102
Charged in year	501	805	1,306
Net Transfers In/Out	0	0	0
Disposals	(356)	(268)	(624)
Revaluations	(5)	2	(3)
Indexation	(895)	22	(873)
Impairment	(133)	0	(133)
At 31 March 2005	2,813	3,962	6,775
<b>Net Book Value at 31 March 2005</b>	<b>1,590</b>	<b>3,872</b>	<b>5,462</b>
<b>Net Book Value at 1 April 2004</b>	<b>1,538</b>	<b>3,472</b>	<b>5,010</b>
<b>Asset Financing</b>			
Owned	1,590	3,872	5,462
Finance Lease	0	0	0
<b>Net Book Value at 31 March 2005</b>	<b>1,590</b>	<b>3,872</b>	<b>5,462</b>
<b>Revaluation Analysis</b>			
Net change to Revaluation (excluding Impairment)	(48)	25	(23)
Impairment	(26)	0	(26)
<b>Statement of Recognised Gains and Losses</b>	<b>(74)</b>	<b>25</b>	<b>(49)</b>

Notes:

There are no donated assets.

**8 Movements in Working Capital other than Cash**

	<b>2004-2005</b>	<b>2003-2004</b>
	<b>£000</b>	<b>£000</b>
Increase / (Decrease) in Debtors	271	(6,290)
(Increase) / Decrease in Creditors	(2,627)	15,239
<b>Net increase/(decrease) in Working Capital other than Cash</b>	<b>(2,356)</b>	<b>8,949</b>

**9 Debtors: Amounts falling due within one year.**

	<b>31 March</b>	<b>31 March</b>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trade Debtors	1,894	4,592
VAT	1,063	0
Staff Debtors	1,180	1,609
Debtors due from the Prison Service (excluding private Prisons)	2,978	2,944
Debtors due from the National Probation Directorate	1,977	1,981
Debtors due from the Home Office	427	292
Debtors due from other Government Departments	1,815	313
Debtors due from Local Authorities	3,175	0
Debtors due from NHS Trusts	681	0
Other Debtors	1,525	4,178
Prepayments and Accrued Income	3,200	3,037
<b>Total to be used for Movement in working capital</b>	<b>19,915</b>	<b>18,946</b>
Financing due from NPD	0	4,871
<b>Total Debtors: Amounts due falling within one year.</b>	<b>19,915</b>	<b>23,817</b>

Debtors due from Local Authorities and NHS Trust were included in Other Debtors in 2003-04. Due to the requirements of the Whole of Government Accounts these have now have been split out into separate lines in the above note. For the same reason Trade Debtors and VAT have also been split out.

**10 Debtors: Amounts falling due after more than one year.**

	<b>31 March</b>	<b>31 March</b>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Staff Debtors	1,539	2,237
Other Debtors	0	0
<b>Total Debtors: Amounts falling due after more than one year.</b>	<b>1,539</b>	<b>2,237</b>

**11 Cash at Bank and in hand**

	<b>31 March</b>	<b>31 March</b>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	31,587	25,244
Net change in cash balances	2,190	6,343
<b>Balance at 31 March</b>	<b>33,777</b>	<b>31,587</b>
<b>The following balances at 31 March are held at:</b>		
Commercial banks and cash in hand	33,777	31,587

**12 Creditors: Amounts falling due within one year.**

	<b>31 March 2005 £000</b>	<b>31 March 2004 £000</b>
Trade Creditors and Accruals	15,580	15,038
VAT	478	6
Other taxation and social security	8,436	6,970
Bank Overdraft	296	64
Staff Creditors	3,785	3,090
Creditors due to the Prison Service (excluding private prisons)	145	18
Creditors due to the National Probation Directorate	1,349	5,632
Creditors due to the Home Office	101	105
Creditors due to other Government Departments	4,612	3,748
Creditors due to Local Authorities	4,580	0
Creditors due to NHS Trusts	300	0
Unpaid pension contributions due to the pension scheme	2,643	1,081
Other Creditors	5,647	9,201
Long Term Liabilities due within one year	14	138
Current part of finance leases	0	0
Current part of imputed finance leases	0	0
<b>Total to be used for Movements in Working Capital</b>	<b>47,966</b>	<b>45,091</b>
Financing due to NPD	13	8,711
Operating Income to be surrendered (Interest received)	1,831	1,149
Fixed Asset Accruals	179	463
<b>Total Creditors: Amounts due falling within one year.</b>	<b>49,989</b>	<b>55,414</b>

Local Authorities and NHS Trust creditors were included in Other Creditors in 2003-04. Due to the requirements of the Whole of Government Accounts these have now have been split out into separate lines in the above note.

