

Probation Board for Northern Ireland

Annual Report and Accounts For the year ended 31 March 2007 Together with the report of the Comptroller and Auditor General

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

17th December 2007

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Chairman's Foreword

I am pleased to be able to report that the Probation Board has continued to respond to the many challenges it faces.

The Board has made considerable progress against the objectives set for the year. It has continued to strive to improve further how it carries out its difficult responsibilities and to consider how its overall contribution to the criminal justice effort might be increased.

It is perhaps inevitable that, probation hits the headlines and engages public attention when someone on probation commits a serious offence. Any incident of this nature is deeply troubling. It is essential that we learn the lessons from each incident and do all that is humanly possible to minimise the risks of such incidents. It is also important to recognise the very good and successful work undertaken with many more offenders that rarely reaches public attention.

I want to record my thanks for the hard work of my fellow Board members and to pay tribute to those Board members who completed their terms of office in December 2006. I look forward to working with the Board members appointed in December 2006. On behalf of the Board I want to express our gratitude to the staff of PBNI for their dedication, commitment and professionalism.

Ronnie Spence

Chairman



Chief Officers' Introduction

The Board published its 3-year Corporate Plan 2005-2008 in March 2005. The Corporate Plan introduced 5 key strategic areas of public protection, social inclusion, modernisation, workforce planning and business performance. This year was the second year of the Corporate Plan. Within each we set a number of challenging objectives and key performance targets.

We are pleased to report that the organisation has continued to make significant progress in all the areas and staff continued to achieve a high level of performance.

The year brought many challenges and pressures to an organisation which itself was undergoing considerable change. In a difficult financial environment, the report demonstrates that we met our financial targets and have delivered within budget for this year. To have achieved this and the level of performance is testimony to the professionalism and dedication of staff.

As Chief Officers, we want to commend all members of staff for their efforts and achievements during the year.

Brian McCaughey
Chief Probation Officer



David van der Merwe
Chief Management Officer



Management Commentary

The Chief Officers submit the Annual Report and audited accounts for the year ended 31 March 2007. The accounts have been prepared in accordance with the accounts direction issued by the Northern Ireland Office in July 2000 on behalf of the Secretary of State.

1. The Board

The Chief Officers are responsible for the day to day operation and performance of the Board.

The members of the Board during the year to 31 March 2007 were:

Mr R Spence CB	Chairman
Miss F Graham OBE	Deputy Chairman to 30 November 2006
Mrs G Shaw CBE	Deputy Chairman from 1 December 2006
Ms M Gilheaney	To 30 November 2006
Mrs B Grant	To 30 November 2006
Dr R Hanna CBE	To 30 November 2006
Mrs J Hillen	To 30 November 2006
Mr P Killen OBE	To 30 November 2006
Mrs G Rice MBE	To 30 November 2006
Mrs J Daykin-Goodall	
Mr T Flanagan	
Mr A MacLaughlin	
Mr P McAteer	
Dr R McKee	
Ms K Yiasouma	
Ms M McKee OBE	From 1 December 2006
Mrs H McCartan	From 1 December 2006
Mr J McKeever MBE	From 1 December 2006
Mr R McNeill	From 1 December 2006
Mr W Osborne	From 1 December 2006
Mr J Quinn	From 1 December 2006

Under The Probation Board (Northern Ireland) Order 1982, the Board shall consist of a chairman, a deputy chairman and not less than 10 nor more than 18 other members. Current membership stands at 14 (Chairman and 13 other members).

The Board Audit Committee

The members of the Board Audit Committee during the year to 31 March 2007, were as follows:

Dr R Hanna CBE	Chairman to 30 November 2006
Mr P McAteer	Deputy Chairman to 30 November 2006, Chairman from 1 December 2006
Dr R McKee	Deputy Chairman from 1 December 2006
Mrs B Grant	To 30 November 2006
Mr A MacLaughlin	From 1 December 2006
Mrs H McCartan	From 1 December 2006
Mr J McKeever MBE	From 1 December 2006

Other attendees of the meetings included representatives from Internal Audit (HELM Corporation), the NI Audit Office, the Chief Executive, Director of Corporate Services and Finance Manager of PBNI.

The Senior Executives

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

Mr N Rooney	Chief Executive (to 30 September 2006)
Mr B McCaughey	Director of Operations (to 30 September 2006) Chief Probation Officer (from 1 October 2006)
Mr D van der Merwe	Director of Corporate Services (to 30 September 2006) Chief Management Officer (from 1 October 2006)
Ms Cheryl Lamont	Deputy Chief Probation Officer (from 12 February 2007)
Mr P Doran	Deputy Chief Probation Officer (from 12 February 2007)

Mr N Rooney retired from PBNI, with effect from 30 September 2006.

Mr D van der Merwe was appointed as Accounting Officer with effect from 1 October 2006.

2. History and Principal Activities

2.1 Historical Background

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

2.2 Statutory Background

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

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

2.3 Principal Activities

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

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

The Board also directly operates a wide range of projects with objectives similar to its own. In the year under review there were 28 projects of this kind.

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

The mandatory functions are to:

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

The discretionary functions are to:

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

3. Events since the end of the financial year

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



Minister David Hanson is welcomed to the Programme Delivery Unit by Chairman Ronnie Spence.

4. Future Developments

This coming year is the third and final year of the 2005-2008 Corporate Plan that identifies five core strategic areas. Within each of these areas a number of priorities have been set for 2007-08:

Strategic Objectives	Key Priorities
Public Protection	<ul style="list-style-type: none">• To advance discussions about the measures required to reduce offending and re-offending.• To operate and evaluate a pilot scheme for the provision of Specific Sentence Reports to courts.• To deliver the recommendations relating to PBNI, in accordance with the implementation plans arising from the CJINI MASRAM inspection reports.• To agree with the Northern Ireland Office, a costed and phased implementation plan for the Sentencing Framework review.• To design an approved general offending behaviour programme.• To deliver the recommendations relating to PBNI in accordance with an agreed Action Plan arising from the Resettlement Inspection.• To agree a PBNI strategy on the delivery of youth justice services.• To develop and pilot two restorative interventions in relation to supervised offenders and victims.
Social Inclusion	<ul style="list-style-type: none">• To implement year one of the Action Plan contained within PBNI's Promoting Good Relations Strategy.• Submit a Board Approved Disability Action Plan for PBNI to the Equality Commission by 30.06.07 to meet our statutory obligation under the amended Disability Discrimination Act 1995.• To agree and deliver the recommendations in accordance with an agreed action plan arising from the audit of Community Service.
Modernisation	<ul style="list-style-type: none">• To define the requirements, specifications and outcomes for an Estates improvement programme and to implement phase1 of the programme.• Internal Communications: To review the effectiveness of internal communications methods in use within the organisation and to develop an internal communications action plan.• External Communications: To identify the key opinion formers and decision makers covering public representatives, government and the press and media and to proactively and effectively engage with those identified in order to assist in the strategic positioning of the organisation.• To define the requirements, specifications and outcomes for the service areas to be commissioned so that competitive tendering can begin in 07/08 for the delivery of services in 08/09.• To deliver the approved Information Management Project Plan for 2007/08 within the timescales specified.
Workforce Planning	<ul style="list-style-type: none">• To deliver year one priorities identified within the Reward and Recognition paper by November 2007.• To carry out a review of the level of operational staffing in the light of present and known commitments.• To develop a skills and capacity profile for all operational functions.• To implement a workload prioritisation and control model for operational grades.• To complete a staff survey by March 2008.
Business Performance	<ul style="list-style-type: none">• To develop a Corporate Plan for 2008-2011 that effectively positions PBNI within the Criminal Justice System.• To develop a model to devolve financial responsibility.• To have met the evaluation criteria specified in the REACH programme.

5. Equal Opportunities Policy Statement

1. It is the policy of PBNI that all staff and all applicants for employment shall, in accordance with legislative requirements and/or good employment practice, be given equal opportunity in all aspects of employment, training and career development irrespective of their sex, marital status, religion, political opinion, race or sexual orientation.
2. The Board resolves that no applicant for employment, training, career development or promotion will receive less favourable treatment or be disadvantaged by unjustifiable conditions or requirements by virtue of any disability. The average number of disabled employees in 2006-07 was 27.
3. The Board also resolves that no applicant for employment, training, career development or promotion will receive less favourable treatment or be disadvantaged by unjustifiable conditions or requirements by virtue of age.
4. Application of conditions of service, all localised agreements and the operation of recruitment, training, career development, promotion and transfer policies for individuals shall be on the basis of service requirements and the individual's ability, qualifications and aptitude for the work.

