



# ANNUAL REPORT 2019-20

CHANGING LIVES FOR SAFER COMMUNITIES



**Probation Board for Northern Ireland Annual Report and Accounts  
For the year ended 31st March 2020**

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

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

*on*

*20<sup>th</sup> November 2020*

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## **THE PERFORMANCE REPORT**

### **CHAIRMAN'S FOREWORD**

I am delighted to present the Probation Board for Northern Ireland (PBNI) Annual Report for 2019-20.

Throughout this financial year, the organisation has delivered its statutory functions alongside a range of new initiatives within budget, which have benefitted communities throughout Northern Ireland.

In 2019, the Board began the development of a new Corporate Plan for 2020-23. We consulted with a wide range of stakeholders from across government, the criminal justice system and the voluntary and community sectors.

Indeed, for the first time we brought together the Head of the Civil Service and Permanent Secretaries from Justice, Health, Communities, and Education to help inform our thinking and shape our priorities for the future. We also held an event with elected representatives from all parties, which provided an opportunity for PBNI to explain and enhance understanding of our role. We met with partner organisations and those we work with in communities to consider how we can continue to work in partnership and make communities safer. We also held consultation forums with our staff who are the backbone of this organisation and who provided important feedback on priorities for the future. For the first time we also held consultation events with service users – both those on supervision and those who have been victims of crime and have availed of the Victim Information Scheme.

This significant consultation process has enabled us to develop a Corporate Plan that is meaningful and will make a difference to people's lives.

There have been some very important achievements made by PBNI over the course of the last 12 months. Board members continue to meet with staff teams to hear and see at first hand the ongoing commitment and professionalism of staff as they deliver time and again against organisational objectives.

Some noteworthy achievements in the past 12 months include the delivery of the estates strategy and the opening of new offices in Shipquay Street, Derry and Duncairn Gardens, Belfast. The Board were delighted to host the Justice Minister Naomi Long at Shipquay Street in February where she formally opened the new office. The Board were also pleased to see an 8% increase in the number of registrations within the Victim Information Scheme over the past year. PBNI's work with victims is further prioritised in the new Corporate Plan. An independent evaluation of the Aspire project has in

2019 also demonstrated the very practical way probation is making a difference to the lives of individuals throughout Northern Ireland.

I want to pay tribute to the Chief Executive Officer of Probation Cheryl Lamont CBE for her ongoing leadership and management of the organisation. In particular, I want to acknowledge the sterling work carried out by Cheryl and her senior team in the last months of the financial year as we faced the outbreak of the Coronavirus pandemic. The phenomenal work carried out by the organisation in the face of this crisis enabled key services to be delivered to the most vulnerable in society. The leadership, commitment and professionalism of the senior team throughout this crisis is commendable.

I also want to pay tribute to Board members for their ongoing support, assistance and professionalism. Members have worked hard to help shape the strategic direction of the Board particularly through the Corporate Planning process.

Finally I want to thank our sponsor Department and newly appointed Minister for Justice Naomi Long MLA, whom we look forward to working with over the next 12 months.



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

## **INTRODUCTION FROM THE CHIEF EXECUTIVE**

Over the course of the last financial year, PBNI has continued to develop its structures, systems and practice to ensure that we are delivering the best possible service to reduce reoffending and keep communities safer.

In the last 12 months we have continued to deliver high quality assessments and reports for Judges and Parole Commissioners. Through supervision, highly trained staff are making assessments and delivering interventions and programmes to tackle root causes of offending. We are working with colleagues in the prison service to prepare individuals for release and resettlement back into communities. We are also delivering services to victims through our management of the co-located victims unit and victim information scheme. This work is critical in preventing re-offending and preventing people becoming victims of crime.

Throughout 2019-20 we have also been able to think creatively and innovatively about how we can maximise our impact in reducing re-offending. We have been able to develop a range of projects that enable staff to intervene as early as possible to prevent criminality and harm. Our ability to carry out work with individuals 'upstream' is having a positive impact across the justice system.

In 2019, an independent evaluation of the 'Aspire' project was published. It found that Aspire is a "highly worthwhile and effective programme for service users who very much value the support it provides." It noted that the project impacted positively on the lives of service users and it acknowledged the commitment of both the Aspire staff and mentors. The second Independent Reporting Commission report published in November 2019 commended the Aspire Project as "an exemplar of diversionary work".

Another early intervention programme, the Non-Adjudicated Domestic Abuse Programme, has rolled out to all five health trust areas. This programme enables us to work with people who are identified as potential perpetrators of domestic abuse. The increase in reported incidents of domestic abuse across Northern Ireland demonstrates the need for all justice agencies to be involved in tackling this heinous crime and PBNI is well equipped to play its part in dealing with domestic abuse.

Throughout the year, we have worked hard to ensure staff have the appropriate training and resources to carry out their roles effectively. We have delivered mandatory training to all staff on trauma informed practice. Staff were also trained on restorative practices and the victim intervention toolkit. Continuous learning is a key priority for the organisation as we seek to develop our staff's skills to address the changing trends in crime and behaviour.



We have also significantly developed our IT systems. PBNI staff have now access to ITAssist and new smart phones, laptops and PCs have been rolled out to enhance staff's ability to engage with service users and work more effectively. We have also made very significant progress on implementing a new case management system which will be operational in April 2020.

Our estates strategy has also been delivered and we have opened new offices in Derry City and Duncairn Gardens, Belfast. Both offices are in the heart of local communities, which signifies our desire to work both with and in communities in Northern Ireland.

Our engagement work has been enhanced over the last 12 months. We held a north south conference in Parliament Buildings in November 2019 and have organised and participated in a range of events and conferences to help increase understanding and build awareness of the role of probation. In November 2019, we published the north south publication 'The Irish Probation Journal' and held two joint training sessions for practitioners in Belfast and Dublin.

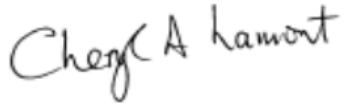
We have also enhanced our engagement with colleagues in England, Wales, Scotland and the Channel Islands, hosting a range of visits and events for colleagues to share learning and expertise between jurisdictions.

Throughout this year, we have continued to develop our partnerships with the community and voluntary sector. Our partnerships are vital in helping us to deliver services. This work has enabled us to provide support to service users on addictions, suicide prevention, as well as counselling to victims of sexual abuse and mentoring.

I would like to put on record my thanks to the Board Chair and board members throughout the year but in particular over the course of the last months as we have changed and adapted our practice in light of the government restrictions imposed as a result of the outbreak of Coronavirus. PBNI implemented its business continuity plan on 5 March 2020 to help manage our response to this pandemic and at the time of writing we continue to adapt our practice to deliver essential services to communities. This has undoubtedly been a challenging period and I have been impressed by the resilience and commitment of probation staff who have worked so hard to continue to deliver services.

As Accounting Officer I would also like to thank Department of Justice officials who have worked closely with PBNI to ensure that we have sufficient budget to deliver services including new projects under the problem solving approach to justice led by the Department.

Finally, I would like to thank the staff who work throughout probation services in Northern Ireland. Without them we could not have achieved all that we have. I look forward to continuing our work to change lives for safer communities.

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

**Cheryl Lamont CBE**

**Chief Executive**

## OVERVIEW

The purpose of this overview section is to outline the Board's performance during the 2019-20 financial year and to highlight the key issues and risks identified by management. It also includes high level information on the purpose and activities of the Probation Board for Northern Ireland.

### **Statement of purpose and activities of the organisation**

The Probation Board was established as a Non-Departmental Public Body (NDPB), under the Probation Board (Northern Ireland) Order 1982 in accordance with a recommendation in the Report of the Review Group on Legislation and Services for Children and Young Persons in Northern Ireland (1979), that the Probation Service in Northern Ireland should be separated from Central Government and become responsible to a community based Board. The first Board was appointed in December 1982. Each Board is of three years' duration and the current Board was appointed in December 2018.

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

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

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

The mandatory functions of the Board are to:

- secure the maintenance of an adequate and efficient probation service;
- make arrangements for persons to perform work under Community Service Orders;
- provide such probation officers and other staff as the Department of Justice considers necessary to perform social welfare duties in Prisons and Young Offender Centres; and
- undertake such other duties as may be prescribed.

The discretionary functions are to:

- provide and maintain probation hostels and other establishments for use in connection with the supervision and assistance of offenders;
- provide and maintain bail hostels;

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

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

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

- Risk Assess people convicted of criminal offences;
- Prepare approximately 8,500 reports annually, to assist decision-making in the criminal justice process;
- Supervise people who have offended (PBNI were supervising 4,216 people on 4,604 orders at 31 March 2020);
- Provide a range of services to individuals in prisons;
- Provide behavioural change programmes;
- Maintain a Victim Information Scheme; and
- Work with partner organisations to reduce reoffending, and make Northern Ireland a safer place.

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

When conducting its work, the Probation Board aims to:

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

The Probation Board supervises:

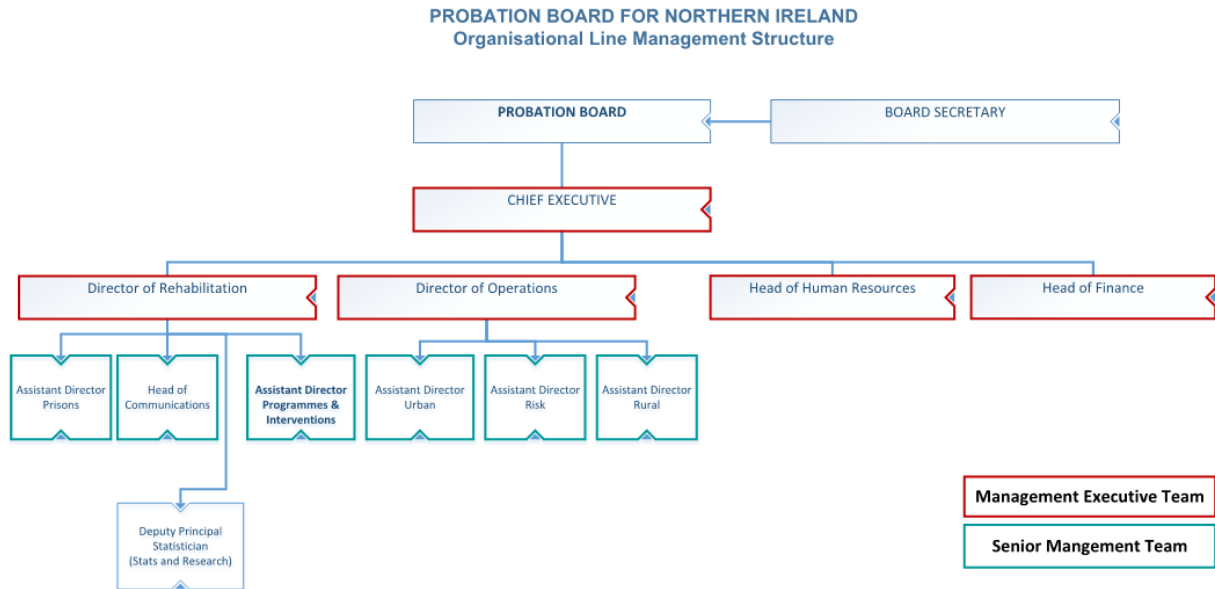
- Probation Orders
- Community Service Orders
- Combination Orders
- Custody Probation Orders
- Determinate Custodial Sentences
- Extended Custodial Sentences for Public Protection
- Indeterminate Custodial Sentences for Public Protection
- Juvenile Justice Centre Orders
- Article 26 Licences
- Life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

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

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

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

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



## Key issues and risks

At the start of 2019-20 seven risks were logged on the PBNI Strategic Risk Register (SRR). During the course of the year one of the risks was de-escalated from the SRR – this risk was in respect of PBNI IT systems. The system was replaced and is now provided under ITAssist. Two risks were added to the Register: the potential operational implications of a no-deal Brexit, and the risk to business continuity associated with the Covid 19 pandemic. At the conclusion of the 2019-20 financial year there were eight risks logged on the SRR. The SRR was reviewed and updated by senior management on a quarterly basis. These updates were then considered by the Board’s Audit and Risk Assurance Committee – ultimately the reviewed SRR is approved by the Board of PBNI on a quarterly basis.

## **Going Concern**

During 2019-20, the Probation Board was financed by a grant from the Department of Justice Request for Resources (Supporting and developing an efficient, effective and responsive Criminal Justice System), the statutory authority being Article 7 (1) of the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

In compliance with International Accounting Standard (IAS) 19, the Probation Board has had to recognise a pension scheme liability of £30,946k on its Statement of Financial Position (£16,637k in 2018-19). This year this has resulted in overall net liabilities of £30,415k (£15,860k in 2018-19).

The Probation Board has paid pension contributions to Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC) in accordance with the scheme's specifications.

It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Probation Board is supply financed and draws its funding from the Consolidated Fund via the Department of Justice. Therefore, there is no liquidity risk in respect of the liabilities due in future years. The net liabilities resulting from the pension scheme deficit will not affect the Probation Board's ability to fulfil its functions, and the Probation Board will be able to meet whatever contributions are necessary to comply with NILGOSC's plan to make good the pension scheme deficit. It is therefore appropriate for the Probation Board's accounts to continue to be prepared on a going concern basis.

There are no going concern implications resulting from COVID-19 and the European Union Exit.

**PERFORMANCE SUMMARY**

2019-20 was the third and final year of the 2017-20 Corporate Plan. The outcomes for the year were determined by the five Strategic Priorities identified in PBNI’s Corporate Plan 2017-2020. The Key Outcome(s) for each Strategic Priority will remain constant for each year of the Corporate Plan. At the end of 2019-20, seven of eight outcomes were fully delivered.

**Performance against 2019-20 Business Plan Objectives**

The Probation Board’s three year Corporate Plan is delivered through a series of annual Business Plans. The key outcomes for the 2019-20 Business Plan achievements are listed below. There were a total of eight outcomes and overall performance is described within the categories below:

Green: Achieved

Amber: Partially Achieved

Red: Not Achieved

Overall seven of the eight key outcomes were fully achieved. Strategic Priority 1 had an Amber rating due to two outcomes; reduction in sickness absence percentage and implementation of the Electronic Case Management System, which were not fully achieved.