**13 Creditors: Amounts falling due after more than one year.**

	<b>31 March 2005 £000</b>	<b>31 March 2004 £000</b>
Finance Leases	0	0
Staff Creditors	0	2
Other Creditors	27	41
<b>Total Creditors: Amounts falling due after more than one year.</b>	<b>27</b>	<b>43</b>

**14 Provisions for Liabilities and Charges**

	<b>Early Retirement and Pension Commitments</b>		<b>Total £000</b>
	<b>Added Years £000</b>	<b>Other Provisions £000</b>	
Balance at 1 April 2004	31,982	353	<b>32,335</b>
Provided in the year	1,070	305	<b>1,375</b>
Provisions not required written back	64	(136)	<b>(72)</b>
Provisions utilised in year	(1,549)	(128)	<b>(1,677)</b>
<b>Balance at 31 March 2005</b>	<b>31,567</b>	<b>394</b>	<b>31,961</b>

**Early Retirement and Pension Commitments**

The 42 Probation Boards meet the additional costs of benefits beyond the normal Local Government Pension Scheme (LGPS) benefits in respect of employees who retire early by paying the required amounts annually to the LGPS over the period between early departure and normal retirement date. The 42 Probation Boards provide for this in full when the early retirement programme becomes binding on the 42 Probation Boards by establishing a provision for the estimated payments discounted by the HM Treasury (currently 3.5 per cent).

**Other Provisions**

Provisions have been recognised within the accounts where:

- (i) The 42 Probation Boards have a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that a transfer of economic benefits will be required to settle the obligation;
- (iii) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The Other Provisions relate to provisions arising from; legal costs, employment tribunals, rent review, superannuation contributions, car leasing, motor vehicle accident, restructuring, insurance, PAYE settlement agreement and public liability.

**15 Reconciliation of Net Operating Cost to Changes in General Fund**

	<b>2004-2005</b>	<b>2003-2004</b>
	<b>£000</b>	<b>£000</b>
Net Operating Cost for the year	(686,963)	(673,969)
Operating Income to be surrendered (Interest received)	(1,831)	(1,149)
Non-cash Charges:		
Cost of Capital for Fixed Assets	192	163
Cost of Capital for Net Assets/(Liabilities) excluding Fixed Assets	(12,518)	(15,910)
Notional Audit Remuneration for Consolidated Accounts	66	60
Transfer from Revaluation and Donated Asset Reserve (From Note 16)	54	4,003
Transfer of Fixed Assets to Estates	0	(115,445)
Financing activities:		
Net NPD Financing received in year (excluding Training Consortia)	527,383	528,937
Training Consortia financing received by the Lead Board from NPD	24,300	19,379
Training Consortia financing received by the non-lead Board from NPD	33,760	31,975
Training Consortia financing received from the boards within their consortia	325	1,234
Training Consortia financing transferred from the Lead Board to the boards within their consortia	(2,045)	(2,864)
Training Consortia financing received from their Lead Board	2,016	1,744
Training Consortia financing transferred to their Lead Board	(264)	(146)
Training Consortia financing received by the Board from another non-lead board	0	14
Training Consortia financing transferred from the Board to another non-lead board	0	(12)
Recharges by NPD for centrally provided services	104,646	106,798
Increase/(Decrease) in Financing Debtors (From Note 9)	(4,871)	(11,724)
(Increase)/Decrease in Financing Creditors (From Note 12)	8,698	(6,112)
Actuarial gain/(loss) recognised in the STRGL	74,375	150,037
Net Increase/(Decrease) in General Fund	67,323	17,013
General fund as at 1 April	(386,360)	(403,373)
<b>General Fund as at 31 March</b>	<b><u>(319,037)</u></b>	<b><u>(386,360)</u></b>

There has also been changes in the way the financing of the 42 Probation Boards is recorded in the accounts for 2004-05. In previous years, over and underspends against budget allocations have been recorded in the accounts as debtors or creditors. For 2004-05 onwards, a budget adjustment will be made to eliminate any debtors or creditors and therefore any under or overspends will no longer be recorded in the balance sheet.