**Magistrates
are consulted
by PBNI.**



6. Employee Involvement

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

7. Supplier Payment Policy

The Board complies with the Confederation of British Industry's Better Payment Practice Code. Unless otherwise stated in the contract, payment is made within 30 days of receipt and agreement of invoices for goods and services completed to the satisfaction of the Board. The Board has in place a system for dealing quickly with complaints and disputes and advises suppliers without delay when invoices, or part invoices, are contested. Its Finance Section continually monitors for any payment outside the "30 days period". Based on a sample of invoices for goods and services completed to the satisfaction of the Board during the year, 99.58% of bills were paid within this standard.

8. Pension Liabilities

The Board is an employing authority within the scheme provided by the Local Government Pension Scheme (NI). Membership of the scheme is optional for employees. The accounts reflect the contributions payable to the scheme in the year 2006-07.

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

9. Registers of Interests

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

10. Fixed Assets

Fixed assets are valued at cost, adjusted as appropriate to reflect estimated current replacement costs. The estimated useful lives of assets are reviewed regularly and when necessary revised. There was £485,157 of additions to fixed assets during the year. Movements in fixed assets are disclosed in notes 11, 12 and 13.

11. Health and Safety

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

12. Charitable Donations

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

13. Board Member Responsibilities

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

14. Audit

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. The audit fee for the year was £12,500 and relates solely to the audit of these financial statements. No statutory activities unrelated to the audit of the Board's financial statements, such as value for money audits, were undertaken during the year. His certificate and report is produced at pages 26 and 27.

15. Disclosure of audit information

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

16. Going Concern

As a result of the Board's implementation of FRS 17, PBNI has had to recognise the pension scheme liability of £7,316,000 on its balance sheet. This has resulted in overall net liabilities of £2,668,295. PBNI has paid pension contributions to NILGOSC in accordance with the scheme's specifications.

As PBNI will have the ongoing support and funding of the Northern Ireland Office, the net liabilities resulting from the pension scheme deficit will not affect PBNI's ability to fulfil its functions, and PBNI 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 Board's accounts to continue to be prepared on a going concern basis.

17. Risk Management and Register

Risk Management is now embedded in the Probation Board. It identifies, evaluates and assigns ownership of risks attached to all areas of activity. Key risks are regularly reviewed, evaluated and reprioritised. Risk management is an integral part of the business planning process. The organisation maintains a Risk Register. The Senior Management Team regularly meet to review the following:

- the risks that threaten to undermine or prevent the achievement of the organisation's objectives as laid out in the Corporate and Business Plans.
- an assessment of the likelihood of the risks occurring and an assessment of the impact of the risks to the organisation should they occur.
- the controls in place to mitigate, minimise or eliminate risks identified.
- the gaps in the risk management framework i.e. inactions or omissions that exist after identifying the controls in place.
- the specific actions that are required to address the identified gaps which allows the risks to exist.
- assigning responsibilities to members of the Senior Management Team to actions to address gaps and therefore risks.

Operating and Financial Review

1. Corporate Plan

2006-07 was the second year of the 2005-2008 Corporate Plan. It identifies five core strategic areas:

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

2. Funding

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

3. Results for the year

The results of the Probation Board for Northern Ireland are set out on page 28, in the Operating Cost Statement. The net operating costs for the year transferred to General Fund were £15,653,569 (2006 – net operating costs £15,408,459 as restated). A feature of the PBNI balance sheet is that there are net liabilities of £2,668,295. The main reason for this has been the recognition of the NILGOSC

pension liability of £7.316m. PBNI, as the employer, has a “constructive obligation” to fund any deficit allocated to its share of the Local Government Officers’ Pension Fund. Therefore it must recognise the whole of any deficit in its balance sheet.

The discount rate used by the Actuary for the Probation Board changed for 2006-07. Previously, FRS17 figures were based on the Treasury rate of discount (2.8% in 2005-06 and 3.5% in 2004-05). For 2006-07, this Treasury discount rate does not apply to employers participating in the Local Government Pension Scheme (LGPS). Instead a rate of 2.1%, which is based on the yield on AA rated corporate bonds at 31 March 2007, was appropriate. The lower net discount rate increases the liabilities of PBNI by around 15%. The impact on the liabilities depends on the maturity profile of the employer’s membership. PBNI is an employer with 85% of its liability being in respect of non-pensioner liabilities, so its liability has increased significantly between 2005-06 and 2006-07.

4. Operating Performance in the year

The Probation Board for Northern Ireland’s workload continues to grow year on year. At the end of March 2007 PBNI was supervising 3,682 offenders subject to 3,946 court orders, an increase of 9% from last year. There was a 21% increase in the number of orders made in courts to be supervised and a 13% increase in the number of reports prepared for those courts. During the year 2,690 orders were completed, this relates to 2,446 individual people, an increase of 592 orders (28%) in throughput over last year.

Reconviction Rates: The Northern Ireland Office published, in February 2007, the two-year reconviction statistics for adults given community based disposals or released from custody in 2002. Overall, 36% of those subject to community supervision were reconvicted in two years following a community sentence while 51% of the people released from custody were reconvicted within the two-year period. See the following table:

Table 1: Two-year adult reconviction rates by disposal

Disposal Type	Reconviction Rate
Immediate custody	50.6%
Custody Probation Order	35.8%
Probation Order	36.4%
Community Service Order	34.7%
Combination Order	54.5%
Community Supervision	36%

PBNI's three year Corporate Plan is delivered through a series of annual Business Plans. The key operational targets of the 2006-07 Business Plan, together with the year-end achievements are listed below:

SUMMARY

Strategic Area	Number of Objectives	Achieved	Partially Achieved	Not Achieved	Not Commenced
Public Protection	6	2	3	1	
Social Inclusion	5	2	1	2	
Modernisation	3	2	1	0	
Workforce Planning	2	0	1	0	1
Business Performance	4	3	1	0	
TOTAL	20	9	7	3	1

-  100% of Objective Met within 12 Months
-  75% of Objective Met within 12 Months with work ongoing into next Objective Year
-  Not Achieved
-  Not commenced

1. Public Protection

STRATEGIC OBJECTIVE: PBNI will assess and then contribute to the management of the risk posed by offenders in the community so as to protect the public from harm, reduce re-offending, encourage partnerships and secure community confidence.

	Objectives	Action	Outcome
1.	To have implemented the Northern Ireland Standards for the community supervision of offenders.	The Northern Ireland Standards for the community supervision of offenders were fully implemented in September 2006.	Objective Achieved
2.	Recommendations relating to PBNI and the MASRAM inspection will be delivered in accordance with the implementation plan, including the potential use of VISOR.	We have continued to work on the phased implementation of the recommendations of the inspection of the MASRAM process.	Objective Achieved
3.	With the Prison Service, and other partners, deliver Year 2 of the Resettlement Strategy.	We have continued to work with the Northern Ireland Prison Service in the delivery of the Resettlement Strategy and we continue to have a member of staff seconded to the Resettlement Team. Resources have not allowed us to fully deliver Year 2 of the Action Plan.	Objective Partially Achieved
4.	Agree a strategy for implementation of the outcomes of the Sentencing Framework Review.	We have fully contributed to the various working groups, working on the implementation of the Sentencing Framework Review. A Strategy for implementation has not yet been agreed.	Objective Partially Achieved
5.	With others, define and review arrangements for the supervision of all youth offenders.	Discussions have been ongoing and a meeting has been agreed by all parties for next business year.	Objective Not Achieved
6.	Review and update Child Protection, Risk of Harm and Domestic Violence Policies.	We have reviewed and updated, and trained on the Child Protection Policy. We have reviewed the Risk of Harm and it is currently out for consultation. Domestic Violence Policy will be carried over into next business year.	Objective Partially Achieved

KEY PERFORMANCE TARGETS

Key Performance Measure 2006/07-PBNI Performance	Target Performance (%)	April 2006-March 2007
1 The proportion of induction interviews arranged within five working days of sentence	98	95
2 The achievement of the agreed standards regarding minimum levels of contact Offered Kept	94 72	98 85
3 The proportion of supervision plans written to the agreed Standards	83	84
4 Where breach proceedings are appropriated, the proportion commenced within ten working days of the incident occurring	93	94
5 The proportion of offenders subject to an active Community Service Order that work an average of five hours or more per week	90	76
6 The proportion of Community Service Orders that complete their sentence within twelve months	98	75
7 The proportion of offenders whose risk assessment is reviewed at least every four months	93	88
8 The proportion of Pre-Sentence Reports or explanatory letters delivered to the courts by the date specified by the court	99	99

2. Social Inclusion

STRATEGIC OBJECTIVE: The PBNi will promote Social Inclusion in its policies and practices.