Strategic Priority	Green	Amber	Red
	No. of Outcomes		
Delivering on Probation's Statutory obligations across the Criminal Justice system  Key Outcome: To ensure sentence compliance		1	
Prioritising Service delivery to perpetrators of crime against vulnerable people  Key Outcomes: 1) To prioritise service delivery to the perpetrators of crime against vulnerable people 2) To have better informed and supported victims, through increased usage of the Victim Information Scheme (VIS)	2		



Promoting an innovative and problem solving approach to reducing reoffending Key Outcome: To have fewer people, under probation supervision, reoffending	1		
Contributing to the delivery of the NI Executive's Fresh Start Agreement Action Plan Key Outcomes: 1) To have fewer young men becoming involved in criminality 2) To implement a gender specific programme for women	2		
Influencing the development and delivery of the public policy on resettlement and rehabilitation Key Outcomes: 1) To increase the level of community sentences 2) To increase satisfaction rates of the users of Probation's services	2		
<b>Total Outcomes</b>	<b>7</b>	<b>1</b>	

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

## PERFORMANCE ANALYSIS

PBNI manages performance against the 2019-20 Business Plan Outcomes. Progress and the potential risk or uncertainty of non-achieving is monitored on a quarterly basis by the Senior Leadership Team at the Senior Leadership team meeting and the Audit and Risk Management Meetings by reviewing the Business Plan objectives along with the Strategic Risk Register and the Departmental Risk Registers. The results are reported to the Policy and Practice Committee and to the Board. PBNI's Sponsoring Directorate within the DoJ also receives a progress report each quarter. The performance against the 2019-20 Business Plan Outcomes is set out in the table below:

<b>STRATEGIC PRIORITY 1: DELIVERING ON PROBATION'S STATUTORY OBLIGATIONS ACROSS THE CRIMINAL JUSTICE SYSTEM</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>QUARTER 4 PROGRESS</b>	<b>RAG STATUS</b>
<p><b>Key Outcome:</b></p> <p><b>1. To ensure sentence compliance</b></p> <p><b>Indicator:</b></p> <p><b>An increase in the percentage of sentences supervised by probation completed*</b></p> <p><b>*Completion means the sentence is fully served in the community</b></p>	<ul style="list-style-type: none"> <li>• Sentence completion data reported on. During the 12 months from 1 July 2018 to 30 June 2019, 83% of orders/licences (excluding Community Service) with an end date during this period successfully completed.</li> <li>• In respect of Community Service work start performance was improved significantly, there was a reduction in levels of inactive cases, and completion rate is now 72.6%.</li> <li>• An analysis report has been prepared in relation to deaths of service users and additional funding was provided to the Community and Voluntary Sector (CVS) for the further delivery of addiction and mental health services.</li> <li>• Training and adherence to the Managing Attendance Policy has been delivered.</li> <li>• The Business Plan target of a 2% reduction in sickness absence levels has not been reached and the confirmed figure published by Northern Ireland Statistics and Research Agency (NISRA) in March 2020 is a 35.8% increase.</li> </ul> <p>Performance against this target is being monitored closely with progress being made in 2020-21. Reducing sickness absence remains a business planning objective in 2020-21.</p>	<p><b>AMBER</b></p>

	<ul style="list-style-type: none"> <li>• The monitoring form for measuring performance against revised Practice Standards has been in use from June 2019 onwards and returned on a monthly basis.</li> <li>• Year 2 of the Culture Action plan has been delivered.</li> <li>• The case management system did not go live in Q4 as planned as the Supplier failed to meet the target for delivery of data migration. As a consequence of this failure PBNI were unable to complete the required data migration testing, and were not able to provide the required assurance to the Project Board in relation to the quality of the migrated data. The revised go live date for Phase 1 is 27th April, Phase 2 go live currently remains unchanged as 31st August 2020. IT service delivery project has been successfully completed to ITAssist and closure agreed at Project Board.</li> <li>• The agreed action plan has been implemented with Northern Ireland Prison Service (NIPS) following 'An Inspection of Resettlement in the Northern Ireland Prison Service' by Criminal Justice Inspection Northern Ireland (CJINI).</li> <li>• The 2019-20 budget allocation reflects no change to baseline budget with an additional £4m received to cover pressures, ITAssist rollout, Electronic Case Management System (ECMS) and programmes.</li> <li>• A total of £2m was allocated to CVS secondary support services for a range of programmes and Community Service (CS) placements.</li> <li>• Year 3 of the Estates Strategy 2017-20 has been delivered which included the opening of new premises in Shipquay, Derry; Duncairn Gardens, Belfast; Omagh; Downpatrick and Coleraine.</li> <li>• The data sharing agreements that PBNI is responsible for and identified at the start of the business year have been completed. There is a database of all agreements in place and regular meetings with lead senior managers.</li> </ul>	
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<b>STRATEGIC PRIORITY 2: PRIORITISING SERVICE DELIVERY TO PERPETRATORS OF CRIME AGAINST VULNERABLE PEOPLE</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>QUARTER 4 PROGRESS</b>	<b>RAG STATUS</b>
<p><b>Key Outcomes:</b></p> <p><b>1. To prioritise service delivery to perpetrators of crimes against vulnerable people</b></p> <p><b>2. To have better informed and supported victims, through increased usage of the VIS</b></p> <p><b>Indicators:</b></p> <p><b>1. The number of offenders who complete their sentences for offences against vulnerable people*</b></p> <p><b>2. The number of users of the VIS</b></p> <p><b>*It subsequently became clear that it is not possible to measure this indicator within the limitations of the current electronic case management system (PIMS)</b></p>	<ul style="list-style-type: none"> <li>• The number of victims registered with the VIS increased by 8% from 2019-20 and by 22% overall in the period 2017-20.</li> <li>• The new victim intervention toolkit has been implemented and training provided for staff.</li> <li>• The Vulnerable Adults Safeguarding Policy and Procedures have been produced and consulted on. Training is scheduled for 2020-21.</li> <li>• Recommendations of the CJINI inspections of Public Protection Arrangements Northern Ireland (PPANI) and Child Sexual Exploitation have been reviewed and Action Plans to address accepted recommendations agreed.</li> <li>• The Revised PPANI Manual of Practice was brought to the PPANI Senior Management Board in March 2020. Training on the revised Manual of Practice has been included in the Training Needs Analysis for 2020-21.</li> </ul>	<b>GREEN</b>

<b>STRATEGIC PRIORITY 3: PROMOTING AN INNOVATIVE AND PROBLEM SOLVING APPROACH TO REDUCING REOFFENDING</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>QUARTER 4 PROGRESS</b>	<b>RAG STATUS</b>
<p><b>Key Outcome:</b></p> <p><b>1. To have fewer people, under probation supervision, reoffending</b></p> <p><b>Indicator:</b> <b>The Reoffending Rate</b></p>	<ul style="list-style-type: none"> <li>• The PBNI reoffending rate for the 2016/17 Cohort was 29.9%, up from 29.3% in the previous year. During the 12 months from 1 July 2018 to 30 June 2019, 83% of orders/licences (excluding Community Service) with an end date during this period were successfully completed. Research indicates that those persons who fully complete their sentence are less likely to go on to reoffend.</li> <li>• The Enhanced Combination Order (ECO) Project Board will now be subsumed into a wider Problem Solving Justice Programme Board to include Substance Misuse Courts, Non-adjudicated Domestic Abuse project and planning for a Mental Health Court. The 2019 Evaluation of the Enhanced Combination Order Project has been received and published, with an attendant Communications Plan in place.</li> <li>• The Non-Adjudicated Domestic Violence (DV) Programme has rolled out to all 5 Trusts.</li> <li>• In relation to the service user Strategy, 5 additional staff have joined the service user involvement groups and a service user group for women has been established in the Mid Ulster area with 5 women registered.</li> <li>• A service user Survey undertaken in Q4 2018 – 2019 has been reported on and an action plan developed focusing on case-planning.</li> <li>• For the first time PBNI will have a service user providing an input to staff who are completing PBNIs Post Qualifying Consolidation and Specialist awards delivered at Ulster University.</li> <li>• Mandatory training for all staff on trauma informed practice associated with Adverse Childhood Experiences has been completed.</li> <li>• 5 Assets Recovery Community Scheme</li> </ul>	<p><b>GREEN</b></p>

	<p>(ARCS) programmes were completed in 2019-20. Further funding has been allocated for secondary services: Addiction, suicide prevention programme, counselling to victims of sexual abuse and remaining ARCS applications.</p> <ul style="list-style-type: none"> <li>• PBNI participated in the review of the Supervised Activity Order scheme.</li> </ul>	
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STRATEGIC PRIORITY 4: CONTRIBUTING TO THE DELIVERY OF THE NI EXECUTIVE'S FRESH START AGREEMENT ACTION PLAN		
BUSINESS PLAN KEY OUTCOME	QUARTER 4 PROGRESS	RAG STATUS
<p><b>Key Outcomes:</b></p> <ol style="list-style-type: none"> <li><b>1. To have fewer young men becoming involved in criminality</b></li> <li><b>2. To implement a gender specific programme for women</b></li> </ol> <p><b>Indicator:</b></p> <p><b>Implementation and evaluation of the 'Aspire' Young Men's Project</b></p>	<ul style="list-style-type: none"> <li>• The Aspire project received a positive independent evaluation report. Funding has been secured for the Aspire project to continue for 2020-21.</li> <li>• The Second Independent Reporting Commission report was published in November 2019. The report commended the Aspire Project as "an exemplar of diversionary work".</li> <li>• Continued to deliver the Engage Project and funding has been secured for 2020-21 and implementation of the agreed actions for delivering services to women throughout the region.</li> <li>• Contributed to the development of a desistance approach for prisoners' resettlement through NIPS. Additional funding has been secured for this purpose for 5 probation officers in the prison establishments.</li> <li>• Research report received on applying a social work practice framework for working with people convicted of terrorist/politically motivated offences.</li> <li>• Through the Department of Justice, PBNI contributed to the pre consultation period on the adult Restorative Justice Strategy. Restorative Justice Training for PBNI staff was undertaken in 2019.</li> </ul>	<b>GREEN</b>

<b>STRATEGIC PRIORITY 5: INFLUENCING THE DEVELOPMENT AND DELIVERY OF THE PUBLIC POLICY ON RESETTLEMENT AND REHABILITATION</b>		
<b>BUSINESS PLAN KEY OUTCOME</b>	<b>QUARTER 4 PROGRESS</b>	<b>RAG STATUS</b>
<p><b>Key Outcomes:</b>  <b>1. To increase the level of community sentences</b>  <b>2. To increase satisfaction rates of the users of Probation's services</b></p> <p><b>Indicators:</b>  <b>1. An increase in the percentage and number of community sentences* made by the Courts</b>  <b>2. The satisfaction rates of victims, Sentencers and service users</b></p> <p><b>*Increase measured in comparison to the level of custodial sentences and community sentences to include problem solving courts interventions</b></p>	<ul style="list-style-type: none"> <li>• There has been an increase in sentences involving PBNI in the majority of Courts. 2018 sentencing data was received, and a paper providing analysis brought to Senior Leadership Team (SLT). The total number of sentences issued by courts in 2018 was 2,545, up from 2,385 the previous year. This represents a slight increase in the proportion of total sentences (10.1% to 10.2%).</li> <li>• Magistrates Court Reports audit was completed with an action plan prepared and implemented as a result.</li> <li>• PBNI contributed to the DOJ sentencing review, and formally responded to the full consultation in January 2020.</li> <li>• PBNI contributed to the Gillen review implementation group, and formally responded to the full consultation.</li> <li>• The Corporate Plan (CP) 2020-23 was developed, designed and approved by Board on 13 December 2019. There was significant engagement from stakeholders through the consultation and the highest number of responses in the last 10 years of CP consultation.</li> <li>• The engagement plan for CEO and Board Chair has been implemented to include a political roundtable in July 2019 and a range of stakeholder meetings conducted with key players in government and justice. There was an increase in the number of events and conferences that PBNI organised and participated in from 25 in 2018-19 to 40 in this year. PBNI has increased engagement on twitter with campaigns having high rates of engagement. For example the average engagement rate for 4 corners event and campaign was 8.65%. An engagement rate of 0.9 is considered very good.</li> <li>• The annual Seminar took place on 27 September 2019 with over 90 attendees and</li> </ul>	<b>GREEN</b>

	<p>over 95% of those who attended believed it was a valuable engagement event.</p> <ul style="list-style-type: none"><li>• Phase 2 of the PBNI mobile app 'Changing Lives' has been developed and made public. Over 4,000 downloads of the app have taken place. The app was shortlisted for UK app of the year in 2019.</li><li>• PBNI contributed to DOJ led Brexit meetings and also established its own internal reference group and Action Plan of which the Board received regular updates.</li><li>• PBNI contributed to the delivery of the Department Of Health (DOH) /DOJ Strategy 'Stopping Domestic and Sexual Violence and Abuse in NI' and the Strategic Advisory Group.</li><li>• The Belfast Graffiti Removal Service (GRS) operation was positively evaluated and options to appraise costings for roll out of the GRS to other local council areas are ongoing.</li></ul>	
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## Work Undertaken during 2019-20

### Report Writing (Table 1)

In 2019-20, the Probation Board provided 8,509 reports to assist decision making in the criminal justice process. The majority of these reports, some 2,987, were Magistrates' Court Reports to assist judges' decisions regarding the types of sentences to give at criminal courts; with 1,191 Pre-Sentence Reports and 1,337 addendum reports also being provided. The majority of Magistrates' Court Reports and Pre-Sentence Reports completed during 2019-20 were provided to Magistrates' Courts (77%), with approximately (23%) provided to Crown Court. The proportion of Crown Court reports is similar to the previous year.

Table 1 provides a summary of the types of reports completed by the Probation Board over the past three years. The total number of reports completed has increased by 1% in the last year.

**Table 1: Reports\* Completed: 2017-18 to 2019-20**

<b>Type of Report</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>% change 2019-20 on 2018-19</b>
Pre-Sentence Report	3,372	1,205	1,191	-1%
Magistrates' Court/Short Pre-Sentence Reports‡	1,326	3,495	2,987	-15%
Addendum Report	1,297	1,372	1,337	-3%
Breach / Recall / Revocation Reports	1,232	1,306	1,379	+5%
Parole Commissioners/Life Sentence Unit Reports	109	43	30	-
Other**	828	1,006	1,585	+58%
<b>Total Reports</b>	<b>8,164</b>	<b>8,427</b>	<b>8,509</b>	<b>+1%</b>

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

\*All Report Types. Excludes explanatory letters to courts.