The Training Consortia transfers between the Boards have not been eliminated primarily due to timing differences in recognising transfers in Dorset, Essex, South Wales and Teesside. Therefore Financing in 2004-05 is overstated by £32k, (2003-04 is understated by £31k).

**16 Reserves****A Revaluation Reserve**

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	<b>2004-2005</b>	<b>2003-2004</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April 2004	323	4,003
Arising on revaluations during the year (net)	(23)	323
Transfer to General Fund	(54)	(4,003)
<b>Balance at 31 March 2005</b>	<b><u>246</u></b>	<b><u>323</u></b>

**B Donated Asset Reserve**

	<b>2004-2005</b>	<b>2003-2004</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April 2004	0	0
Additions during the year	0	0
Release to General Fund	0	0
<b>Balance at 31 March 2005</b>	<b><u>0</u></b>	<b><u>0</u></b>

There are no donated assets.

**17 Capital Commitments**

	<b>31 March 2005 £000</b>	<b>31 March 2004 £000</b>
Capital commitments for which no provision has been made at the balance sheet date in the accounts were as follows:		
Committed	0	0
Authorised but not contracted	34	473
<b>Total</b>	<b>34</b>	<b>473</b>

**18 Commitments Under Leases****A Operating Leases**

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in the which the lease expires.

**Obligations under operating leases comprise:**

	<b>2004-2005 Others £000</b>	<b>2003-2004 Others £000</b>
Expiry within 1 year	443	454
Expiry after 1 year but not more than 5 years	860	1,323
Expiry thereafter	15	7
<b>Total Commitments Under Operating Leases</b>	<b>1,318</b>	<b>1,784</b>

**B Finance Leases**

The 42 Probation Boards obligations under finance leases are as follows:

	<b>2004-2005</b>		<b>2003-2004</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rentals due within 1 year	0		0	
Expiry after 1 year but not more than 5 years	0		0	
Rentals due thereafter	0		0	
		0		0
Less interest element		0		0
<b>Total Commitments Under Finance Leases</b>		<b>0</b>		<b>0</b>

**19 Other Commitments**

Devon and Cornwall has entered into Service Level Agreements with various partner organisations for periods of three years under the guidance of the Home Office's Partnership Compact which is designed to increase capacity in the non-statutory sector. At 31st March 2005 the Board was committed to make payments under those Service Level Agreements of £1,005,526.

**20 Contingent Liabilities**

At the Balance sheet date, 5 Probation Boards had material contingent liabilities. They are Avon and Somerset, Dorset, Lancashire, Nottinghamshire and Sussex.

Avon and Somerset: Claims for two possible industrial tribunals have been indicated to the Board.

Dorset: Claims for injury to staff and offenders amounting to £6,000 have been indicated to the Probation Board.

Lancashire: A small number of part-time pension employment cases have been made against the Board. Proceedings in these cases have been slow to develop and are not yet at advanced stage, so any potential liability cannot be quantified.

Nottinghamshire : A small number of part-time staff have submitted claims to an Employment Tribunal for back-dated rights to join the pension scheme. There is a potential liability if eligible staff choose to exercise their rights to join the scheme, and the employer is required to make contributions. The amount depends upon the staff who decide to take up this option. No provision has been made in the accounts.

Sussex: The Board has provided £8,000 for contingent liabilities relating to a current employment tribunal.

## 21 Losses and Special Payments

Losses Statement	2004-2005		2003-2004	
	Number of Cases	Total Value £000	Number of Cases	Total Value £000
<i>Details of cases over £2,000</i>				
Cash losses	3	12	4	18
Claims abandoned	1	16	2	8
Administrative write-offs	1	14	3	7
Fruitless payments	2	10	0	0
Stores losses	3	12	0	0
Special payments	9	142	10	117
	<b>19</b>	<b>206</b>	<b>19</b>	<b>150</b>
<i>Details of cases over £100,000</i>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 22 Related Party Transactions

The Home Office is regarded as a related party. During the year, the 42 Probation Boards have various material transactions with the Home Office. Additionally, the 42 Probation Boards have transactions with other Probation Boards, other government bodies and third party organisations. The main transactions relate to provision of staff for long term secondment within the Prison Service.