	Objectives	Action	Outcome
1.	To commence roll out of revised community service scheme.	Following on the development of the new Strategy for Community Service an internal audit was conducted to assess the management and capabilities of the existing scheme. The outcome of the audit was to further review the scheme and therefore commencement of the revised community service scheme will run into next year.	Objective Not Achieved
2.	With partners, contribute to the recording of Hate Crime Pilot and develop further actions.	We were fully engaged in the pilot on recording hate crime incidents. We were not able to deliver training across the organisation due to other priorities and constraints on resources.	Objective Partially Achieved
3.	With partners, pilot Diversionary Services for Adjudicated Women Offenders, particularly in the area of adult conferencing.	Our strategy for women offenders, which includes the potential of adult conferencing for women, was consulted on this year. It was not possible to develop a pilot this business year due to constraints on resources.	Objective Not Achieved
4.	With others, contribute to the development of accredited and standardised Community Restorative Justice schemes.	We contributed to the consultation process regarding Community Restorative Justice schemes and are in agreement with the proposed arrangements.	Objective Achieved
5.	All business units will have an objective to promote Equality opportunities and Good Relations.	As a direct result of the Strategy for Promoting Good Relations, all business units had an objective to promote equal opportunities and good relations. This will be included in the report on the Equality Scheme.	Objective Achieved

3. Modernisation

STRATEGIC OBJECTIVE: The PBNI will continue to invest in change programmes to modernise the delivery of services. We will maintain our commitment to implement the Criminal Justice Review, protect and enhance the delivery of frontline services and will utilise the most effective forms of modern technologies to deliver services.

	Objectives	Action	Outcome
1.	Consultation on Estates Review completed and agreement reached with the Northern Ireland Office for implementation.	Consultation on the Estates Review was completed but no agreement was reached for implementation.	Objective Partially Achieved
2.	Probation Information Management System (PIMS) rolled out to all sites.	All Probation Offices and staff were linked to the Probation Information Management System in June 2006.	Objective Achieved
3.	Recommendations and agreed actions implemented following the Corporate Governance Inspection.	Recommendations have been agreed and an Action Plan is now in place.	Objective Achieved

4. Workforce Planning

STRATEGIC OBJECTIVE: To recruit, develop and retain a reflective, diverse and cohesive workforce with a mix of skills, experience and qualifications to deliver the planned levels of service and at the quality required.

	Objectives	Action	Outcome
1.	Implement 2006-2007 action steps identified in Staff Survey Action Plan.	A significant number of action steps have been implemented but, due to resource constraints, not all steps identified for this year have been actioned.	Objective Partially Achieved
2.	Develop the practice and work requirements for the pre-employment year following completion of Social Work degree.	This objective was deferred to next business year.	Objective Deferred



**Finance team
in PBNI.**

5. Business Performance

STRATEGIC OBJECTIVE: The PBNI is committed to the effective and efficient use of resources and will continuously improve its business practices to add value and deliver measurable improvements in results.

	Objectives	Action	Outcome
1.	Four seminars to be delivered to help inform the strategic direction of criminal justice services in Northern Ireland.	All seminars delivered by January 2007 and a report will be published.	Objective Achieved
2.	Deliver Year 1 of REACH and use the EFQM to evidence improvement.	Year 1 of the three year Organisational Development Programme (REACH) was delivered. We did not conduct a reassessment for the EFQM in this business year.	Objective Partially Achieved
3.	Undertake five year review of PBNI Equality Scheme for submission to Equality Commission by January 2007.	The review was undertaken and the Equality Commission received the submission on time.	Objective Achieved
4.	Implementation of the first phase of the Records Management & Data Protection Action Plan.	Action Plan agreed and implementation of first phase achieved.	Objective Achieved

Remuneration Report

Remuneration Policy

1) Board Members

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

2) Senior Executives

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

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

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

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

Service contracts

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

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

PBNI Remuneration Committee

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

The Remuneration Committee is comprised of the members of the Corporate Services Committee and is chaired by the Chairman of the Board.

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

Salary and Pensions Entitlement

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

Name & Title	Salary (as defined)	Real incr in Pension & related Lump Sum at Age 60	Total Accrued Pension at Age 60 and related Lump Sum	CETV at 31/03/07	CETV at 31/03/06	Real incr in CETV after adj
	£K	£K	£K	£K	£K	£K
Mr Noel Rooney Chief Executive (Early Retirement 30/9/06 under the terms of the PBNI Discretionary Compensation Scheme)	75-80 (75-80)	N/A	N/A	N/A	452	N/A
Mr D Van Der Merwe Chief Management Officer	65-70 (50-55)	0-2.5 plus lump sum 2.5-5	0-5 plus lump sum 5-10	21	8	12
Mr B McCaughey Chief Probation Officer	65-70 (55-60)	2.5-5 plus lump sum 7.5-10	20-25 plus lump sum 65-70	331	269	54
Ms Cheryl Lamont Deputy Chief Probation Officer	45-50 (-)	N/A	10-15 plus lump sum 40-45	186	181	N/A
Mr Paul Doran Deputy Chief Probation Officer	45-50 (-)	N/A	10-15 plus lump sum 35-40	163	159	N/A

Mr N Rooney, the Chief Executive, was granted early retirement with effect from 30 September 2006. A lump sum of £175,173.20 was paid to NILGOSC and Mr Rooney in relation to this. There were no benefits in kind provided to the most senior managers of the Board which would require treatment by the Inland Revenue as a taxable emolument.

Column 5 (CETV at 31/03/07) and Column 6 (CETV at 31/03/06) show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 (Real increase in CETV after adjustment for inflation and changes in market investment factors) reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Local Government Pension Scheme (NI) and for which the scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs

are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The Chairman and Board members receive remuneration and expenses. The Board members are appointed for a fixed term of 3 years. The Board members received remuneration of £4,855 per annum paid at a monthly rate of £404.58. The Chairman and the Board members are not members of the Board's pension scheme.

		Remuneration and Expenses £k
Mr R Spence CB	Chairman	30-35
Miss F Graham OBE	Deputy Chairman to 30 November 2006	0-5
Mrs G Shaw CBE	Deputy Chairman from 1 December 2006	5-10
Ms M Gilheaney	To 30 November 2006	0-5
Mrs B Grant	To 30 November 2006	0-5
Dr R Hanna CBE	To 30 November 2006	0-5
Mrs J Hillen	To 30 November 2006	0-5
Mr P Killen OBE	To 30 November 2006	0-5
Mrs G Rice MBE	To 30 November 2006	0-5
Mrs J Daykin-Goodall		5-10
Mr T Flanagan		5-10
Mr A MacLaughlin		5-10
Mr P McAteer		5-10
Dr R McKee		0-5
Ms K Yiasouma		0-5
Ms M McKee OBE	From 1 December 2006	0-5
Mrs H McCartan	From 1 December 2006	0-5
Mr J McKeever MBE	From 1 December 2006	0-5
Mr R McNeill	From 1 December 2006	0-5
Mr W Osborne	From 1 December 2006	0-5
Mr J Quinn	From 1 December 2006	0-5

MR D VAN DER MERWE
CHIEF MANAGEMENT OFFICER
PROBATION BOARD FOR NORTHERN IRELAND

14th September 2007

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

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

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

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

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

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

for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by HM Treasury.

Statement on Internal Control

Scope Of Responsibility

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

The Purpose Of The System Of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Probation Board for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity To Handle Risk

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

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

The Risk And Control Framework

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

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

- the risks that threaten to undermine or prevent the achievement of the organisation's objectives as laid out in the Corporate and Business Plans.
- an assessment of the likelihood of the risks occurring and an assessment of the impact of the risks to the organisation should they occur.
- the controls in place to mitigate, minimise or eliminate risks identified.
- the gaps in the risk management framework i.e. inactions or omissions that exist after identifying the controls in place.
- the specific actions that are required to address the identified gaps which allows the risks to exist.
- assigning responsibilities to members of the SMT to actions to address gaps and therefore risks.

Once the Risk Register has been agreed, it becomes a 'live document' which is monitored regularly by the SMT to ensure that identified actions are being carried out on a timely basis. Quarterly progress reports are provided for Audit Committee meetings, together with the up-dated register.