\*\*Includes Home Circumstances Report, Probation Officers Report, Prison Release Plan, and Home Leave Report. ‡Magistrates' Court Reports were introduced in November 2016.

### Court Orders

At 3,289, the number of new statutory orders requiring PBNI supervision made between 1st April 2019 and 31st March 2020 was 4% higher than the number made in 2018-19 (3,167).

In terms of the main community disposals, the number of Community Service Orders made in 2019-20 is 5% lower than in 2018-19, while the number of Combination Orders made is 5% higher, and the number of Probation Orders is 7% higher. Enhanced Combination Orders, while still in the pilot stage, have increased by 39% compared with the previous year.

**Table 2: New Supervision Orders starting during the year: 2017-18 to 2019-20**

<b>Type of Supervision</b>		<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>% change 2019-20 on 2018-19</b>
<b>Orders</b>	Combination Order	326	391	412	+5%
	Community Service Order	914	831	786	-5%
	Custody Probation Order	16	11	14	-
	Determinate Custodial Sentence	496	486	492	+1%
	Enhanced Combination Order	104	122	170	+39%
	Juvenile Justice Centre Order	38	29	22	-
	Probation Order	1,022	1,216	1,299	+7%
	Other Orders*	-	1	31	-
<b>Licences</b>	Life/Sentence Licence	3	15	1	-
	Sex Offender Licence	3	8	7	-
	GB Licence	25	35	27	-
<b>Public Protection Sentences</b>	Extended Custodial Sentence	20	20	20	-
	Indeterminate Custodial Sentence	4	2	8	-
<b>Total Orders</b>		<b>2,971</b>	<b>3,167</b>	<b>3,289</b>	<b>+4%</b>

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

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

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

### **Orders Supervised at a Point in Time**

At the end of March 2020, the Probation Board was supervising 4,216 people subject to 4,604 court orders (similar to the position twelve months previously). A breakdown of the types of orders under PBNI supervision at 31 March 2020 is given in Table 3. More than three-quarters of people (80%) were allocated to PBNI teams in the community, with the remainder in custody.

In terms of the 3 main types of community order under supervision, the number of Probation Orders under supervision has increased by 2%, the number of Combination Orders has increased by 6% whilst the number of Community Service Orders has fallen by 5%.

The number of Determinate Custodial Sentences under supervision has decreased by 2%.

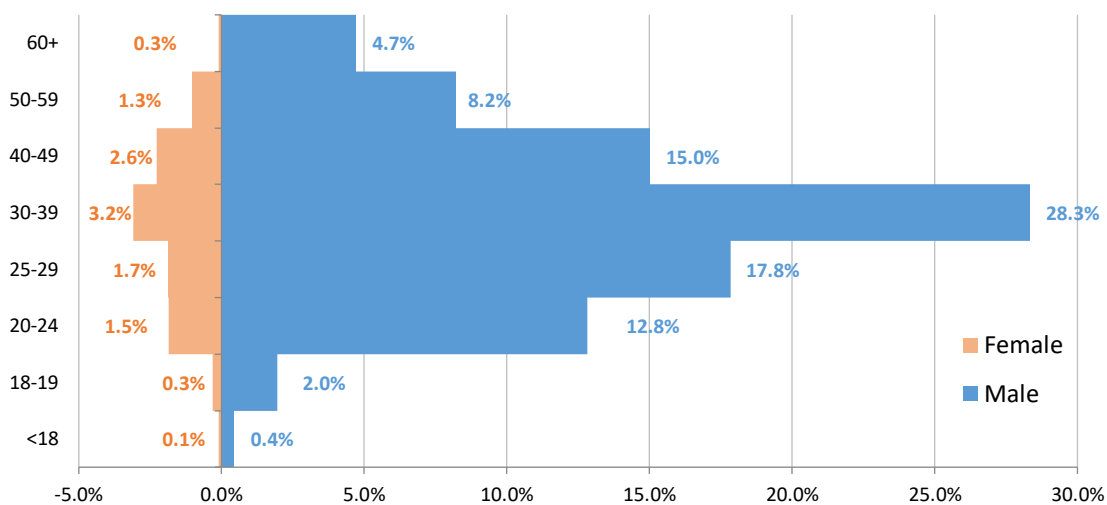
The number of Enhanced Combination Orders has increased by 31%, although this remains in the pilot stage and has not yet been rolled out across Northern Ireland.

**Table 3: Orders supervised at point in time: 31 March 2018 – 31 March 2020**

Type of Supervision		31 Mar 2018	31 Mar 2019	31 Mar 2020	% change 31 Mar 2020 on 31 Mar 2019
<b>Orders</b>	Combination Order	388	435	460	+6%
	Community Service Order	679	558	530	-5%
	Custody Probation Order	59	39	39	-
	Determinate Custodial Sentence	1,253	1,191	1,168	-2%
	Enhanced Combination Order	159	186	244	+31%
	Juvenile Justice Centre Order	14	11	12	-
	Probation Order	1,360	1,504	1,541	+2%
	Other Orders*	1	2	3	-
<b>Licences</b>	Life/Sentence Licence	248	251	244	-3%
	Sex Offender Licence	85	80	75	-6%
	GB Licence	54	45	51	-
<b>Public Protection Sentences</b>	Extended Custodial Sentence	200	185	174	-6%
	Indeterminate Custodial Sentence	39	41	48	-
<b>Non-statutory Sentences</b>	Inescapable Voluntary	15	20	13	-
	Remand/Sentence	3	4	2	-
<b>Total Orders</b>		<b>4,557</b>	<b>4,552</b>	<b>4,604</b>	<b>+1.1%</b>
<b>Total People</b>		<b>4,147</b>	<b>4,154</b>	<b>4,216</b>	<b>+1.5%</b>

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

**Gender and Age profile of people supervised by PBNI at 31st March 2020**



## Victim Information Scheme

There were 186 new registrations to the PBNI Victims Information Scheme during 2019-20. At the end of March 2020 there were 398 victims registered on the Scheme.

## Financial Review

The financial results for the PBNI are set out on page 70, in the Statement of Comprehensive Net Expenditure. The deficit for the year transferred to General Reserve was £23,040k (2018-19: £23,510k).

## Net Expenditure Review

The net expenditure of Probation Board for 2019-20 is compared to the previous two financial years in the following table:

## Net Expenditure Summary

	<b>2019-20</b>	<b>restated</b>	<b>restated</b>
	<b>£'000</b>	<b>2018-19</b>	<b>2017-18</b>
		<b>£'000</b>	<b>£'000</b>
Total operating income	<u>(2,160)</u>	<u>(1,862)</u>	<u>(1,516)</u>
Staff costs	18,174	19,463	16,270
Purchase of goods and services	4,056	3,629	3,207
Depreciation and Impairment charges	455	449	427
Grants	2,144	1,464	1,022
Total operating expenditure	<u>24,829</u>	<u>25,005</u>	<u>20,926</u>
Net operating expenditure	<u>22,669</u>	<u>23,143</u>	<u>19,410</u>
Finance income	(2)	(2)	(2)
Provision Finance expense	373	369	371
Net expenditure for the year	<u>23,040</u>	<u>23,510</u>	<u>19,779</u>

The Statement of Comprehensive Net Expenditure shows net expenditure of £23,040k (2018-19: £23,510k) a decrease of £470k, this is due to a past service cost in 2018-19 of £2.6m relating to the McCloud judgement not required in 2019-20, offset by an overall increase in expenditure of £2.1m relating to IT costs resulting from implementation of ITAssist, increase in Estates due to costs for new properties: Duncairn Gardens and Shipquay, increase in lease costs for HQ building and additional programme costs relating to ECO roll out to the North West and Fresh Start Aspire programme.

The Comprehensive net expenditure for the year is £34,943k (2018-19: £20,545k) an increase of 70% compared to last year largely due to an actuarial loss of £11,922k (2018-19: Gain £2,949K) mainly due to a fall in the value of assets in particular properties and equities, largely as a result of Covid-19 and Brexit. See note 11.

### Summary of Actual expenditure against budget

For 2019-20 PBNI had a net Department Expenditure Limit (DEL) operating cost of £20,653k which was £239k less than the net budget allocation of £20,892k. The capital spend of £878k was £536k less than the net budget allocation of £1,414k. A comparison of net DEL operating costs against budget is summarised in the following table:

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

	<b>2019-20 actual*</b>	<b>2019-20 budget*</b>	<b>Variance</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Net Operating Costs* (excluding depreciation)	20,198	20,392	194	0.95
Depreciation	455	500	45	9.0
<b>Net Operating Costs*</b>	<b>20,653</b>	<b>20,892</b>	<b>239</b>	<b>1.1</b>
Net Capital Expenditure	878	1,414	536	37.9
<b>Overall Total Expenditure</b>	<b>21,531</b>	<b>22,306</b>	<b>775</b>	<b>3.47</b>

\*Excludes Annual Managed Expenditure (AME costs).

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

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

	<b>£'000</b>
<b>Net Expenditure from Statement of Comprehensive Net Expenditure</b>	<b>23,040</b>
Exclude Current Service Cost (AME cost)	(4,236)
Include cash payment of provision (DEL cost)	2,274
Exclude pension borrowing costs (AME cost)	(373)
Exclude administration costs (AME cost)	(52)
<b>Net Operating Costs</b>	<b>20,653</b>

### **Non-current Assets**

The Probation Board's non-current asset expenditure movements are detailed in notes 5 & 6 to the financial statements. Capital expenditure in 2019-20 totalled £1,090k (2018-19 £662k).

### **Financial position**

The Probation Board's Statement of Financial Position shows net liabilities of £30,415k (2018-19 £15,860k). The main reason for the increase of £14,555k is due to the movement in the pension liability £30,946k 2019-20 (2018-19 £16,637k) which is movement of £14,309k over the accounting period. This movement results from a lower asset position £101,823k (2018-19 £122,040k) countered by the positive impact of the change in assumptions. These changes were; the discount rate has reduced by 0.10%, the CPI reduced by 0.20% and the salary increase assumption reduced by 0.20%, giving an more positive position to balance sheet.

The Non-Current Assets have increased due to the Electronic Case Management System and the fit out of Shipquay and Duncairn properties.

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

**Table: Defined Benefit Obligation liability at 31 March 2020**

	£'000	Percentage Change in Liability
Defined Benefit Obligation 2019	<b>138,677</b>	
Interest on the obligation	3,298	(1)%
Current service cost and admin cost	4,288	24%
Contributions by members	692	3%
Actuarial losses	(10,867)	(594)%
Estimated benefits paid	(3,319)	23%
Liability 2020	<b>132,769</b>	<b>(4)%</b>

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

The reduction in the pension liability has been more than offset by a fall in pension scheme assets, thereby resulting in a much a higher year end net deficit. The employer assets have decreased significantly due to the negative performance of investments in equities. This has led to a loss on assets over the accounting period and a decrease in the balance sheet position before any changes to assumptions. This has been largely as a result of impact of COVID-19 and Brexit at 31 March 2020.

### **Cash flow**

The Probation Board's net decrease in cash and cash equivalents in the year is £453k (2018-19, £61k decrease).

### **Prompt Payment of Suppliers**

The Probation Board's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

Monthly statistics are uploaded by the Department of Justice through AccountNI. The prompt payment results for 2019-20 showed that 92.9% (95.2% for 2018-19) of invoices were paid within 10 working days following receipt of a properly rendered invoice. 96.8% (98.6% for 2018-19) of invoices were paid within 30 calendar days.

### **Corporate Social Responsibility**

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

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

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

PBNI has a Well-being Committee chaired by the Deputy Head of Human Resources, who develop and implement the Annual Wellbeing Action Plan. In 2019-20 the following well-being initiatives were undertaken: Food and Mood for Mental Health training, Health checks on staff, Team Impact Days, Team Picnic in the Park events and various physical activity challenges. The well-being plan also incorporated an initiative that encouraged staff to be more active during their lunchtime by taking exercise and socialising with colleagues to increase their overall wellbeing.

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

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

## **Sustainable Development**

PBNI is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and work collaboratively to avoid and minimise adverse impacts of PBNI's activities on the environment and society, and reduce PBNI's carbon footprint. PBNI takes pride in its proactive approach to initiatives which have included continued participation in the Carbon Reduction Commitment Energy Efficiency Scheme. The Northern Ireland Civil Service (NICS) -wide contract for Recycling of Dry Office Waste is also being used by PBNI.

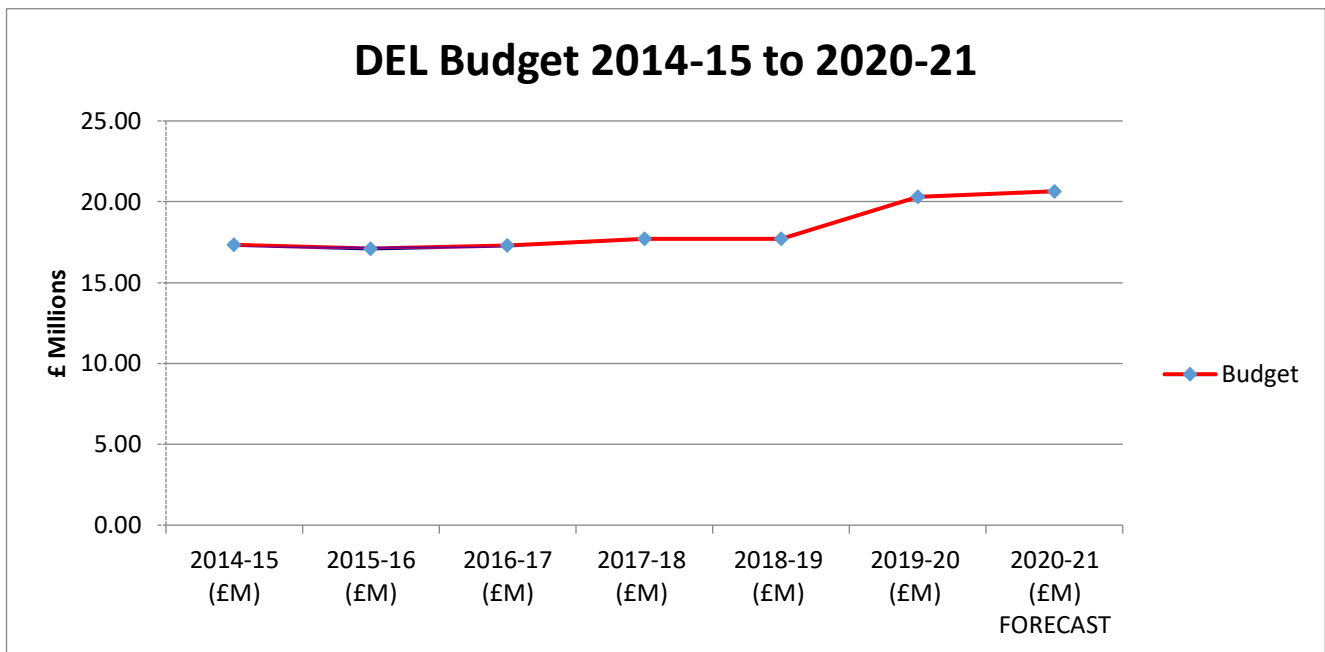


In February 2015 Central Procurement Directorate (CPD) issued a Procurement Guidance note PGN02/14 which enforces that procurement must be carried out in accordance with energy standards under Energy Efficiency Directive1 (EED) adopted by the European Union (EU). PBNI has adopted this guidance note.