Some Probation Boards have strong links to their Local Authorities who may provide varying levels of support services e.g. finance facilities or personnel/payroll services. Several interboard transactions relate to Training Consortia, and comprise of recharges and passing on grants. Other Related Party Transactions can be seen in locally published accounts.

## 23 Financial Instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the 42 Probation Boards are not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 applies. The 42 Probation Boards have very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the 42 Probation Boards in undertaking their activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from this analysis.

*Liquidity Risk*

The 42 Probation Boards net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The 42 Probation Boards are not therefore exposed to significant liquidity risks.

*Interest Rate Risk*

One hundred per cent of the 42 Probation Boards financial assets and one hundred per cent of its financial liabilities carries nil or fixed rates of interest, and the 42 Probation Boards are not therefore exposed to significant interest-rate risk.

*Foreign Currency Risk*

The 42 Probation Boards exposure to foreign currency risk is not significant. Foreign currency income and expenditure is negligible.

*Fair Values*

Set out below is a comparison by category of book values and fair values of the 42 Probation Boards financial assets and liabilities as at 31 March 2005.

	Book Value £000	Fair Value £000	Basis of fair Valuation
<b>Primary Financial Instruments:</b>			
Financial Assets:			
Cash at Bank	33,777	33,777	
Financial Liabilities:			
Finance Lease Obligations	0	0	Note a
Provisions	31,961	31,961	Note a

## Notes:

- a Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 3.5 per cent in real terms.

**24 Third-party Assets**

The following Probation Boards administer a trust fund. They are Essex, Greater Manchester, Humberside, North Wales, Northumbria, Staffordshire, Warwickshire and West Mercia. The following Probation Boards administer an amenity fund. They are Kent and Suffolk.

	31 March 2005 £000	31 March 2004 £000
Balance at 1 April	81	66
Funds paid in during the year	45	70
Funds paid out during the year	(62)	(55)
<b>Balance at 31 March</b>	<b>64</b>	<b>81</b>

The following Probation Board Essex at 31 December 2004 held a balance of £98.3k on account.

**25 Post Balance Sheet Events**

There are no Post Balance Sheet Events.

# Consolidated Accounts of Local Probation Boards in England and Wales

## **ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SCHEDULE 1, 17(4) OF THE CRIMINAL JUSTICE AND COURT SERVICES ACT 2000 AND SECTION 7(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000**

The Treasury directs that consolidated accounts of the local probation boards in England and Wales shall be prepared by the Secretary of State in respect of the financial year ended 31 March 2002 and subsequent financial years.

These consolidated accounts shall be prepared from the audited accounts of the local probation boards to which they relate and shall comply with the accounting principles and disclosure requirements of the H M Treasury's Resource Accounting Manual (the Resource Accounting Manual) which is in force for the relevant financial year.

A note on the application of the Resource Accounting Manual to the consolidated accounts of local probation boards is attached at Annex A.

Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.

These accounts must be sent to the Comptroller and Auditor General no later than 30th November of the financial year following that to which the accounts relate.

*David Loweth*  
Central Accountancy team

## Annex A

### APPLICATION OF THE TREASURY RESOURCE ACCOUNTING MANUAL TO THE CONSOLIDATED ACCOUNTS OF PROBATION BOARDS

1. There is no requirement to prepare Schedule 1.

(Schedule 1 is a requirement specific to government departments and certain other public bodies funded by directly voted parliamentary grant).

2. Monies received as grant in aid should be treated as financing rather than income.

(Most bodies covered by RAM do not receive grant in aid, and are financed by voted parliamentary grant. This clarifies the correct treatment for the probation boards. Some public bodies account for grant in aid as income).

3. There is no requirement to prepare Schedule 5.

(This expenditure will however be attributed to departmental aims and objectives in the Home Office resource accounts).

4. The remuneration of key managers should be appropriately disclosed.

(Local probation boards are not required to comply with the Cabinet Office guidance for which Department Yellow sets out example disclosure. Nevertheless, appropriate disclosure should be made).

Items may be added to or deleted from the above list only with the agreement of HM Treasury.









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