Review Of Effectiveness

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

- an annual report on performance to the Minister at the accountability review;
- six monthly report to the Northern Ireland Office and the Minister on performance against targets and objectives contained in the annual business plan;
- regular reviews by internal audit, to standards defined in the Government Internal Audit Manual, which include an Annual Report which contains an independent opinion on the adequacy and effectiveness of the Probation Board's system of internal control together with recommendations for improvement;

- periodic reports from the Audit Committee to the Board concerning internal control;
- reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress on key projects;
- monthly Board Meetings that consider regular monitoring reports on performance against targets;
- annual Risk Workshops to maintain and update the Risk Register

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Senior Managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

MR D VAN DER MERWE
CHIEF MANAGEMENT OFFICER
PROBATION BOARD FOR NORTHERN IRELAND

14th September 2007

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

I certify that I have audited the financial statements of the Probation Board for Northern Ireland for the year ended 31 March 2007 under the Probation Board (Northern Ireland) Order 1982. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Probation Board for Northern Ireland, Chief Management Officer and Auditor

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

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited

in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Probation Board (Northern Ireland) Order 1982 and directions made thereunder by the Secretary of State for Northern Ireland. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chairman's Foreword, the Chief Officers' Introduction, the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Probation Board for Northern Ireland has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Probation Board for Northern Ireland's compliance with HM Treasury's guidance, and I report if it does

not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Probation Board for Northern Ireland's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Probation Board for Northern Ireland and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Probation Board for Northern Ireland's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations,

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

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with Probation Board (Northern Ireland) Order 1982 and directions made thereunder by the Secretary of State for Northern Ireland, of the state of the Probation Board for Northern Ireland's affairs as at 31 March 2007 and of its net operating cost for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Probation Board (Northern Ireland) Order 1982, and directions made thereunder by the Secretary of State for Northern Ireland, and

- information given within the Annual Report, which comprises the Chairman's Foreword, the Chief Officers' Introduction, the Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

15th October 2007

Operating Cost Statement

For The Year Ended 31 March 2007

Income	Note	2006/07 £	2005/06 £ restated
Operating Income	2	<u>(1,771,106)</u>	<u>(1,661,840)</u>
Expenditure			
Salaries & Wages	3	11,529,678	10,912,188
Depreciation	11, 12 & 13	571,402	435,443
Grants For Community Development	4	1,208,420	1,545,700
Community Service & Other Schemes	5	553,373	438,503
Other Operating Costs	6	<u>3,848,428</u>	<u>3,773,190</u>
Total Expenditure		<u>17,711,301</u>	<u>17,105,024</u>
Net Operating Expenditure before Interest		15,940,195	15,443,184
Interest			
Finance income	7	(303,000)	(143,000)
Notional Cost of Capital	8	20,498	112,611
Loan Interest Payable	9	-	243
Loan Interest Receivable	10	<u>(4,124)</u>	<u>(4,579)</u>
Net Operating Costs to General Fund	18	<u>15,653,569</u>	<u>15,408,459</u>

The net operating costs relate to the continuing activities of the Board.

The movement on the General Fund is set out in Notes 18 and 19.

The notes on pages 31 to 56 form part of the accounts.

Statement of Recognised Gains and Losses

For The Year Ended 31 March 2007

	Note	2006/07 £	2005/06 £ restated
Unrealised surplus on revaluation of fixed assets	18	1,125,601	601,969
Net Actuarial (loss)/gain in pension deficit	17	(7,361,000)	783,000
Prior year adjustment		22,000	(565,000)
Donated asset movement		(23,666)	(12,486)
Government grant reserve movement		<u>(949)</u>	<u>(1,569)</u>
Recognised (Losses)/ Gains for the year		<u>(6,238,014)</u>	<u>805,914</u>

Balance Sheet

As at 31 March 2007

	Note	2007 £	2006 £ restated
FIXED ASSETS			
Tangible assets	11 & 12	4,989,921	4,368,181
Intangible assets	13	101,012	113,343
		<u>5,090,933</u>	<u>4,481,524</u>
CURRENT ASSETS			
Debtors and Prepayments	14	269,461	352,180
Cash at bank and in hand		120,429	-
		<u>389,890</u>	<u>352,180</u>
Creditors: Amounts falling due within one year	15	(536,608)	(688,665)
NET CURRENT (LIABILITIES)		<u>(146,718)</u>	<u>(336,485)</u>
Total Assets less Current Liabilities		4,944,215	4,145,039
Provision for Liabilities and Charges	16	(296,510)	(179,467)
Net assets excluding pension (deficit)/surplus		<u>4,647,705</u>	<u>3,965,572</u>
Pension (deficit)/surplus	17	(7,316,000)	22,000
Net (liabilities)/assets including pension (deficit)/surplus		<u>(2,668,295)</u>	<u>3,987,572</u>
Financed by:			
CAPITAL AND RESERVES			
	18 & 19		
General Fund		(5,199,104)	2,231,741
Revaluation Reserve		2,453,798	1,676,884
Government Grant Reserve		3,518	4,465
Donated Asset Reserve		73,493	74,482
		<u>(2,668,295)</u>	<u>3,987,572</u>

The notes on pages 31 to 56 form part of the accounts

Mr D van der Merwe
Chief Management Officer
Probation Board for Northern Ireland

14th September 2007

Cashflow Statement

For The Year Ended 31 March 2007

	Note	2006/07 £	2005/06 £ restated
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	24	(14,845,790)	(14,635,220)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Paid	21	-	(475)
Car Loan Interest Received		4,124	4,579
NET CASH INFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		4,124	4,104
CAPITAL EXPENDITURE			
Proceeds from sale of Fixed Assets		337,739	3,056
Payments for Fixed Assets	20	(590,892)	(888,079)
NET CASH (OUTFLOW) FROM CAPITAL EXPENDITURE		(253,153)	(885,023)
FINANCIAL INVESTMENT			
Car Loan Principal Advanced		(7,600)	(33,800)
NET CASH (OUTFLOW) FROM FINANCIAL INVESTMENT		(7,600)	(33,800)
NET CASH (OUTFLOW) BEFORE FINANCING		(15,102,419)	(15,549,939)
FINANCING			
Repayment of Long Term Bank Loan		-	(22,314)
Grant-in-Aid Received		15,237,218	15,358,013
Car Loan Principal Repaid		29,769	41,069
NET CASH INFLOW FROM FINANCING		15,266,987	15,376,768
INCREASE/(DECREASE) IN CASH		164,568	(173,171)

The notes on pages 31 to 56 form part of the accounts.

Notes to the Accounts

1. Statement of Accounting Policies

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

Accounting Convention

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

Without limiting the information given, the accounts meet:

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

in so far as those requirements are appropriate.

Advances to Probation Offices

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

Northern Ireland Office Grant

Grant income in respect of revenue and capital expenditure is credited to the General Fund in accordance with guidance contained in the Government Financial Reporting Manual. Prior year figures have been restated to reflect this change (see note 18).

Value Added Tax

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

Fixed Assets – Tangible and Intangible

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

CATEGORY	METHOD OF RECORDING	THRESHOLD	ESTIMATED USEFUL LIVES
Land	Individual	£ Nil	Freehold – Infinite Leasehold – Length of Lease
Buildings	Individual	£ Nil	Freehold – 20 to 100 years Leasehold – Length of Lease
Motor Vehicles	Individual	£1,000	5 years
Fixtures and fittings	Pooled	£1,000	10 years
Plant and equipment	Pooled	£1,000	5 years
Computer hardware	Pooled	£1,000	5 years
Computer Licence – (Intangible)	Individual	£5,000	7 years

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

Measurement and Valuation

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

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

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

All fixed assets with the exception of land and buildings, assets under construction and computer licence are revalued by reference to appropriate Office for National Statistics indices. Revaluations are recognised on an asset-by-asset basis with no account taken of potential profit or loss on other fixed assets. A desk-based valuation of land and buildings is completed annually by the Valuation & Lands Agency with a full professional valuation every 5 years. The next professional valuation will be carried out at 31 March 2008.

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

Pension Costs

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

Early Departure Costs

The Board is required to provide in full for the cost of paying pensions of employees who retire early from the date of their retirement until the pension is no longer due to the individuals or their spouses. Payments during the year in respect of these individuals are charged to the provision. Each year the provision is recalculated and restated if necessary with any under or over provision charged or credited to other operating costs.

Grants for Community Development

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

Insurance

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

Notional Costs

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

Going Concern

As a result of the Board's implementation of FRS 17, PBNI has had to recognise the pension scheme liability of £7,316,000 on its balance sheet. This has resulted in overall net liabilities of £2,668,295. PBNI has paid pension contributions to NILGOSC in accordance with the scheme's specifications.

As PBNI will have the ongoing support and funding of the Northern Ireland Office, the net liabilities resulting from the pension scheme deficit will not affect PBNI's ability to fulfil its functions, and PBNI 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 Board's accounts to continue to be prepared on a going concern basis.

Changes in accounting policies

The Board participates in the Northern Ireland Local Government Officers' Superannuation Committee pension scheme (NILGOSC), a defined benefit pension scheme. Until recently NILGOSC had been unable to identify PBNI's share of the pension scheme deficit and as a result the Board had no alternative but to account for their contributions on a defined contribution scheme basis.

However, this year NILGOSC can now identify PBNI's share of the scheme deficit and as a result the Board has fully implemented FRS17, Retirement Benefits. The effect of this, as determined by an independent actuary, is that the assets of the PBNI's defined benefit pension scheme are valued at market value, which is then compared with the present value of the pension scheme's liabilities using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the scheme's liabilities. The increase in the present value of the liabilities of the scheme expected to arise from the employee service in the year is charged to employment costs in the operating cost statement. Actuarial gains and losses are recognised in the statement of recognised gains and losses.