In 2016-17, detailed condition surveys on properties which allowed for significant improvements over a three year period were undertaken by PBNI. PBNI has made significant improvements to its properties over the past number of years with new premises and modern, energy efficient buildings opening in Shipquay and Duncairn Gardens during the year. These surveys have been re-commissioned in 2020 and the Consultant is required to identify opportunities for reducing energy costs within buildings.

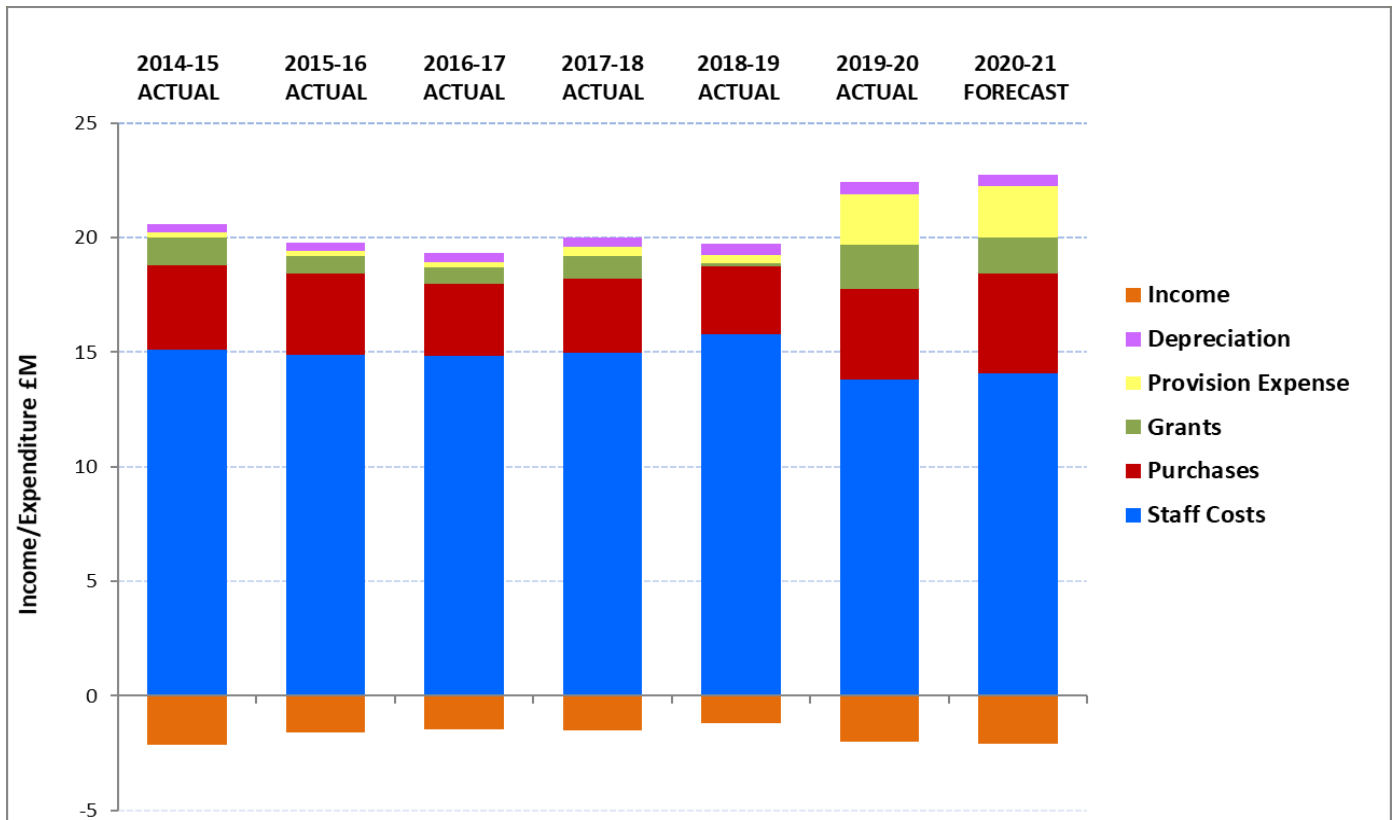
**Long-term expenditure trends**

The chart below captures the long-term summary expenditure profile of the PBNI budget over the financial years 2014-15 to 2020-21.



Figures above reflect the final allocated budget. In 2019-20 an additional £3,404k Resource DEL was received largely for the Aspire Programme, Domestic Violence Programme, Enhanced Combination Orders and unforeseen in year pressures. In 2019-20, the baseline has increased by £277k (1.7%) to fund unforeseen pension pressures and additional funding has been received for programmes under the Transformation fund and PBNI are waiting budget transfers for other programme funding.

The following chart shows the actual PBNI capital and revenue budget split by the major expense headings for the financial years 2014-15 to 2020-21 Forecast with the final DEL and capital budget included as reference.



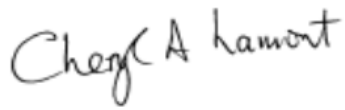
### **2019-20 financial year**

Due to the suspension of the Northern Ireland Executive, the budget in 2019-20 was set later in the financial year. PBNI's 2019-20 baseline budget of £16,545k reflects an unchanged flat budget settlement during the year followed by additional funding which was received in-year to meet pressures, to protect the Voluntary and Community Sector, for Invest to Save projects and programmes such as the Problem Solving programmes and Aspire. The final budget was £22,306k.

### **2020-21 financial year**

On 2 April 2020, the Permanent Secretary of the Department of Justice confirmed in writing PBNI's 2020-21 draft budget allocation. PBNI has an overall budget of £20,650k, an increase of £4.1m, with all pressures being met and all current Problem Solving Justice programmes being funded. PBNI's budget for 2020-21 has been approved by the Department of Justice. The baseline has increased

permanently by £2,593k to £19,138k . The baseline now covers pay, pension increase, funding for structural surveys, onboarding to ITAssist and Electronic Case Management Sysytem.

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

**Cheryl Lamont CBE**

**Chief Executive**

**2 November 2020**

# **THE ACCOUNTABILITY REPORT**

## **OVERVIEW**

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

### **Corporate Governance Report**

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

As a minimum, the corporate governance report must include:

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

### **Remuneration and Staff Report**

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

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

### **Assembly Accountability and Audit Report**

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

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

## **DIRECTOR'S REPORT**

### **The Board**

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

### **The Senior Executives**

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

Ms C Lamont CBE	Chief Executive
Dr G O'Hare	Acting Director of Rehabilitation
Mr H Hamill	Director of Operations
Mrs G Robinson	Head of Human Resources
Mrs C Teggart	Head of Finance

The Probation Board for Northern Ireland is governed by the Probation Board. The Board Members are appointed on a fixed term of 3 years with the possibility of reappointment for a further period of 3 years. These appointments are made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments. Details of Board members during 2019-20 are as follows:

### **Members during 2019-20**

Mr D Ashford QSMF	Chair
Mr D Wall	Member
Mrs J Gillespie CBE	Member
Mr G OhEara	Member
Mr N Bodger	Member
Dr J Byrne	Member
Dr K Clarke	Member
Mr K Donaghy	Member
Dr T Donaldson	Member
Mr P Douglas	Member
Ms P Keenan	Member
Mr M Murray	Member
Mr A Ross	Member ( Resigned February 2020)
Ms B Henderson*	Boardroom Apprentice (from 1 September 2018)
Ms S Bruce*	Boardroom Apprentice (from 1 September 2019)

Under The Probation Board (Northern Ireland) Order 1982, the Board shall consist of a Chairman, a Deputy Chairman and not less than 10 or more than 18 other members. Membership at 31 March 2020 stood at 13 (Chairman and 11 other members). A Deputy Chair has not yet been appointed.

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

The members of the current Audit and Risk Assurance Committee during 2019-20:

Mr N Bodger	Chair
Dr T Donaldson	Deputy Chair
Dr K Clarke	Member until January 2020
Mr K Donaghy	Member
Mr M Murray	Member
Mr P Douglas	Member replaced Dr K Clarke

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

### **Registers of Interests**

In accordance with the Probation Board's Code of Practice for Members, a Register of Members' Interests and a Register of Senior Management Interests are maintained for Board Members and Senior Management respectively. The Registers are available for inspection on the Probation Board's website and they are reviewed regularly. Note 16 to the Accounts provide details of any relevant related party transactions.

### **Personal data related incidents 2019-20**

The Probation Board continues to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems.

No incidents were reported to the Information Commissioner's Office (ICO) in 2019-20. 3 incidents were reported to the DOJ.

There were 14 localised incidents (1 Apr-31 Mar) which were thoroughly investigated and did not require reporting to the Information Commissioner's Office or DOJ.

The following information Assurance training programmes were available to PBNI staff by e-learning during 2019-20:

- GDPR Awareness
- Records Management

Memoranda relating to the learning from the localised incidents were issued to all staff in respect of Information Assurance throughout the 2019-20 year.

## **Complaints**

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

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

Complaints received were primarily in respect of issues pertaining to the supervision and requirements of court orders and disputes about the contents of written reports and assessments.

During 2019-20 the Probation Board received 22 complaints, (2018-19 - 30 Complaints) a decrease of 8 from the previous year.

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

In March PBNI began a review of its complaints policy and began consultation with staff, trade unions and others with a view to completing this and updating the policy by June 2020.

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

Under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Probation Board for Northern Ireland has directed PBNI to prepare for each financial year a statement of accounts in the form and on the basis determined by the Department of Justice with the approval of the Department of Finance. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of PBNI and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Department of Finance including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis; and
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department of Justice has appointed the Chief Executive as the Accounting Officer for the Probation Board for Northern Ireland. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Probation Board for Northern Ireland's assets are set out in Managing Public Money published by the HM Treasury.

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



## **GOVERNANCE STATEMENT 2019-20**

### **Scope of Responsibility**

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

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice; its statutory responsibilities are set out in the Probation Board (NI) Order 1982. The mandatory functions of the Board are to:

- secure the maintenance of an adequate and efficient probation service;
- make arrangements for persons to perform work under Community Service Orders;
- provide such probation officers and other staff as the Department of Justice considers necessary to perform social welfare duties in Prisons and Young Offender Centres; and
- undertake such other duties as may be prescribed.

The discretionary functions of the Board which it may enter into with the agreement of the Department of Justice are to:

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

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

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

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

- Assess convicted offenders and prepare reports to assist decision-making in the criminal justice process. PBNi provided 8,500 reports in 2019-20;
- Supervise offenders (4,500 offenders at 31 March 2020);
- Provide a range of services to offenders in prisons;
- Provide behavioural change programmes;
- Maintain a Victim Information Scheme;
- Work with partner organisations to manage the risk posed by the most serious offenders as part of the Public Protection Arrangements Northern Ireland; and
- Work in local communities as designated members of Policing and Community Safety Partnerships.

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

The Probation Board supervises the following orders and licences:

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

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

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

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

In addition to its core responsibilities, during 2019-20 PBNI undertook the following programmes: Enhanced Combination Order, Young Men's Project - Aspire and a bespoke project for women - Engage, Problem Solving Justice – Substance Mis-Use Court and Domestic Violence Non-adjudicated programme. All of the work conducted by Probation seeks to reduce offending and make communities safer.

### **Purpose of the Governance Framework**

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

### **The Governance Framework**

#### **(i) Sponsorship Arrangements**

Within the Department of Justice, the Safer Communities Directorate is the sponsoring branch for PBNI. The branch, in consultation as necessary with the Departmental Accounting Officer, is the primary source of advice and point of contact for PBNI. The Sponsoring Branch monitors PBNI's activities on a continuing basis through an adequate and timely flow of information from PBNI on performance,

budgeting, control and risk management. The Sponsor branch in turn keeps PBNI informed of relevant Executive/Government policy, advising on interpretation and issuing specific guidance as necessary.

Twice a year, departmental officials meet with PBNI to review performance. The Board directly reports to the Minister of Justice (or the Permanent Secretary if no Minister in place) on its performance on an annual basis.

A Management Statement and Financial Memorandum document is in place between the Probation Board and Department of Justice. This document was reviewed and updated in 2018. The Management Statement sets out the broad framework within which PBNI will operate, in particular:

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

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

#### (ii) The Board

The Probation Board for Northern Ireland is governed by its Probation Board. The Board Members are appointed on a fixed term of 3 years with the possibility of reappointment for a further period of 3 years. These appointments are usually made by the Minister of Justice in line with the Code of Practice issued by the Commissioner for Public Appointments. However, in the absence of a Minister for Justice, the appointments were made by the Secretary of State under a specific statutory authority.

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

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

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

The Management Statement requires all Board members to:

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

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

Details of Board Members during 2019-20 are as follows:

Mr D Ashford QSMF	Chair
Mr D Wall	Member
Mrs J Gillespie CBE	Member
Mr G OhEara	Member
Mr N Bodger	Member
Dr J Byrne	Member
Dr K Clarke	Member
Mr K Donaghy	Member
Dr T Donaldson	Member
Mr P Douglas	Member
Ms P Keenan	Member
Mr M Murray	Member
Mr A Ross	Member (Resigned 17 February 2020)
Ms B Henderson*	Boardroom Apprentice (from 1 September 2018)
Ms S Bruce*	Boardroom Apprentice (from 1 September 2019)

\*Ms Henderson and Ms Bruce are participants on the Boardroom Apprentice Scheme. They were assigned to the Probation Board in September 2018 and September 2019 respectively for a period of one year. Ms Henderson and Ms Bruce do not have any decision-making role on the Board or its committees.

The Board meets on a monthly basis to discuss and oversee matters of strategic significance, as set out in the Standing Orders and Management Statement and Financial Memorandum. The table overleaf provides details of the number of Board and Audit and Risk Assurance Committee meetings attended by respective Board members in the course of the year.

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

### (iii) Audit & Risk Assurance Committee

In accordance with the Management Statement, PBNI has established an Audit and Risk Assurance Committee independent of the organisation's structure. The Department of Justice and representatives

from both PBNi Internal and External Auditors attend the Committee's meetings. The responsibilities of the Audit & Risk Assurance Committee include:

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

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

**Board Member Attendance at Board and Audit & Risk Assurance Committee Meetings during 2019-20**

<b>Board Member</b>	<b>Number of Board Meetings</b>	<b>Number of Board Meetings Attended</b>	<b>% attendance</b>
Mr D Ashford QSFM	12	12	100%
Mr N Bodger	12	10	83%
Dr J Byrne	12	10	83%
Dr K Clarke	12	6	50%
Mr K Donaghy	12	10	83%
Dr T Donaldson	12	11	92%
Mr P Douglas	12	10	83%
Mrs J Gillespie CBE	12	11	92%
Ms P Keenan	12	9	75%
Mr M Murray	12	11	92%
Mr G OhEara	12	8	67%
*Mr A Ross	11	9	82%
Mr D Wall	12	9	75%
<b>TOTAL</b>	<b>155</b>	<b>126</b>	<b>81%</b>

The March 2020 Board Meeting was cancelled due to Covid-19 therefore 12 meetings were held during the year instead of 13.

\* Mr A Ross resigned from the Board in February

## Audit and Risk Assurance Committee

From April 2019– March 2020

<b>Board Member</b>	<b>Number of ARAC Meetings</b>	<b>Number of ARAC Meetings Attended</b>	<b>% attendance</b>
Mr N Bodger	4	4	100%
*Dr K Clarke	3	2	67%
Mr K Donaghy	4	4	100%
Dr T Donaldson	3	3	100%
Mr M Murray	3	3	100%
**Mr P Douglas	-	-	-

\* Dr K Clarke was a member of the Committee until January 2020

\*\* Mr P Douglas has replaced Dr K Clark but there has not been a meeting since his appointment to the Committee

### (iv) Corporate Resources Committee

The purpose of the Committee is to provide assurance that the appropriate arrangements in respect of Financial Management, Human Resources, Estates Management and Information Technology are in place for the delivery of the Board's strategic objectives, as set out in the Corporate Plan 2020-23. The Committee sat three times during the year.

### (v) Policy and Practice Committee

The purpose of the Committee is to provide assurance that PBNI has the appropriate policies in place, aligned with best practice exercised by the professional staff, to meet the strategic priorities, as set out in the Corporate Plan 2020-23. The Committee sat six times during the year

### (vi) Remuneration Committee

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

### (vii) Emergency Committee

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



(viii) Special Board Meeting

There was one Special Board Meeting during the year

(ix) The Accounting Officer

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

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

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

(x) Internal Audit Arrangements

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

There is a Service Level Agreement in place between DOF Internal Audit and PBNI, which the heads of both organisations have signed. It sets out the terms of the internal audit service.

(xi) External Audit Arrangements

The Northern Ireland Audit (NIAO) Office is the Probation Board's external auditor. The NIAO does not provide any other non-audit services.

(xii) Criminal Justice Inspection Northern Ireland (CJINI)

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

### **Risk Management and Internal Control**

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

As part of the risk management process a senior managers' workshop is held annually to agree PBNI's new SRR and Departmental Risk Registers respectively. At the start of 2019/20 seven risks were logged on the SRR. During the course of the year one of the risks was de-escalated from the SRR – this risk was in respect of PBNI IT systems. The system was replaced and is now provided under ITAssist. Two risks were added to the Register: the potential operational implications of a no-deal Brexit, and the risk to business continuity associated with the Covid 19 pandemic. At the conclusion of the 2019-20 financial year there were eight risks logged on the SRR. The SRR was reviewed and updated by senior management on a quarterly basis. These updates were then considered by the Board's Audit and Risk Assurance Committee – ultimately the reviewed SRR is approved by the Board of PBNI on a quarterly basis.

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

### **Review of the Effectiveness of the Governance Framework**

(i) Provision of information and data to the Board

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

- Committee Reports (where applicable)
- Monthly Financial Outturn
- Business Cases and Projects update
- Management Information, including workforce information, caseload statistics, sick absence and updates on IT and communications
- Policy Reviews

Audit & Risk Assurance Committee (ARAC) standing agenda items include:

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

#### (ii) Board Effectiveness

The Board carried out a detailed assessment of its effectiveness in August 2019. The assessment was that the Board operates cohesively and effectively with a strong collective approach. A number of areas for development were noted and the Board has developed an action plan to progress this work.

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

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

#### (iv) Ministerial Directions

There were no Ministerial Directions sought or issued during 2019-20.

#### (v) Highlights of the PBNI Board and Committee Reports

The standing agenda items for PBNI Board meetings have been listed above. In addition, the Board considered and approved the following items in 2019-20

##### Policies Approved by the Board April 2019-March 2020

- Equal Opportunities Policy
- Health and Safety at Work Policy (Main)
- Health and Safety at Work Policy (Personal Safety)
- Anti- Fraud and Anti-Bribery Policy
- Voluntary and Community Sector Policy
- Financial Assistance to Service Users Policy
- Domestic Violence Workplace Policy
- Domestic Abuse (Operational) Policy
- Hate Crime Policy
- Statement of Employer Policy on Discretionary Revisions under NILGOSC
- Retirement Policy

##### Business Cases Approved by the Board

- National Negotiating Committee (NNC) and Standing Committee of Chief Officers' Group (SCCOG) – Pay and Non pay Terms and Conditions.

##### Quarterly/Annual Report Approved by Board

- Business Plan 2018-19
- Q4 Strategic Risk Register 2018-19
- 2019-20 Strategic Risk Register
- Q4 Business Plan 2018-19
- Q1 Draft Business Plan 2019-20
- Q1 Strategic Risk Register 2019-20
- Q2 Business Plan 2019-20
- Q2 Strategic Risk Register 2019-20
- Q3 Business Plan 2019-20

- Q3 Strategic Risk Register 2019-20
- Draft Business Plan 2020-21

#### Quarterly/Annual Report Noted by the Board

- 2019-20 Official Statistics
- September 2019 – Criminal Justice Trends
- Annual Equality and Good Relations Annual Report
- 2019-20 Caseload Statistics

#### Items also approved by the Board

- Draft Annual Report and Accounts
- Annual Report and Accounts
- Report to Those Charged with Governance
- Revised Standing Orders – Board
- Draft Corporate Plan Strategic Priorities
- Business Continuity Plan
- Corporate Plan 2020-23
- Sentencing Review Consultation Response
- Revised Terms of Reference for the Corporate Resources Committee
- Revised Terms of Reference for the Policy and Practice Committee
- Revised Terms of Reference for the Remuneration Committee
- Annual Return of the Register of Interests

#### Board Led Seminars

- Workshop to Determine the Corporate Plan's Strategic Priorities
- Annual Seminar Justice: Improving Outcomes for Communities
- Tackling Homelessness to Assist Rehabilitation

#### Presentations

- Maghaberry Probation Staff on an overview of their work in HMP Maghaberry
- Anthony Harbinson, DoJ – Preparation for Brexit
- Graham Walker, DoJ - Presentation on Brexit
- Joe Dolan, Head of NI Cyber Centre – Presentation on Cyber Security
- Tim Chapman – Presentation on Terrorist/ Politically Motivated Offender's (TPMO's)
- ARAC Chair – Presentation on Considering Risk and Implications
- Anthony Harbinson, DoJ – Preparation for Brexit Update

## (vi) Achievements

During the year 2019-20 PBNI received **satisfactory assurance** on all six scheduled internal audit reports (Business Continuity, Receipt Custody and Lodgement of Cash, Creditors Payments, Non-current Assets, Travel and Subsistence (Service Users) and Complaints Handling). PBNI are working towards implementing all of the recommendations from these reports.

## Significant Internal Control Issues

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

- PBNI are currently reviewing the Terms and Conditions of employment for staff on National Negotiating Council (NCC) and Standing Committee of Chief Officer Grades (SCCOG) terms. Due to changes in the England and Wales Probation Service, the National Probation terms and conditions of employment that PBNI has followed since 1983 have been disestablished. DOF and DOJ approved a business case to enable PBNI to revalorise payscales and to deliver on a 1% cost of living rise from 2017-18 to 2019-20. A working group has been set up comprising representation from DOJ, Trade Unions and PBNI management to review the options and determine the most appropriate terms and conditions of employment for PBNI staff moving forward. There may be financial implications depending on the terms and conditions of employment applied to these staff, in particular the impact on pay remits.
- Prior to 1 June 2015, PBNI had been paying NILGOSC pension contributions and associated National Insurance contributions on behalf of a number of administrative staff. This was contrary to NILGOSC regulations. A business case was approved by DOJ and DOF to phase the payments over 3 years. From the 1 July 2015 the affected staff have been paying the correct NILGOSC contributions with PBNI paying an allowance phased over 3 years which ended in July 2018. Northern Ireland Public Service Alliance (NIPSA) are querying this approach and a Statement of Claim has been received. Crown Solicitors Office (CSO) and Counsel has reviewed and have prepared a response.
- PBNI's overall Security Assessment level was re-assessed in February 2020 and December 2018 as "Moderate", having been assessed as "Substantial" following threat assessments in September 2017 and March 2018. The moderate assessment was reconfirmed in February

2020. PBNI will continue to keep the Northern Ireland Related Terrorism threat assessment and actions under review, in consultation with DOJ, PBNI Board, staff and Unions.

- An internal audit review of PBNI's Case management system received limited assurance in 2014-15 with a follow-up in 2016-17 which also received limited assurance. The current system is not fit for purpose and is a high risk. The Outline Business Case has been approved by the DOJ.
- A Gateway Review in February 2020 assessed the ECMS as Green/Amber RAG status rating, similar to the assessment in January 2019, having received a Red RAG status rating when a Gateway Review was undertaken in October 2017. Phase 1 of the project was fully implemented on 27 April 2020 with phase 2 due to be completed by December 2020.
- The risk and uncertainty to business continuity and staff wellbeing as a consequence of COVID-19 is included on the risk register.

### **Internal Auditor Statement on Assurance**

In their Annual Assurance Report, the Probation Board's Internal Auditors reported that, on the basis of findings from work undertaken in 2019-20 and in previous years, the risk management, internal control and governance arrangements within PBNI are "satisfactory".

### **Conclusion**

This Governance Statement has been reviewed and accepted by both the Audit & Risk Assurance Committee and the Board. I can provide satisfactory assurance on the effectiveness of the Probation Board's internal control environment. I confirm that an action plan to ensure continuous improvement to the systems is on-going. It is evidenced by the programme of work undertaken by the Audit and Risk Management Group, the Senior Leadership Team and the Audit & Risk Assurance Committee and this work will continue in 2019-20.

## **REMUNERATION AND STAFF REPORT**

### **REMUNERATION REPORT**

#### **Remuneration Policy**

##### **Board Members**

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

##### **Senior Executives**

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

Implementation of any agreement within the Probation Board is subject to the approval of the Department of Justice, given with the consent of the Department of Finance.

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

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



- Ensure implementation of new pay and conditions arrangements fairly and consistently across the service;
- Ensure that the implementation of new pay and conditions arrangements is within financial and other constraints; and
- Ensure as far as possible that staffing and other resources are commensurate with workload.

### **Service contracts**

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

### **Board Remuneration Committee**

The Board has established a Remuneration Committee consisting of the Board Chair, Deputy Chair, the Chairs of the Corporate Resources and Policy and Practice Committees and other members as the Board may appoint. The role of the Remuneration Committee is to assist in assessing the performance of the Chief Executive and to deal with any performance pay issues at Director level and some other HR issues.

### **Salary and Pension Entitlements**

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

## Remuneration – Senior Executive Team

### [AUDITED INFORMATION]

Name & Title	Salary (£'000)		Bonus Payments		Benefits in Kind		Pension Benefits		Total £'000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Ms C Lamont <i>Chief Executive of Probation</i>	95-100	95-100	0-5	0-5	200	200	22	10	115-120	105-110
Mr P Doran <i>Director of Rehabilitation (left PBNI on secondment to NIPS 30 September 2018)</i>	-	35-40	-	-	-	100	-	7	-	45-50
Dr G O'Hare <i>Acting Director of Rehabilitation (started post on 03 September 2018)</i>	65-70	35-40	-	-	200	200	33	17	100-105	55-60
Mr H Hamill <i>Director Operations</i>	70-75	70-75	-	-	100	200	26	10	95-100	80-85
Mrs G Robinson ** <i>Head of Human Resources</i>	65-70	75-80	-	-	100	100	20	20	85-90	95-100
Mrs C Teggart ** <i>Head of Finance</i>	55-60	65-70	-	-	100	100	21	16	80-85	80-85

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

\*\* Salary includes a 5% responsibility allowance back dated from 1 April 2015 paid in 2018-19.

### Salary

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

### Benefits in Kind

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

## Bonuses

Bonuses are based on performance levels attained in accordance with SCCOG Chief Officer Terms and Conditions and are made as part of the appraisal process. The bonuses reported in 2019-20 relate to the performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to the performance in 2017-18.

## Board Members Remuneration and Expenses

The Chairman and Board Members receive remuneration and expenses. The Board Members are appointed for a fixed term of 3 years. The Chairman's remuneration is £33,010 per annum payable at a monthly rate of £2,751. Board Members receive remuneration of £5,050 per annum payable at a monthly rate of £420.83. The Chairman and the Board Members are not members of the Probation Board's pension scheme. Full details of Board Members' remuneration and expenses are in the following table.