The effect of the change is to reduce the net operating cost to the general fund for the year ended 31 March 2007 by (£23,000) (2006: £196,000 increase). General Fund has been reduced at 31 March 2007 by (£7,338,000) (2006: £587,000 increase).

The method of accounting for Grant in aid changed during the year with PBNI now recognising the Grant as a funding flow through the General Fund, rather than on the face of the Operating Cost Statement. Gains on the revaluation of fixed assets have been reclassified to Revaluation Reserve from Government Grant Reserve and the remaining net book value of fixed assets reallocated to General Fund in accordance with HM Treasury guidance.

The effect of the change is to increase net operating cost for the year ended 31 March 2007 by £14,998,039 (2006: £15,141,283). Capital and Reserves in total have not changed at 31 March 2007 or 31 March 2006 as a result of the reclassifications. Individual reserve balances have changed as indicated in note 18.

2. Operating Income

	2006/07 £	2005/06 £ restated
Operating Income		
Ratsdam	58,740	-
Interreg	82,375	-
Impact Scheme	169,636	175,930
Prison Service	1,108,163	985,632
Secondment	179,590	270,349
Government Grant Release (Note 22)	949	1,569
Donated Asset Release (Note 23)	28,057	31,661
Protect N&S	73,097	132,050
Miscellaneous	70,499	64,649
	<u>1,771,106</u>	<u>1,661,840</u>

Ratsdam – Funding of £58,740 has been provided for this project by the Eastern Health and Social Services Board. The aim of the scheme is to support the drug and alcohol coordination teams in the implementation of the New Strategic Direction on Alcohol and Drugs. The Probation Board for Northern Ireland is working in partnership with the Northern Ireland Community Addiction Services to deliver this scheme.

Interreg – Funding of £82,375 has been provided by European Regional Development Fund relating to the “Neighbours of Europe” project. The aim of the project is to provide local people with the skills to engage in the regeneration of their local space.

Impact Scheme – Funding of £169,636 has been provided for this project. The aim of the scheme is to address the level of car crime in Greater Belfast with a specific targeted initiative aimed at young people involved in car crime for the Greater West Belfast area.

Prison Service - £1,108,163 as per Service Level Agreement between the Probation Board for Northern Ireland and the Prison Service Agency for the provision of social welfare services in prisons and young offenders centres as set out in the 1982 Order.

Secondment - £179,590 represents salary and travel income of seconded staff and student placement fees.

Government Grant Release - £949 represents release of grant from government grant reserve to match the consumption of the related European Union assets over the expected useful economic lives.

Donated Asset Release - £28,057 represents release from donated asset reserve to match the consumption of the donated assets over the expected economic lives.

Protect N & S - Funding of £73,097 has been provided by the Special European Union Programmes Body. It is a joint initiative between the Probation Board for Northern Ireland and the Probation Welfare Service in the Republic of Ireland. The aim of the project is to contribute to community safety throughout Ireland.

Miscellaneous - £70,499 represents drink drive project income.

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

3. Staff Costs and Numbers

	2006/07	2005/06
	£	£
		restated
Board Members' Remuneration and expenses	111,344	110,966
Probation Staff	8,926,680	8,121,881
The average number of staff in the period was 229 (2006:220)		
Administration Staff	2,036,667	1,980,705
The average number of staff in the period was 105 (2006: 105)		
	<hr/>	<hr/>
SUB TOTAL	11,074,691	10,213,552
Inward Secondments	208,634	242,276
Agency / Temporary staff and contract staff	246,353	456,360
	<hr/>	<hr/>
TOTAL	11,529,678	10,912,188
Less recoveries in respect of outward secondments	<u>(179,590)</u>	<u>(270,349)</u>
TOTAL NET COSTS	<u>11,350,088</u>	<u>10,641,839</u>

The staff on outward secondment have been excluded from staff numbers.

Prior Year Adjustment

The prior year staff comparative costs have been restated to reflect the impact of a prior year adjustment in respect of a change in the accounting treatment of the NILGOSC pension scheme in the accounts of the Board. The current Superannuation cost is a non-cash cost. Employer contributions are included by Actuary in determining the net pension deficit or surplus.

The average number of staff employed by the Probation Board for Northern Ireland during 2006/07 together with details of staff costs were as follows: -

	Numbers	Gross Emols £k	Employers Nat. Ins. £k	Superann Non cash £k
Probation Staff				
Probation Management	14	714	69	117
Probation Staff	215	6,695	494	838
Agency / temporary staff and Contract Staff	-	-	-	-
Inward Secondments/Staff on Loan	5	118	-	-
Administrative Staff				
Management	1	46	4	12
Administrative	104	1,517	114	344
Agency / Temporary staff and contract staff	3	246	-	-
Inward secondments / Staff on loan	13	91	-	-

(In addition an average of 21 community service supervisors were employed in a part-time capacity).

Pensions

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

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

Staff employed under National Negotiating Council based conditions (that is probation grades) contribute 6% of remuneration. The employer's contribution is determined by the Committee's Actuary every 3 years and for 2006/07 year is 11% of remuneration.

Staff employed under the conditions based on those of the NICS (Administrative Staff) contribute 1.5% and the Board's contribution is 15.5%

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

In addition, a lump sum at a rate of 3/80th of pensionable salary for each year of service is paid. Members pay contributions of 6% and 1.5% respectively as Probation and Administrative staff. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse for a short-term period of 3 months payable at the rate of the member's pensionable remuneration at the date of death. Provided that the deceased member had statutory pension entitlement this is followed by a long-term pension which is payable for life. The calculation is 50% of the deceased's benefits had they taken early retirement. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension.

The Local Government Pension Scheme (NI) is a multi employer defined benefit scheme. The Board's contributions are affected by a surplus or deficit in the scheme. The most recent full actuarial valuation was completed as at 31 March 2004. The employer's rate for year commencing 1 April 2007 has been increased to 13.0%. The full actuarial revaluation as at 31 March 2004 shows a reduction in the scheme surplus and an employer contribution rate of 17.5% has been proposed for year commencing 1 April 2008.

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.

Salaries include gross salaries and performance pay but exclude travel lump sums.

4. Grants for Community Development

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

	2006/07	2005/06
	£	£
Grants over £100,000		
Northern Ireland Association for the Care & Resettlement of Offenders	348,268	378,024
Extern Organisation	293,290	247,535
Grants £50,001 - £100,000		
West Belfast Parent Youth Support Group - Roghanna	75,000	94,341
Grants £25,001 - £50,000		
Corner House Cross Community Family Centre	28,000	36,569
Stadium Youth & Community Centre	43,907	43,907
Women's Aid Federation	48,497	-
Grants up to £25,000		
Age Concern Derry	6,000	6,000
Altnaveigh House Limited	5,000	-
An Munia Tober	4,000	-
Antiville Community Group	1,969	2,000
Ardoyne Focus Group	-	(99)
Ardoyne Youth Club	-	4,380
Artability NI Ltd	12,669	14,569
Ascort	8,000	1,715
Ashmore Youth Club	-	4,380
Ballykeel 2 Residents Association	7,300	7,300
Ballymena Family & Addicts Support Group	8,655	8,690
Barnardos Beyond the Shadows	1,000	-
Barnardos Parenting Matters	12,669	12,669
Belfast Activity Centre	19,782	38,558
Brownlow Campus Sports Trust	15,500	13,834
Cancer Research UK	-	2,445
Carrickfergus Community Drug & Alcohol Advisory Group	-	(330)
Carrickfergus YMCA	3,645	-
Challenge for Youth	20,000	45,818
Clandeboyne Village Community Association	4,967	-
Cliftonville Community Centre	-	8,320
Community Safety Unit, NIO	-	30,000
Conservation Volunteers - Derry & Coleraine	12,000	12,000
Contact Youth Counselling Services	-	5,000
Conway Street Community Enterprise Project	-	2,400
Cookstown and District Women's Group	5,000	10,800
Corpus Christi Youth Centre	(335)	4,359
Corrymeela	-	4,986
County Down Community Leadership Group	3,704	-