### [AUDITED INFORMATION]

#### Members during 2019-20

Mr D Ashford QSFM	Chair	30-35
Ms J Gillespie CBE	Member	5-10
Mr G OhEara	Member	5-10
Mr D Wall	Member	5-10
Mr N Bodger	Member	5-10
Dr J Byrne	Member	5-10
Dr K Clarke	Member	5-10
Mr K Donaghy	Member	5-10
Dr T Donaldson	Member	5-10
Mr P Douglas	Member	5-10
Ms P Keenan	Member	5-10
Mr M Murray	Member	5-10
Mr A Ross	Member (Resigned February 2020)	0-5

## Members to 30 November 2018

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

## Members from 1 December 2018

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

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

**Fair Pay Disclosure [AUDITED INFORMATION]**

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

The banded remuneration of the highest-paid director in the Probation Board in the financial year 2019-20 was £95,000 - £100,000 (2018-19 £95,000 - £100,000). This was 3.05 times (2018-19, 3.18 times) the median remuneration of the workforce, which was £31,148 (2018-19, £30,280).

In 2019-20 no employees received remuneration in excess of the highest paid director.

Remuneration ranged from £18,000 to £96,000 (2018-19, £18,000 to £96,000)

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

**Pension Benefits [AUDITED INFORMATION]**

<b>Name &amp; Title</b>	<b>Accrued pension at pension age as at 31/3/20 and related lump sum £'000</b>	<b>Real increase in pension and related lump sum at pension age £'000</b>	<b>CETV at 31/03/20 £'000</b>	<b>CETV at 31/03/19 £'000</b>	<b>Real increase in CETV £'000</b>
Ms C Lamont CBE <i>Chief Executive</i>	45 - 50 + lump sum 85 – 90	0 - 2.5 + lump sum - (0 - 2.5)	1,022	961	35
Dr G O'Hare <i>Director of Rehabilitation</i> (started 30 Sept 2018)	20 - 25 + lump sum 30 – 35	0 - 2.5 + lump sum (0 - 2.5)	409	369	28
Mr H Hamill <i>Director of Operations</i>	30 - 35 + lump sum 50 – 55	0 - 2.5 + lump sum - (0 – 2.5)	685	642	27
Mrs G Robinson <i>Head of Human Resources</i>	10 - 15+ lump sum 0 – 5	0 - 2.5 + lump sum - (0 - 2.5)	172	152	12
Ms C Teggart <i>Head of Finance</i>	15 - 20 + lump sum 10 – 15	0 - 2.5 + lump sum - (0 - 2.5)	193	173	12

## Pensions

The Probation Board is an Employing Authority within the scheme provided by the Local Government Pension Scheme (NI). Membership of the scheme is optional for employees, but in practice almost all staff opt into this pension provision arrangement.

Staff employed under National Negotiating Council based conditions (that is probation grades) contribute a % of remuneration, dependent on the level of that pensionable remuneration. The bandings for 2019-20 were as follows:

### Contribution Rate

<b>Band Range</b>	<b>Contribution Rate</b>
Up to £14,800	5.5%
£14,801 - £22,600	5.8%
£22,601 - £37,700	6.5%
£37,701 - £45,700	6.8%
£45,701 - £90,400	8.5%
More than £90,400	10.5%

The employer's contribution is determined by the Committee's Actuary every 3 years and for 2019-20 year was 20% of remuneration plus a deficit recovery contribution of £170,400.

Pension benefits are provided through the Local Government Pension Scheme (NI). This is a committee based scheme open to all permanent and temporary staff aged over 16 and provides benefits on a career average revalued earnings basis. Prior to 01 April 2016 pension benefits were provided on a final salary basis. Any membership built up to 31 March 2009 will provide an annual pension based on 1/80<sup>th</sup> of the final year's pensionable pay and an automatic tax-free lump sum of three times the pension. Membership built up after 31 March 2009 but before 31 March 2015 will provide an annual pension based on 1/60<sup>th</sup> of the final year's pay. There is still the option to convert annual pension to lump sum subject to HMRC limits.

Membership built up from 01 April 2015 will provide an annual pension based on 1/49<sup>th</sup> of the annual pensionable pay. This new pension scheme, called LGPS (NI) 2016 is a career average scheme.

On death, pensions are payable to the surviving spouse for a short-term period of 3 months payable at the rate of the member's pensionable remuneration at the date of death. Provided that the deceased member had statutory pension entitlement this is followed by a long-term pension which is payable for

life. The calculation is 50% of the deceased's benefits had they taken early retirement. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension.

The Local Government Pension Scheme (NI) is a multi-employer defined benefit scheme. The Probation Board's contributions are affected by a surplus or deficit in the scheme. The most recent full actuarial valuation was completed as at 31 March 2020. An employer contribution rate of 19.5% has been proposed for year commencing 1 April 2020. Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

### **The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred. They also include any additional pension benefit accrued to the member as a result of purchasing additional years of pension service in their scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculations use common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

## STAFF REPORT

### Staff costs (AUDITED INFORMATION)

Staff costs are captured in the table below

			2019-20 £'000	Restated 2018-19 £'000
	Permanently Employed Staff	Others	Total	Total
Wages and salaries	11,245	1,525	12,770	12,394
Social security costs	1,168	-	1,168	1,036
Other pension costs*	4,236	-	4,236	6,033
<b>Sub Total</b>	<u>16,649</u>	<u>1,525</u>	<u>18,174</u>	<u>19,463</u>
Less recoveries in respect of outward secondments	(159)	-	(159)	(102)
<b>Total net costs**</b>	<u>16,490</u>	<u>1,525</u>	<b>18,015</b>	<b>19,361</b>
Of which:	<b>Charged to Programme</b>	<b>Charged to Others</b>	<b>Total**</b>	
PBNI	<u>16,490</u>	<u>1,525</u>	<b>18,015</b>	
Total net costs	<u>16,490</u>	<u>1,525</u>	<b>18,015</b>	

\*In 2018-19 £2,626k of past service costs have been reclassified to other pension costs as this is a fairer reflection of the nature of the expense. This is a change to accounting policy however it has no overall impact on the Statement of Comprehensive Net Expenditure.

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

Pension information is available in Note 11.



The average number of staff employed by the Probation Board during 2019-20 were as follows:

(AUDITED INFORMATION)

	Permanently Employed Staff	Others	Total 2019-20	Total 2018-19
Directly Employed	366	-	366	358
Other	-	41	41	44
Staff engaged on Capital Projects	-	-	-	-
<b>Totals</b>	<b>366</b>	<b>41</b>	<b>407</b>	<b>402</b>

**Employees (AUDITED INFORMATION)**

The breakdown of Full Time Equivalent (FTE) employee group by gender at the 31 March 2020 is as follows:

Employee Group	Number of FTE employees at 31 March 2020		
	Female	Male	Total
Chief Executive/Directors	2	1	3
Senior Managers (other than Directors)	7	1	8
Permanent employees	251.84	81.9	333.74
Temporary employees (Agency)	28.02	8.61	36.63
<b>Total</b>	<b>288.86</b>	<b>92.51</b>	<b>381.37</b>

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

**Sickness Absence Data**

The average number of days sick absence per employee for the year 2019-20 was 16.7 days. The average days sick absence per employee for the previous year 2018-19 was 12.3 days (17.7 days in 2017-18). The reduction of sickness absence levels remains a business objective for the Probation Board in 2020-2021.

A Department of Finance Internal Audit review of PBNI's procedures for attendance management (February 17) noted that levels of sick absence were not sustainable while also noting 'that there have been a number of long term absences which have had a significant impact on the absence figures

given that PBNI is a relatively small organisation. These (absences) are being managed through the long term sickness absence procedure in order to facilitate a return to work.’

### **Employee Involvement**

The Probation Board maintains arrangements for regularly consulting employees so that their views may be taken into account in decision-making. Membership of two trade unions, the National Association of Probation Officers (NAPO) and the Northern Ireland Public Service Alliance (NIPSA), is available to all staff within the Probation Board. A Joint Negotiating and Consultative Committee, on which management and the two unions are represented, provides the formal consultative mechanism for discussion of policy and other issues of concern to employees. In addition, employees at all levels are kept informed of decisions taken by the Board and senior management, as well as of matters bearing on the performance of the organisation and directly on their terms and conditions of employment. PBNI are currently working on recommendations gathered from staff as part of a cultural survey that will enhance staff empowerment, wellbeing, engagement and productivity.

### **Equal Opportunity Policy Statement**

PBNI has an Equal Opportunity Policy to ensure that, during the course of their employment, no employee will receive less favourable treatment or be discriminated against on the grounds of their sex including gender reassignment, pregnancy or maternity leave, marital or civil partnership status, sexual orientation, race or ethnic origin, religious belief, political opinion, national identity, age or disability.

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

### **Equality and Diversity**

Section 75 of the Northern Ireland Act 1998 places a statutory duty on the PBNI to have due regard to the promotion of equality and good relations internally and externally. PBNI's Equality Scheme was written following public consultation and approved by the Equality Commission for Northern Ireland in March 2012 and republished in August 2017. This five-year scheme contains commitments to engagement with our consultees and the mainstreaming of equality into our corporate business planning processes. PBNI has also published its Equality Action Plan designed to promote greater equality of opportunity and better community relations in the delivery of our service.

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

PBNI did not have any off-payroll engagements during the 2019-20 financial year.

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

### **Losses and Special Payments**

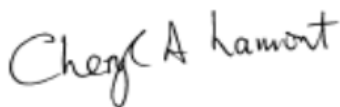
There were no special payments made by the Board in 2019-20. In 2018-19, there were no cases of losses or special payments.

### **Fees and charges**

PBNI carry out statutory services in Prisons for the provision of social welfare services in prisons and young offenders' centres as set out in the Probation Board (Northern Ireland) Order 1982. PBNI charge the Northern Ireland Prison Service (NIPS) for this service. The charge is full cost recovery as agreed in a Service Level Agreement. PBNI received £1,134k in income from NIPS in 2019-20

### **Remote contingent liabilities**

PBNI has no remote contingent liabilities to report at 31 March 2020.



**Cheryl Lamont CBE**

**Chief Executive**

**2 November 2020**

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

I certify that I have audited the financial statements of the Probation Board for Northern Ireland for the year ended 31 March 2020 under the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity, and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Probation Board for Northern Ireland's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010 and Department of Finance directions issued thereunder.

### **Opinion on Regularity**

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

### **Basis of opinions**

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

## **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Probation Board for Northern Ireland's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Probation Board for Northern Ireland have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Probation Board for Northern Ireland's ability to continue to adopt the going concern basis.

## **Other Information**

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

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

## **Opinion on other matters**

In my opinion:

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

## **Responsibilities of the Accounting Officer for the financial statements**

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

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Probation Board (Northern Ireland Order) 1982 as amended by the Northern Ireland Act 1988 (Devolution of Policing and Justice Functions) Order 2010

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

## **Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

## **Report**

I have no observations to make on these financial statements.



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

*08 November 2020*

## FINANCIAL STATEMENTS 2019-20

### STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR

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

	Note	2019-20 £'000	Restated 2018-19 £'000
Revenue from contracts with customers	4	(1,134)	(1,134)
Other Operating Income	4	(1,026)	(728)
<b>Total Operating Income</b>		<u>(2,160)</u>	<u>(1,862)</u>
Staff Costs	2	18,174	19,463
Purchases of goods and services	2	4,056	3,629
Depreciation and Amortisation charges	5&6	455	449
Other Operating Expenditure	3	2,144	1,464
<b>Total Operating Expenditure</b>		<u>24,829</u>	<u>25,005</u>
<b>Net Operating Expenditure</b>		<u>22,669</u>	<u>23,143</u>
Finance Income		(2)	(2)
Finance Expense		373	369
<b>Net expenditure for the year</b>		<u>23,040</u>	<u>23,510</u>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to net operating expenditure:			
Net (gain) on revaluation of Property, Plant and Equipment.	5	(18)	(15)
Net (gain) on revaluation of Intangible Assets	6	(1)	(1)
Actuarial loss/(gain) on Pension Scheme	11.7	11,922	(2,949)
<b>Comprehensive net expenditure for the year</b>		<u>34,943</u>	<u>20,545</u>

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

The notes on pages 74 to 107 form part of the accounts.

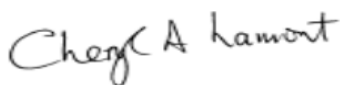


**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2020

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

	Note	31 March 2020 £'000	31 March 2019 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	5	2,535	2,579
Intangible assets	6	368	88
Financial assets	18	24	23
<b>Total non-current assets</b>		<u>2,927</u>	<u>2,690</u>
<b>Current assets:</b>			
Assets classified as held for sale	7	311	105
Trade and other receivables	9	425	271
Financial assets	18	16	8
<b>Total current assets</b>		<u>752</u>	<u>384</u>
<b>Total assets</b>		<u>3,679</u>	<u>3,074</u>
<b>Current liabilities:</b>			
Cash and cash equivalents	8	(728)	(275)
Trade and other payables	10	(2,420)	(2,022)
<b>Total current liabilities</b>		<u>(3,148)</u>	<u>(2,297)</u>
<b>Total assets less current liabilities</b>		<u>531</u>	<u>777</u>
<b>Non-current liabilities</b>			
Provisions	11.3	(30,946)	(16,637)
<b>Total non-current liabilities</b>		<u>(30,946)</u>	<u>(16,637)</u>
<b>Total assets less liabilities</b>		<u>(30,415)</u>	<u>(15,860)</u>
<b>Taxpayers' equity and other reserves</b>			
General Reserve		(31,115)	(16,675)
Revaluation reserve		700	815
<b>Total Taxpayers' Equity</b>		<u>(30,415)</u>	<u>(15,860)</u>

The notes on pages 74 to 107 form part of the accounts. The financial statements on pages 70 to 73 were approved by the Board and were signed on its behalf by:



**Cheryl Lamont CBE**  
Chief Executive  
2 November 2020

**STATEMENT OF CASH FLOWS**  
for the year ended 31 March 2020

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

	Note	£'000	2019-20 £'000	£'000	2018-19 £'000
<b>Cash Flows from operating activities</b>					
Net (expenditure) for the year			(23,040)		(23,510)
Adjustments for non-cash transactions	12	5,101		6,892	
(Increase)/Decrease in trade and other receivables	9	(154)		90	
Increase in trade and other payables	10	398		515	
Employers Pension Costs	11.6	(2,274)		(2,109)	
Payables movement on non-current assets			<u>3,071</u>		<u>5,388</u>
<b>Net cash outflow from operating activities</b>			<b>(19,969)</b>		<b>(18,122)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	5	(768)		(607)	
Purchase of intangible assets	6	(322)		(55)	
Proceeds from Disposal of Property		227		-	
Loans to employees for car loans	18	(25)		(25)	
Repayments of Loans	18	15		21	
<b>Net cash outflow from investing activities</b>			<b>(873)</b>		<b>(666)</b>
<b>Cash flows from financing activities</b>					
Grants from Sponsoring Department			<u>20,389</u>		<u>18,727</u>
<b>Net (decrease) in cash and cash equivalents in the period</b>			<b>(453)</b>		<b>(61)</b>
Cash and cash equivalents at the beginning of the period			<u>(275)</u>		<u>(214)</u>
Cash and cash equivalents at the end of the period	8		<b>(728)</b>		<b>(275)</b>

The notes on pages 74 to 107 form part of the accounts

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
for the year ended 31 March 2020

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

	<b>General Fund</b>	<b>Revaluation Reserve</b>	<b>Taxpayers' Equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2018</b>	(14,912)	870	(14,042)
Net gain on revaluation of property, plant and equipment	-	16	16
Actuarial Gain	2,949	-	2,949
Release of reserves to the net expenditure account	71	(71)	-
Comprehensive net expenditure for the year	(23,510)	-	(23,510)
Grant from sponsoring department	18,727	-	18,727
<b>Balance at 31 March 2019</b>	<b>(16,675)</b>	<b>815</b>	<b>(15,860)</b>
<b>Changes in taxpayers' equity for 2019-20</b>			
Net gain on revaluation of property, plant and equipment	-	18	18
Actuarial Loss	(11,922)	-	(11,922)
Release of reserves to the net expenditure account	133	(133)	-
Comprehensive net expenditure for the year	(23,040)	-	(23,040)
Grant from parent department	20,389	-	20,389
<b>Balance at 31 March 2020</b>	<b>(31,115)</b>	<b>700</b>	<b>(30,415)</b>

The notes on pages 74 to 107 form part of the accounts

## **NOTES TO THE ACCOUNTS**

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

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Probation Board for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Probation Board are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### **1.1 Accounting Convention**

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

The accounts are prepared in accordance with the accounts direction issued by the Department of Finance on 23 January 2020 for year ended 31 March 2020.

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

#### **1.2 Change to Accounting Policy**

In 2018-19 £2,626k of past service costs have been reclassified to other pension costs as this is a fairer reflection of the nature of the expense. This is a change to accounting policy however it has no overall impact on the Statement of Comprehensive Net Expenditure.

#### **1.3 Advances to Probation Offices**

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

#### **1.4 Department of Justice Grant**

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

#### **1.5 Value Added Tax**

PBNI registered for VAT on secondment income only from 1 April 2014. HMRC advised PBNI of the registration in January 2016 and have charged VAT on seconded income from April 2014. There was a VAT liability of £5k with HMRC at 31 March 2020.

All other transactions are currently stated gross of VAT.

#### **1.6 Income – Note 4**

IFRS 15 Revenue from Contracts with Customers is applied by HM Treasury in the Government FReM from 2019-20. IFRS introduces a new five stage model for the recognition of revenue from contracts with customers replacing the previous Standards IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. PBNI recognises revenue by applying the following steps:

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

Step 2: Performance obligations are included in the contract

Step 3: Transaction price is agreed with the customer

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

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

Note 4 income represents funding from Northern Ireland Prison service for work carried out by PBNI under a Service Level Agreement (SLA) in line with statutory obligations. PBNI income also relates to staff on secondment and income received from DoJ for programmes under SLA's.

In respect of performance obligations; income is accrued/invoices paid and revenue recognised in accordance with agreed payment terms as set out in the respective SLA's.

#### **1.7 Non-Current Assets – Tangible and Intangible**

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

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

### Method of Recording.

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

### Threshold.

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

### Measurement and Valuation.

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

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

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

All non-current assets with the exception of land and buildings and assets under construction are revalued by reference to appropriate Office for National Statistics indices as a proxy for fair value. Revaluations are recognised on an asset-by-asset basis with no account taken of potential profit or loss on other non-current assets. An independent desk-based valuation of land and buildings is completed annually by Land and Property Services with a full professional valuation every 5 years. A full professional valuation was carried out as at 28 February 2018. The desk top valuation was completed this year by Mr J Maybin MRICS and Mr J Martin MRICS and the valuation was signed off by Mr N McCall BSc(Hons) MRICS Grade 7 Senior Valuer.

### **1.8 Leases.**

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

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

### **1.9 Pension Costs.**

Most staff in PBNI are members of the Local Government Pension Scheme (NI). Further details regarding the operation of the pension scheme are contained in the pensions section of note 2, note 11 to the accounts and the Remuneration and Staff Report.

### **1.10 Early Departure Costs.**

The Probation Board is required to provide in full for the cost of paying pensions of employees who retire early from the date of their retirement until the pension is no longer due to the individuals or their spouses.

Payments during the year in respect of these individuals are charged to the provision. Each year the provision is recalculated and restated if necessary with any under or over provision charged or credited to Other Operating Costs. This is part of the IAS19 actuarial valuation and it is shown in Note 11 – Pension Commitments.

#### **1.11 Provisions.**

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

#### **1.12 Contingent Liabilities.**

Contingent liabilities are disclosed in accordance with IAS 37.

#### **1.13 Assets classified as held for sale.**

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

#### **1.14 Community and Voluntary Sector Funding.**

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

#### **1.15 Insurance.**

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

#### **1.16 Notional Costs.**

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



## **1.17 Financial Instruments.**

Financial assets and liabilities are recognised when the Probation Board becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the Probation Board no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Note 18 reflects the balance owed to PBNI in respect of the car loan scheme. Officers designated as essential car users will be considered for a loan under the conditions of the scheme in accordance with the Probation Board (NI) Order 1982.

### **1.17.1 Financial Assets.**

#### **Trade and other receivables**

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

#### **Cash and cash equivalents**

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

#### **Impairment of financial assets**

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

## **1.17.2 Financial Liabilities**

### **Trade and other payables**

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

## **1.18 Employee Benefits**

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

## **1.19 Segmental Reporting**

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

## **1.20 Critical accounting estimates and key judgements**

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

- (i) Depreciation of property, plant and equipment  
Depreciation is provided in the accounts so as to write down the respective assets to their residual values over their expected residual lives and as such the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in Note 1.6.

- (ii) Impairment of property, plant and equipment  
Where there is an indication that the carrying values of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.
- (iii) Pension and other post-retirement benefits  
PBNI accounts for pension and other post-retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension scheme, a number of assumptions are used by the Actuary, these include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in Note 11.
- (iv) Calculation of employee benefits – This calculation is based on a 10% sample of the workforce in PBNI, across all grades and specialisms. The sample results are then used as a basis for calculating an overall figure for PBNI.

**1.21 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 1 January 2020.**

PBNI has considered the accounting standards, interpretations and updates identified by HM Treasury effective from 1 January 2020 and considers that these changes are not relevant or material to its operations.

**1.22 Accounting standards, interpretations and amendments to published standards not yet effective**

PBNI has considered those new standards, interpretations and amendments to existing standards which have been published and are mandatory for the accounting periods beginning on or after 1 April 2020 or later periods, but which PBNI has not adopted early. Other than as outlined below, PBNI considers that these standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 16 – Leases: Lease incentives, updates
<b>Effective date</b>	01 January 2022 (pending EU / UK endorsement)
<b>FReM application</b>	To be advised
<b>Description of revision</b>	The proposed amendment to Illustrative Example 13 accompanying IFRS 16 would remove from the example the reimbursement of leasehold

	<p>improvements by the lessor. The proposed amendment would resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.</p> <p>Proposal for a narrow-scope amendment to IAS 16 Property, Plant and Equipment is proposed to prohibit the deduction of proceeds from selling items produced from the cost of PPE, before the item of PPE can operate as intended by management. Instead, the company would recognise those sales proceeds and related costs in profit or loss.</p> <p>IASB proposed to apply the amendments retrospectively to items of PPE made available for use on or after the beginning of the earliest period presented when companies first apply the amendments. It also clarifies the meaning of testing, to be clear that this is when an entity is testing the technical or physical performance of the asset, and not its financial performance.</p> <p>Amendment issued on 14th May 2020.</p>
<b>Comments</b>	IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2021.

### 1.23 Financial Reporting - Future Developments

<b>Standard</b>	IAS 1 – Presentation of financial statements: Classification of liabilities as current or non-current (Amendments)
<b>Effective date</b>	Effective date not yet agreed
<b>FReM application</b>	To be advised
<b>Description of revision</b>	<p>The amendment makes no fundamental changes but clarifies some aspects of the standard. The amendment affects the presentation of liabilities in the statement of financial position only and not the timing of recognition or the disclosure requirements. It clarifies:</p> <ul style="list-style-type: none"> <li>• that the classification of a liability as current or non-current is based on the rights that are in existence at the end of the reporting period and the “right” to defer settlement by at least 12 months must be in place at the end of the reporting period if it is to affect the liability classification.</li> </ul>

	<ul style="list-style-type: none"> <li>• the classification is unaffected by the expectation of the entity exercising this right</li> <li>• the settlement refers to the transfer to the counterparty of cash, equity instrument, and other assets or services.</li> </ul> <p>The amendment was agreed in January 2020 with an effective date of 01 January 2022. However, due to Covid-19, in April 2020 the IASB proposed to delay the effective date to 01 January 2023.</p>
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<b>Standard</b>	IAS 1 and IFRS Practice Statement 2 – Disclosure initiative: Definition of material (Narrow scope amendments)
<b>Effective date</b>	Effective date not yet agreed
<b><i>FReM</i> application</b>	To be advised
<b>Description of revision</b>	<p>Proposed amendments to paragraphs 117-122 of IAS 1 and a new guidance for application in IFRS practice statement 2 are indented to help entities provide more useful accounting policy disclosure to the primary users of financial statements. The proposals include changing the request for “significant” disclosures to “material” disclosures and providing information aimed to assist entities apply the concept of materiality. These proposed amendments build on the amendments brought in due to the definition of materiality project and aim to help entities:</p> <ul style="list-style-type: none"> <li>• identify and disclose all accounting policies that provide material information to primary users of financial statements; and</li> <li>• identify immaterial accounting policies and eliminate them from their financial statements.</li> </ul> <p>An Exposure Draft was issued in August 2019 with comments requested by November 2019. The IASB have not made any further decision since the exposure draft but discussed feedback received on the Exposure Draft in their May 2020 meeting.</p>

<b>Standard</b>	IAS 8 – Accounting policies and Accounting Estimates
<b>Effective date</b>	Effective date not yet agreed
<b><i>FReM</i> application</b>	To be advised
<b>Description of revision</b>	<p>Proposal to amend the definitions of accounting policies and changes in accounting estimates to:</p> <ul style="list-style-type: none"> <li>• Clarify the definitions of accounting policies and of changes in accounting estimates with the objective of making them more concise and distinctive;</li> <li>• Clarify how accounting policies and estimates relate to each other;</li> <li>• Add guidance about whether changes in valuation techniques and in estimation techniques are changes in accounting estimates; and</li> <li>• Update examples of estimates provided in IAS 8.</li> </ul> <p>Due to Covid-19, the IASB has postponed the publication of the amendment until December 2020.</p> <p>AND,</p> <p>Proposal to amend IAS 8 to lower the impracticability threshold for voluntary changes in accounting policy that result from an agenda decision published by the IFRS Interpretations Committee.</p> <p>The proposed threshold would include consideration of the expected benefits to users of financial statements from applying the new accounting policy retrospectively and the cost to the entity of determining the effects of retrospective application.</p> <p>An Exposure Draft was published on 27 March 2018 and comments received by 27 July 2018. In 2018 the Board agreed to postpone decisions for a later meeting and the IASB is expecting to make a decision on the project direction in May 2020.</p>

## 2. EXPENDITURE

	2019-20 £'000	Restated 2018-19 £'000
Staff Costs <sup>1</sup>		
Wages and Salaries	12,770	12,394
Social Security Costs	1,168	1,036
Other Pension Costs*	4,236	6,033
Staff related Costs	617	591
Rentals under operating leases	670	632
Accommodation costs	812	883
Office services	593	679
Contracted out services	682	210
Professional costs	300	274
Audit and accountancy fees	25	20
Managed services	3	3
Consumables, materials and equipment costs	132	131
Commissions and tribunal costs	36	30
Non-capital purchases	15	45
Client and other programme operating costs	107	70
Other	27	20
Non cash (Profit) on disposal of non current assets	(15)	-
Other Non cash items	52	41
	<u>22,230</u>	<u>23,092</u>

1. Further Analysis of staff costs is located in the Staff Report on page 62

\*\*In 2019-20 £2,626k of past service costs have been reclassified to other pension costs as this is a fairer reflection of the nature of the expense. This is a change to accounting policies however it has no overall impact on the Statement of Comprehensive Net Expenditure.

### 3. OTHER OPERATING EXPENDITURE

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

	2019-20 £'000	2018-19 £'000
<b>Grants over £100,000</b>		
Northern Ireland Association for Care and Resettlement of Offenders (NIACRO) <sup>1</sup>	905	750
Ascertainment <sup>2</sup>	274	-
Addiction NI <sup>3</sup>	192	172
Barnardo's <sup>4</sup>	149	75
Start 360 <sup>5</sup>	123	92
<b>Grants £50,001- £100,000</b>		
Extern <sup>6</sup>	67	-
<b>Grants £25,001- £50,000</b>		
Women's Aid Federation <sup>7</sup>	43	91
NI Alternatives <sup>8</sup>	40	30
Community Restorative Justice Ireland (CRJI) <sup>9</sup>	40	30
Cancer Focus NI <sup>10</sup>	40	-
The Turnaround Project <sup>11</sup>	35	29
Vineyard Compassion <sup>12</sup>	30	-
Verbal Arts Centre NI <sup>13</sup>	26	30
<b>Grants up to £25,000<sup>14</sup></b>	<u>180</u>	<u>165</u>
<b>Total</b>	<b><u>2,144</u></b>	<b><u>1,464</u></b>

<sup>1</sup> **NIACRO** - £730k was awarded for the Mentoring project and Young Men's project under the Aspire programme; £135k awarded for the Working Well Programme; and £40k for the Transitions project.

<sup>2</sup> **Ascertainment** - £274k was awarded for the Addiction Services project.

<sup>3</sup> **Addiction NI** - was awarded £192k for the Substance Misuse Court.

<sup>4</sup> **Barnardo's** - was awarded £49k through Assets Recovery Community Scheme (ARCS) funding for the Beyond the Gate project and £100k for the Parenting Skills project under the Aspire programme.