	2006/07 £	2005/06 £
Grants up to £25,000 continued		
Denmark Street Community Association	-	1,700
Derryhill Community Sports Group	-	200
Devenish Partnership Youth Project	(132)	4,986
Dismas House	2,321	9,096
Divis Youth Project	1,680	-
Docker's Amateur Boxing Club	-	1,000
Durlston Pastoral Care Centre	4,800	-
East Belfast Mission - Hosford House	(101)	6,000
Edward Street Hostel	2,150	6,076
Feile an Phobail	-	2,700
First Housing Aid & Support Services	-	20,236
First Step Drop-in Centre	3,096	(39)
Flax Housing Association	-	(595)
Forum for Action on Substance Abuse	-	3,250
Forward Learning Limited	4,000	-
Gleann Amateur Boxing Club	1,000	-
Glen Community Parent Youth Group	4,000	-
Glen Rural Community Group	2,000	-
Glencairn Youth Initiative	-	5,700
Holy Trinity Youth Centre	-	3,000
Horn Drive Drop-in	-	1,500
Include Youth	20,000	24,849
Inner East Youth Project	-	14,382
Inter Agency	-	782
Intercomm	(309)	11,715
Ivinestown Community Partnership/Arc Ltd	-	2,000
Keady Unattached Youth Project	(1)	1,000
Kilkeel Parish Bridge Association	1,000	1,000
Killyleagh Youth for Christ - Cross Drop-in Centre	-	(85)
Living Rivers Lighthouse Hostel	-	3,993
Londonderry YMCA	6,040	-
Lower Falls Newstart Project	3,540	-
Mornington Community Project	-	2,960
Must Hostel	11,302	11,323
N & W Housing - Springwell House	-	(250)
NI African Cultural Society	1,000	8,750
New Life Counselling Services	10,000	10,000
Newhill Youth & Community Centre Association	-	2,000
Newington Amateur Boxing Club	-	600
NICAS (NI Community Addiction Service)	7,830	(401)
North Belfast Play Forum	-	14,926
Ocean Youth Trust	(1,100)	2,640
Ogras Club	-	2,500
Opportunity Youth	14,041	17,041
Presbyterian Church in Ireland - Thompson House	3,478	32,791

	2006/07	2005/06
	£	£
Grants up to £25,000 continued		
Prison Arts Foundation	21,259	21,259
Prison Fellowship	-	18,728
Realizing Potential	-	(18)
Regina Coeli	-	3,000
Riding for the Disabled	(864)	1,487
Roden Street Community Development Group	5,000	5,000
SADI	-	4,111
Shantallow Community Residents' Association	4,500	-
Simon Community	-	7,548
Springfarm & District Community Association	-	3,580
St Mary's Youth Centre (Portadown)	-	2,850
St Teresa's Youth Centre	-	(263)
Star Neighbourhood Centre	-	7,707
Stiles Community Association	-	6,740
Stop It Now!/NSPCC	9,000	1,000
Strabane & District Community Work Programme	2,250	-
Tar Isteach	-	7,074
Terry Enright Foundation	(480)	3,900
The Base Project	-	24,417
The Basement Youth Club	-	6,500
The Bytes Project (Belfast)	6,600	-
The Bytes Project (Derry)	6,800	(260)
The Ely Centre	2,000	-
The Link Family & Community Centre	-	12,000
The Logic Café	301	-
The Lynx Project	6,310	49,603
The Salvation Army - Centenary House	223	7,359
The Y Zone	10,000	5,000
Ulster Quaker Service Committee	-	425
Ulster Temple	-	540
Upper Springfield Development Co Ltd - Top of the Rock	3,000	-
Upper Springfield Youth Network	-	2,399
Voluntary Service Lisburn	18,660	18,660
Waterside Christian Outreach Project	5,000	-
West Kirk Community Project	11,300	11,500
Wheatfield Action Project	-	(2)
Windsor Women's Centre	-	8,317
Windyhall Community Association	-	750
Women's Aid - Causeway	(1,561)	18,485
Women's Aid - Foyle	-	7,000
Women's Aid Ballymena	-	10,000
Workspace	4,000	-
Youthfirst Project	5,000	(192)
	<u>1,208,420</u>	<u>1,545,700</u>

5. Community Service and Other Schemes

	2006/07	2005/06
	£	£
		restated
Community Service and Other Schemes		
Community Service	468,341	366,610
Befriending Fund	48,876	32,367
Schemes for the supervision and assistance of Offenders and the prevention of crime	36,156	39,526
	<u>553,373</u>	<u>438,503</u>

6. Other Operating Costs

	2006/07	2005/06
	£	£
		restated
Other operating costs include:		
Travel and Subsistence	427,587	453,199
Rent, rates, maintenance of buildings, electricity and fuel	1,278,735	1,177,586
Telephones, postage, stationery, office equipment and supplies	906,164	935,931
Training courses, conferences, library costs	134,728	251,100
Service Costs	257,745	233,411
Professional fees related to buildings	26,370	42,993
Audit Fee	12,500	12,500
Early Departure Costs	307,116	13,873
District Valuer's Fees and Legal Fees	28,421	7,477
Subscriptions	12,556	12,898
Consultancy	169,927	106,922
Vehicle	24,841	42,241
Loss on Disposal of Fixed Assets	61,221	269,589
Permanent Diminution in Value of Fixed Assets	30,988	28,378
Miscellaneous	169,529	185,092
	<u>3,848,428</u>	<u>3,773,190</u>

7. Finance Costs

NILGOSC Pension Liability

	2006/07	2005/06
	£	£
		restated
Expected return on pension scheme assets	2,809,000	2,305,000
Interest on pension scheme liabilities	<u>(2,506,000)</u>	<u>(2,162,000)</u>
Net Return	<u>303,000</u>	<u>143,000</u>

8. Notional Cost Of Capital

	2006/07	2005/06
	£	£
		restated
Interest on Capital Employed	20,498	112,611

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

9. Loan Interest Payable

	2006/07	2005/06
	£	£
Interest Payable	-	243

This represents the interest payable during the year on the loan used to fit out the Board's headquarters.

10. Loan Interest Receivable

	2006/07	2005/06
	£	£
Interest Receivable	4,124	4,579

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

11. Tangible Fixed Assets

The Valuation & Lands Agency carried out a desk based review of land and buildings at 28 February 2007 (previous year valuation at 31 March 2006). There was no significant change in this valuation during March 2007. 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 last full valuation of land and buildings was 31 March 2003.

The market value of land and buildings is £4,113,087 consisting of existing use value £3,213,087 and open market value £900,000. The corresponding historic net book value is £1,673,315. Included within land and buildings is land valued at £1,635,000, which is non-depreciable.

	Land and Buildings (Freehold)	Expenditure on Leasehold Premises (Short Leasehold)	Plant and Equipment	Computers	Fixtures and Fittings	Motor Vehicles	Assets Under Construction (AUC)	Total
	£	£	£	£	£	£	£	£
Cost/Valuation								
At 1 April 2006	3,056,885	1,741,023	351,651	794,744	636,700	103,356	-	6,684,359
Additions	-	168,605	74,058	80,358	57,424	-	57,405	437,850
Disposals	(330,000)	-	(124,158)	(33,104)	(157,885)	(62,989)	-	(708,136)
Revaluation	1,055,293	86,736	-	-	7,893	-	-	1,149,922
Diminution Reversal	10,000	-	-	-	-	-	-	10,000
Permanent Diminution in Value	-	-	(5,055)	(44,606)	-	-	-	(49,661)
At 31 March 2007	<u>3,792,178</u>	<u>1,996,364</u>	<u>296,496</u>	<u>797,392</u>	<u>544,132</u>	<u>40,367</u>	<u>57,405</u>	<u>7,524,334</u>
Accumulated Depreciation								
At 1 April 2006	285,001	1,079,434	255,389	318,229	351,369	101,238	-	2,390,660
Provision for Year	84,050	204,811	41,664	141,216	42,455	-	-	514,196
Disposals	-	-	(100,976)	(29,911)	(117,819)	(60,871)	-	(309,577)
Backlog Depreciation	-	22,159	-	-	2,161	-	-	24,320
Permanent Diminution in Value	-	-	(1,572)	(10,121)	-	-	-	(11,693)
At 31 March 2007	<u>369,051</u>	<u>1,306,404</u>	<u>194,505</u>	<u>419,413</u>	<u>278,166</u>	<u>40,367</u>	<u>-</u>	<u>2,607,906</u>
Net Book Value								
At 31 March 2007	<u>3,423,127</u>	<u>689,960</u>	<u>101,991</u>	<u>377,979</u>	<u>265,966</u>	<u>-</u>	<u>57,405</u>	<u>4,916,428</u>
At 31 March 2006	<u>2,771,884</u>	<u>661,589</u>	<u>96,262</u>	<u>476,515</u>	<u>285,331</u>	<u>2,118</u>	<u>-</u>	<u>4,293,699</u>

12. Tangible Donated Assets

	Computers	AUC	Total
	£	£	£
Cost/Valuation			
At 1 April 2006	65,750	53,450	119,200
Additions	27,068	-	27,068
Disposals	(1,974)	-	(1,974)
Permanent Diminution in Value	(3,921)	-	(3,921)
	<hr/>	<hr/>	<hr/>
At 31 March 2007	86,923	53,450	140,373
Accumulated Depreciation			
At 1 April 2006	44,718	-	44,718
Provision for year	24,636	-	24,636
Disposals	(1,573)	-	(1,573)
Permanent Diminution in Value	(901)	-	(901)
	<hr/>	<hr/>	<hr/>
At 31 March 2007	66,880	-	66,880
Net Book Value			
At 31 March 2007	20,043	53,450	73,493
At 31 March 2006	<hr/>	<hr/>	<hr/>
	21,032	53,450	74,482

13. Intangible Fixed Assets

	Software Licences £
Cost/Valuation	
At 1 April 2006	207,750
Additions	20,239
Disposals	-
At 31 March 2007	<u>227,989</u>
Accumulated Depreciation	
At 1 April 2006	94,407
Provision for Year	32,570
Disposals	-
At 31 March 2007	<u>126,977</u>
Net Book Value	
At 31 March 2007	<u>101,012</u>
At 31 March 2006	<u>113,343</u>

14. Debtors

	2007 £	2006 £
Amounts falling due within one year		
Prepayments	143,072	155,421
Assisted Car Purchase Scheme	15,700	26,017
Protect N & S Debtor	-	79,972
Interreg Debtor	39,761	-
Office Imprests	11,405	11,715
Other Debtors	47,735	55,415
	<u>257,673</u>	<u>328,540</u>
Amount falling due after one year		
Assisted Car Purchase Scheme	11,788	23,640
	<u>269,461</u>	<u>352,180</u>

15. Creditors: Amounts Falling Due Within One Year

	2007	2006
	£	£
Accruals	442,180	638,244
Deferred Grant and Income	94,428	6,282
Bank Overdraft and Cash	-	44,139
	<u>536,608</u>	<u>688,665</u>

16. Provision For Liabilities And Charges

	2007	2006
	£	£
Early Departure Provision		
Opening Balance	179,467	176,992
Arising During Year	131,942	13,873
Utilised During Year	(14,899)	(11,398)
Closing Balance	<u>296,510</u>	<u>179,467</u>

The Board has provided in full for the cost of paying pensions of employees who retired early from the Board. These figures represent the best estimate of the amount payable.

17. Pension Commitments

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

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

The latest actuarial valuation of the scheme was carried out at 31 March 2007, the liability and cost calculations are as follows:

Assumptions as at	31/03/07	31/03/06	31/03/05
Rate of increase in prices	3.20%	3.10%	2.90%
Rate of increase in salaries	4.70%	4.60%	4.40%
Rate of increase in pensions	3.20%	3.10%	2.90%
Discount rate	5.40%	6.00%	6.50%

Assets (Employer)	Long Term return at 31/03/2007 % p.a	Assets at 31/03/2007 £	Long Term return at 31/03/2006 % p.a	Assets at 31/03/2006 £	Long Term return at 31/03/2005 % p.a	Assets at 31/03/2005 £
Equities	7.80%	33,195,000	7.40%	33,000,000	7.70%	24,538,000
Bonds	4.90%	6,214,000	4.60%	4,950,000	4.80%	4,197,000
Property	5.80%	4,531,000	5.50%	2,888,000	5.70%	2,906,000
Cash	4.90%	503,000	4.60%	412,000	4.80%	646,000
Total	7.20%	44,443,000	6.70%	41,250,000	7.10%	32,287,000

Net Pension Asset as at	31/03/2007 £	31/03/2006 £	31/03/2005 £
Estimated Employer Assets	44,443,000	41,250,000	32,287,000
Present value of scheme Liabilities	51,759,000	41,228,000	32,852,000
Net Pension Asset	(7,316,000)	22,000	(565,000)

17. Pension Commitments continued

Analysis of amount charged to operating cost statement in respect of defined benefit scheme

	2006/07	2006/07	2005/06	2005/06
	£	% of payroll	£	% of payroll
Operating Cost Statement				
Current Service cost	1,208,000	16.1%	1,099,000	16.0%
Past Service Cost	103,000	1.4%	-	-
	1,311,000	17.5%	1,099,000	16.0%

Analysis of amount charged to other finance costs

Expected return on pension scheme assets	2,809,000	37.4%	2,305,000	33.6%
Interest on pension scheme liabilities	(2,506,000)	(33.4%)	(2,162,000)	(31.6%)
Net Return	303,000	4.0%	143,000	2.1%
Net Revenue Account cost	1,008,000	13.4%	956,000	13.9%

Statement of recognised gains and losses

	2006/07	2005/06
	£	£
Actual return less expected return on pension scheme assets	(431,000)	6,152,000
Experience gains and losses arising on the scheme liabilities	(1,000)	-
Changes in assumptions underlying the present value of the scheme liabilities	(6,929,000)	(5,369,000)
Actuarial (loss)/gain recognised in the STRGL	(7,361,000)	783,000

17. Pension Commitments continued

	2006/07	2005/06
	£	£
Movement in deficit during the year		
Surplus/(deficit) in scheme at the beginning of the year	22,000	(565,000)
Movement in the year:		
Current service cost	(1,208,000)	(1,099,000)
Employer contributions	1,031,000	760,000
Past service cost	(103,000)	-
Net return on assets	303,000	143,000
Actuarial (loss)/gain	(7,361,000)	783,000
(Deficit)/surplus in scheme at the end of the year	(7,316,000)	22,000
	2006/07	2005/06
	£	£
Details of experience gains and losses		
Difference between the expected and actual return on scheme assets	(431,000)	6,152,000
Value of assets	44,443,000	41,250,000
Percentage of scheme assets (%)	(1.0%)	14.9%
Experience gains and (losses) on scheme assets		
Amount	(1,000)	-
Total Present Value of Liabilities	51,759,000	41,228,000
Percentage of the present value of the scheme assets (%)	(0.0%)	-
Total amount recognised in statement of recognised gains and (losses)		
Amount	(7,361,000)	783,000
Total Present Value of Liabilities	51,759,000	41,228,000
Percentage of the present value of the scheme liabilities (%)	(14.2%)	1.9%

18. Reconciliation of Movement on General Fund and Reserves

	General Fund	Government Grant Reserve	Revaluation Reserve	Donated Asset Reserve	2007 Total	2006 Total
	£	£	£	£	£	£
At 1 April 2006	(515,952)	4,407,042	-	74,482	3,965,572	3,108,657
Prior Period Adjustment in relation to Grant-in-Aid received and pension	2,747,693	(4,402,577)	1,676,884	-	22,000	(565,000)
Balance at 1 April 2006 (restated)	2,231,741	4,465	1,676,884	74,482	3,987,572	2,543,657
Grant-in-Aid Revenue	14,977,541	-	-	-	14,977,541	14,319,677
Grant-in-Aid Capital	259,677	-	-	-	259,677	1,038,336
Net Cost of Operations	(15,653,569)	-	-	-	(15,653,569)	(15,408,459)
Surplus on Revaluation of Fixed Assets	-	2	1,125,599	-	1,125,601	601,969
Realised element of revaluation reserve	348,685	-	(348,685)	-	-	-
Actuarial (Loss)/Gain	(7,361,000)	-	-	-	(7,361,000)	783,000
Interest on Capital Employed	20,498	-	-	-	20,498	112,611
Donated additions (non cash)	-	-	-	4,391	4,391	30,836
Donated cash spend	(22,677)	-	-	22,677	-	-
Gain reversal	-	-	-	-	-	(20,000)
Donated Asset under Construction to Reserve	-	-	-	-	-	19,175
Grant credits to Income & Expenditure Account	-	(949)	-	(28,057)	(29,006)	(33,230)
Balance at 31 March 2007	<u>(5,199,104)</u>	<u>3,518</u>	<u>2,453,798</u>	<u>73,493</u>	<u>(2,668,295)</u>	<u>3,987,572</u>

18. Reconciliation of Movement on General Fund and Reserves continued

The prior year adjustments are the result of the changes in accounting policies as detailed in Note 1.

As a result of changes in accounting policies the following adjustments have been made to reserves.

	General fund £	Government grant reserve £	Revaluation reserve £	Total £
Grant in aid	2,725,693	(4,402,577)	1,676,884	-
Pension liability	<u>22,000</u>	-	-	<u>22,000</u>
	<u>2,747,693</u>	<u>(4,402,577)</u>	<u>1,676,884</u>	<u>22,000</u>

The analysis of the FRS 17 adjustment and its effect on the Operating Cost Statement for 2006 is analysed below.

	General Fund 2006 £
Pension Scheme Deficit at 31 March 2005	(565,000)
Increase in Deficit	(196,000)
Actuarial gain recognised in the statement of recognised gains and losses	<u>783,000</u>
Pension Scheme Surplus at 31 March 2006	<u>22,000</u>

19. Analysis of General Fund

	2006/07	2005/06
	£	£
General Fund excluding pension	2,116,896	2,209,741
Pension Fund	(7,316,000)	22,000
	<hr/>	<hr/>
General Fund including pension (Note 18)	(5,199,104)	2,231,741

20. Reconciliation of Fixed Asset Additions

	2006/07	2005/06
	£	£
Fixed Asset Additions (Note 11,12 part & 13)	480,767	1,058,198
Opening Fixed Asset Creditor	152,967	2,023
Closing Fixed Asset Creditor	(42,842)	(152,967)
Assets Under Construction	-	(19,175)
	<hr/>	<hr/>
Cash Outflow in respect of Capital Expenditure	590,892	888,079

21. Reconciliation of Loan Interest Payable

	2006/07	2005/06
	£	£
Loan Interest payable (Note 9)	-	243
Opening Loan Interest Creditor	-	232
Closing Loan Interest Creditor	-	-
	<hr/>	<hr/>
Cash Outflow in respect of Loan Interest	-	475

22. Analysis of Government Grant Release

	2006/07 £	2005/06 £ restated
Depreciation Charge matched by Government Grant Release	837	1,464
Permanent Diminution matched by Government Grant Release	112	105
Government Grant Release	<u>949</u>	<u>1,569</u>

23. Analysis of Donated Asset Release

	2006/07 £	2005/06 £
Depreciation Charge	24,636	27,432
Permanent Diminution matched by Donated Asset Release	3,020	1,962
Loss on Disposal Matched by Donated Asset Release	401	2,267
Donated Asset Release	<u>28,057</u>	<u>31,661</u>

24. Reconciliation of Net Operating Expenditure to Net Cash Inflow/(Outflow) from Operating Activities

	2007	2006
	£	£
		restated
Net Operating Expenditure	(15,940,195)	(15,443,184)
Depreciation Charge	571,402	435,443
Net non cash Pension Costs	280,000	339,000
Government Grant Credit	(949)	(1,569)
Permanent Diminution in value of Fixed Assets	30,988	28,378
Decrease/(Increase) in Debtors	60,549	(25,486)
Increase/(Decrease) in Creditors	2,207	(208,205)
Loss on disposal of Fixed Assets	61,221	269,589
Net Increase in provision for Liabilities and Charges	117,043	2,475
Donated Asset Credit	(28,056)	(31,661)
	<u>(14,845,790)</u>	<u>(14,635,220)</u>
Net Cash (Outflow) from Operating Activities	<u>(14,845,790)</u>	<u>(14,635,220)</u>

25. Reconciliation of Net Cash Flow to Movement in Net Funds

	2007		2006	
	£	£	£	£
Increase/(Decrease) in cash in the period	164,568		(173,171)	
Repayment of loan	-		22,314	
Debt (Paid)/ Received	(62,690)		29,277	
			<u>29,277</u>	
Change in debt/ (net funds)		101,878		(121,580)
Net funds at 1 April 2006		97,205		218,785
		<u>199,083</u>		<u>97,205</u>
Net funds at 31 March 2007 (Note 26)		<u>199,083</u>		<u>97,205</u>

26. Analysis of Changes in Net Funds

	At 1 April 2006	Cash Flows	At 31 March 2007
	£	£	£
Cash in Hand, at Bank	(44,139)	164,568	120,429
Debt payable within one year	-	-	-
Debt Receivable within one year	117,704	(50,838)	66,866
Debt Receivable after one year	23,640	(11,852)	11,788
Total	97,205	101,878	199,083

27. Related Party Transactions

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

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

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

The following related party transactions were incurred during the year:

- Koulla Yiasouma, a member of the Board, was a Director and Chief Executive of Include Youth, which received £ 20,000 in grant from Probation Board.
- Mary McKee, a member of the Board, was Director of Groundwork Northern Ireland, which received £20,824 in payments from the Probation Board, relating to an Inter-reg 111 project, Neighbours of Europe.
- The wife of Terry Flanagan, a member of the Board, was a Volunteer Mentor for the Northern Ireland Association for the Care & Resettlement of Offenders (NIACRO), which received £348,268 in grant from the Probation Board.
- Andrew Rooke, a Senior Manager of the Probation Board, was a non voting member of the Management Committee of Opportunity Youth, which received £14,041 in grant from the Probation Board.

28. Key Financial Targets

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

29. Financial Instruments

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

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

Liquidity Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

Fair Values

The book values and fair values of the Probation Board for Northern Ireland's financial assets and financial liabilities as at 31 March 2007 are set out below:

Primary Financial Instruments	Book Value	Fair Value
	£	£
Financial assets:		
Cash at bank and in hand	269,461	269,461
Debtor amount due after one year	11,788	11,788
Financial liabilities:		
None	N/A	N/A

30. Losses Statement

Total Losses (40 cases) £25,197

Belfast Headquarters

80/90 North Street, Belfast, BT1 1LD 028 90262400

Specialist Teams

Alderwood House, Hydebank Wood, Purdysburn Road, Belfast, BT8 7SL 028 90644953
 Programme Delivery Unit, 40/44 Gt Patrick Street, Belfast BT1 2LT 028 90333332
 IMPACT, Sally Gardens Comm Centre, Sally Garden Lane, Belle Steel Road, Poleglass, BT17 OPB 028 90627321
 Laganside Courthouse, 45 Oxford Street, Belfast BT1 3LL 028 90240879
 Victims Unit, Office 40 Imperial Buildings, 72 High Street, Belfast BT1 2BE 028 90321972
 Youth Court, Old Town Hall, Victoria Street, Belfast, BT1 3FA 028 90231862
 Learning & Development, Unit 5 Antrim Technology Park, Belfast Road, BT41 1QS 028 94480140
 PIMS Team, Unit 5 Antrim Technology Park, Belfast Road, BT41 1QS 028 94480150
 Youth Justice Unit, 330 Ormeau Road, Belfast, BT7 2GE 028 90313162
 SENDA, 330 Ormeau Road, Belfast, BT7 2GE 028 90647156

Belfast Offices

Argyle Business Centre 39 North Howard Street, Belfast, BT13 2AP 028 90320589
 202A Glenshane House Andersonstown Road, Belfast, BT11 9EA 028 90602988
 306 Antrim Road, Belfast, BT15 5AB 028 90757631
 Shankill Team, 306 Antrim Road, Belfast, BT15 5AB 028 90321141
 297 Newtownards Road, Belfast BT4 1AG 028 90739445
 330 Ormeau Road, Belfast, BT7 2GE 028 90313162

Outer Offices

38 Fountain Street, Antrim, BT41 4BB 028 94428475
 25 College Street, Armagh, BT61 9BT 028 37525243
 The Bridge House, 106 Bridge Street, Ballymena, BT43 5EP 028 25652549
 57A Newry Street Banbridge BT32 3EA 028 40624228
 33 High Street, Carrickfergus, Co Antrim, BT38 7AN 028 93362088
 12 Lodge Road, Coleraine, Co Londonderry, BT52 1NB 028 70353141
 Gortallowry House, 94 Church Street, Cookstown, BT80 8HX 028 86761040
 2 Church Street, Downpatrick, Co Down, BT30 6EJ 028 44614061
 30 Northlands Row, Dungannon, Co Tyrone, BT71 6AP 028 87722866
 14 Dublin Road, Enniskillen, Co Fermanagh, BT74 6HH 028 66324383
 Unit 2, 21 – 23 Carnmoney Road, Glengormley, BT36 6HL 028 90343993
 41 Point Street, Larne, Co Antrim, BT40 1HU 028 28279231
 21b Catherine Street, Limavady BT49 9DB 028 77722717
 Unit 4, Wallace Studios, 27 Wallace Avenue, Lisburn, Co Antrim, BT27 4AE 028 92674211
 8 Crawford Square, Londonderry, BT48 7HR 028 71264774
 7 Limavady Road, Londonderry, BT47 6JU 028 71346701
 Mount Zion Complex, Edward Street, Lurgan, BT66 6BZ 028 38322807
 9 Kirk Avenue, Magherafelt, BT45 6BT 028 79633341
 1d, Monaghan Street Newry, Co Down, BT35 6BB 028 30263955
 15 Castle Street, Newtownards, Co Down, BT23 3PA 028 91817778
 11a High Street, Omagh, Co Tyrone, BT78 1BA 028 82246051
 31-33 High Street, Portadown, BT62 1HY 028 38333301
 9a Butcher Street, Strabane, Co Tyrone, BT82 8BJ 028 71382673

Prison Teams

H M Prison, Maghaberry, BT28 2PT 028 92612665
 H M Prison, Magilligan, Limavady, BT49 0LR 028 77750434
 HMP Hydebank Wood, Hospital Road, Belfast, BT8 8NA 028 90491015

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