<sup>5</sup> **Start 360** - £92k was awarded for the Engage project under the Aspire programme and £31k for the Protect Life project.

<sup>6</sup> **Extern** - was awarded £24k for the Rural Floating Support project; £28k the Mental Health Project; and £15k for hostel services.



<sup>7</sup> **Women’s Aid Federation** - £40k was awarded for the Promoting Positive Relationship Programme (PRRP) and £3k for community service placements.

<sup>8</sup> **Northern Ireland Alternatives** - was awarded £40k for the ECO project.

<sup>9</sup> **CRJI** - was awarded £40k for the ECO project.

<sup>10</sup> **Cancer Focus** - was awarded £40k for the Health-way Local project.

<sup>11</sup> **The Turnaround Project** - was awarded £35k for the Grounds Maintenance project through ARCS funding.

<sup>12</sup> **Vineyard Compassion** - was awarded £30k for the Link to Work project through ARCS funding.

<sup>13</sup> **Verbal Arts Centre NI** – was awarded £26k for the Reading Rooms programme.

<sup>14</sup> **Grants up to £25,000** - Funding relates to the following programmes: Bereavement Services Programme, Victim Focused Counselling Programme and Community Services placements – 26 groups awarded sums between £960 and £8.6K in support of Community Service Placements.

All awards were subject to open application and adjudication in line with PBNi Community and Voluntary Sector Funding policies and procedures.

#### 4. INCOME

	<b>2019-20</b>	<b>2018-19</b>
	<b>£’000</b>	<b>£’000</b>
<b>Income from Activities</b>		
<b>Revenue from contracts with customers</b>		
NI Prison Service	1,134	1,134
<b>Other Operating Income</b>		
Secondment	159	102
Other Income	867	626
	<u><b>2,160</b></u>	<u><b>1,862</b></u>

Prison Service - £1,134k (2018-19 £1,134k) as per Service Level Agreement between the Probation Board and the NI Prison Service for the provision of social welfare services in prisons and young offenders’ centres as set out in the Probation Board (Northern Ireland) Order 1982.

Secondment - £159k (2018-19 £102k) represents salary and travel income for staff on secondment.

Other Income - £867k (2018-19 £626k) for programmes in 2019-20 funded from additional monies received from the DOJ for the PPRP and Substance Misuse Court programme and also for recharges for services supplied to other public bodies for rent and for ARCS funding.

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

Land and Property Services carried out a valuation of land and buildings at 28 February 2020. There was no significant change in this valuation during March 2020. A full professional valuation was carried out at 28 February 2018 and the next one will be carried out at 28 February 2023. The valuations have been made in accordance with the Appraisal and Valuation Manual prepared and published by the Royal Institution of Chartered Surveyors on the basis of Existing Use Value or Open Market Value as appropriate.

The market value of land and buildings is £815k and this is also the existing use value. Included within land and buildings is land valued at £447k, which is non-depreciable.

**5. PROPERTY, PLANT AND EQUIPMENT**

2019-20 Note	Land £'000	Buildings & Dwellings £'000	Motor Vehicles £'000	Plant and Machinery £'000	Office Machinery and equipment £'000	Computer Hardware £'000	Telecoms and networks £'000	Furniture and Fittings £'000	POA & AUC* £'000	Totals £'000
<b>Cost/ Valuation</b>										
At 1 April 2019	647	3,900	81	121	1,128	1,425	214	97	126	7,739
Additions	-	8	-	3	178	6	3	(6)	576	768
Disposals	-	(3)	-	(18)	(117)	(1,153)	(151)	(20)	-	(1,462)
Reclassifications and transfers	(200)	(185)	-	-	-	-	-	-	-	(385)
Indexation	-	39	-	1	12	-	1	-	-	53
<b>At 31 March 2020</b>	<b>447</b>	<b>3,759</b>	<b>81</b>	<b>107</b>	<b>1,201</b>	<b>278</b>	<b>67</b>	<b>71</b>	<b>702</b>	<b>6,713</b>
<b>Depreciation</b>										
At 1 April 2019	-	2,888	48	97	646	1,253	169	59	-	5,160
Charged in year	-	151	12	10	144	85	25	8	-	435
Disposals	-	(3)	-	(18)	(117)	(1,141)	(146)	(20)	-	(1,445)
Reclassifications and transfers	-	(7)	-	-	-	-	-	-	-	(7)
Indexation	-	28	-	1	5	-	1	-	-	35
<b>At 31 March 2020</b>	<b>-</b>	<b>3,057</b>	<b>60</b>	<b>90</b>	<b>678</b>	<b>197</b>	<b>49</b>	<b>47</b>	<b>-</b>	<b>4,178</b>

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

2019-20 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and fittings	POA & AUC	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carrying amount at 31 March 2020	447	702	21	17	523	81	18	24	702	2,535
Carrying amount at 31 March 2019	647	1,012	33	24	482	172	45	38	126	2,579
Asset financing:										
Owned	447	702	21	17	523	81	18	24	702	2,535
Carrying amount at 31 March 2020	447	702	21	17	523	81	18	24	702	2,535

**\*Payments on Account and Assets Under Construction**

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

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

2018-19 Note	Land	Buildings & Dwellings	Motor Vehicles	Plant and Machinery	Office Machinery and equipment	Computer Hardware	Telecoms and networks	Furniture and Fittings	POA & AUC	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carrying amount at 31 March 2019</b>	<b>647</b>	<b>1,012</b>	<b>33</b>	<b>24</b>	<b>482</b>	<b>172</b>	<b>45</b>	<b>38</b>	<b>126</b>	<b>2,579</b>
<b>Carrying amount at 31 March 2018</b>	<b>647</b>	<b>1,105</b>	<b>45</b>	<b>33</b>	<b>274</b>	<b>260</b>	<b>71</b>	<b>9</b>	<b>41</b>	<b>2,485</b>
<b>Asset financing:</b>										
<b>Owned</b>	<b>647</b>	<b>1,012</b>	<b>33</b>	<b>24</b>	<b>482</b>	<b>172</b>	<b>45</b>	<b>38</b>	<b>126</b>	<b>2,579</b>
<b>Carrying amount at 31 March 2019</b>	<b>647</b>	<b>1,012</b>	<b>33</b>	<b>24</b>	<b>482</b>	<b>172</b>	<b>45</b>	<b>38</b>	<b>126</b>	<b>2,579</b>

## 6. INTANGIBLE ASSETS

2019-20 Note	Software Licences £'000
<b>Cost/Valuation</b>	
At 1 April 2019	1,106
Additions	322
Indexation	1
Disposals	(1,048)
At 31 March 2020	<u>381</u>
<b>Amortisation</b>	
At 1 April 2019	1,018
Charged in Year	20
Disposals	(1,025)
At 31 March 2020	<u>13</u>
<b>Carrying amount at 31 March 2020</b>	<u>368</u>
Carrying amount at 31 March 2019	<u>88</u>
<b>Asset financing:</b>	
Owned	368
<b>Carrying amount at 31 March 2020</b>	<u>368</u>

## 6. INTANGIBLE ASSETS (Continued)

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



## 7. ASSETS HELD FOR SALE

Properties at Crawford Square and Antrim Road are held for sale as deemed unfit for purpose . These properties were classified as held for sale as the carrying amount will be recovered through a sale transaction rather than through continuing use. These properties are available for immediate sale in their present condition and PBNl are committed to sell these properties within one year of classification. During the year 2019-20 Limavady Road was also reclassified as held for sale and was sold in year.

	<b>2019-20</b> <b>£'000</b>	<b>2018-19</b> <b>£'000</b>
<b>Cost/Valuation</b>		
At 1 April 2019	105	-
Reclassification	378	105
Disposal	(172)	-
At 31 March 2020	<u>311</u>	<u>105</u>

## 8. CASH AND CASH EQUIVALENTS

	<b>2019-20</b> <b>£'000</b>	<b>2018-19</b> <b>£'000</b>
Balance at 1 April	(275)	(214)
Net change in cash and cash equivalent balances	(453)	(61)
Balance at 31 March	<u>(728)</u>	<u>(275)</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	<u>(728)</u>	<u>(275)</u>
Balance at 31 March	<u>(728)</u>	<u>(275)</u>

## 9. TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2019-20 £'000	2018-19 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	37	136
Prepayments and accrued income	372	133
Other receivables	16	2
	<u>425</u>	<u>271</u>

## 10. TRADE PAYABLES, FINANCIAL AND OTHER LIABILITIES

	2019-20 £'000	2018-19 £'000
<b>Amounts falling due within one year:</b>		
VAT	5	5
HM Revenue and Customs	422	251
Trade payables	17	30
Accruals	1,976	1,736
	<u>2,420</u>	<u>2,022</u>

## 11. PROVISIONS - PENSION COMMITMENTS

### Introduction

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

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

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

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

### **Funding/Governance Arrangements of the LGPS**

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

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

### **Assets**

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

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

## **Risks associated with the Fund in relation to accounting**

### **Asset volatility**

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

### **Changes in Bond Yield**

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

### **Inflation Risk**

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

### **Life expectancy**

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

### **Exiting employers**

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

## 11.1 Assumptions and sensitivity of results

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

### Financial Assumptions

	31/03/2020	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Inflation Increase Rate (CPI)	2.00%	2.20%	2.10%	2.00%	1.80%
Inflation Increase (RPI)	2.70%	3.30%	3.20%	3.10%	2.90%
Salary Increase Rate	3.50%	3.70%	3.60%	3.50%	3.30%
Pension Increase Rate	2.00%	2.20%	2.10%	2.00%	1.80%
Discount rate	2.30%	2.40%	2.60%	2.60%	3.40%

### Mortality

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

	Males	Females
Current Pensioners	21.8 years	25.0 years
Future Pensioners	23.2 years	26.4 years

### Sensitivity of results

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2020 and the projected service costs for the year ending 31 March 2021 is set out below. This does not include sensitivity of unfunded benefits on materiality grounds.

<b>Discount rate assumption</b>		
	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to discount rate		
Present value of total obligation (£'000s)	130,147	135,050
% change in present value of total obligation	-1.80%	1.90%
Projected service cost (£'000s)	3,968	4,246
Approximate % change in projected service cost	-3.30%	3.40%
<b>Rate of general increase in salaries</b>		
	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to salary increase rate		
Present value of total obligation (£'000s)	133,080	132,078
% change in present value of total obligation	0.40%	-0.40%
Projected service cost (£'000s)	4,105	4,105
Approximate % change in projected service cost	0.00%	0.00%

<b>Rate of increase to pensions in payment and deferred pensions assumption</b>		
Adjustment to pension increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£'000s)	134,872	130,326
% change in present value of total obligation	1.70%	-1.70%
Projected service cost (£'000s)	4,246	3,968
Approximate % change in projected service cost	3.40%	-3.30%
<b>Post retirement mortality assumption</b>		
Adjustment to mortality age rating assumption*	<b>-1 year</b>	<b>+1 year</b>
Present value of total obligation (£'000s)	136,858	128,335
% change in present value of total obligation	3.20%	-3.20%
Projected service cost (£'000s)	4,261	3,950
Approximate % change in projected service cost	3.80%	-3.80%

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

## **Statement of Financial Position Disclosures at 31 March 2020**

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

<b>Year Ended:</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities	43,376	72,614	81,293	80,534	66,636
Government Bonds	26,576	20,137	5,921	5,837	5,283
Corporate Bonds	12,830	8,543	8,198	6,594	5,931
Property	10,182	13,668	11,386	11,350	12,234
Cash	4,786	3,295	5,123	2,811	2,132
Other	4,073	3,783	1,935	973	463
<b>Total</b>	<b>101,823</b>	<b>122,040</b>	<b>113,856</b>	<b>108,099</b>	<b>92,679</b>

The above assets' values as at 31 March 2020 are at bid value as required under IAS19. The assets allocated to the Employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

### 11.3 Pension provision calculation

	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
Year Ended	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	101,823	122,040	113,856	108,099
Present Value of Funded Liabilities	(132,576)	(138,473)	(128,903)	(121,616)
Net (Underfunding) in Funded Plans	(30,753)	(16,433)	(15,047)	(13,517)
Present Value of Unfunded Liabilities	(193)	(204)	(205)	(202)
<b>Net Liability</b>	<b>(30,946)</b>	<b>(16,637)</b>	<b>(15,252)</b>	<b>(13,719)</b>
Amount in the Statement of Financial Position – Liabilities	30,946	16,637	15,252	13,719
<b>Net Liability</b>	<b>(30,946)</b>	<b>(16,637)</b>	<b>(15,252)</b>	<b>(13,719)</b>

### Statement of Comprehensive Net Expenditure Costs at 31 March 2020

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

	31-Mar-20	31-Mar-19
Year Ended	£'000	£'000
Current Service Cost (excluding Administration expense)	4,236	3,407
Administration expense	52	41
Past Service Cost (including curtailments)	-	2,626
Interest on net defined benefit liability	373	369
<b>Pension expense recognised in statement of comprehensive net expenditure</b>	<b>4,661</b>	<b>6,443</b>
Actual Return on Plan Assets	(19,864)	8,113

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

Year Ended:	31-Mar-20	31-Mar-19
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>138,677</b>	<b>129,108</b>
Current Service Cost	4,236	3,407
Administration Expense	52	41
Interest expense	3,298	3,331
Contributions by Members	692	674
Actuarial (Gains)/Losses	(10,867)	2,202
Past Service Costs	-	2,626
Estimated Unfunded Benefits Paid	-	(8)
Estimated Benefits Paid	(3,319)	(2,704)
<b>Closing Defined Benefit Obligation</b>	<b>132,769</b>	<b>138,677</b>

## 11.6 Reconciliation of fair value of employer assets

Year Ended:	31-Mar-20	31-Mar-19
	£'000	£'000
<b>Opening Fair Value of Employer Assets</b>	<b>122,040</b>	<b>113,856</b>
Interest income on assets	2,925	2,962
Contributions by Members	692	674
Contributions by Employer	2,274	2,101
Contributions in respect of Unfunded Benefits	-	8
Actuarial (Losses)/Gains	(22,789)	5,151
Unfunded Benefits Paid	-	(8)
Benefits Paid	(3,319)	(2,704)
<b>Closing Fair value of Employer Assets</b>	<b>101,823</b>	<b>122,040</b>

Asset returns over the accounting period have been lower than expected. This has led to a loss on assets over the accounting period and a worsening in the balance sheet position.



## 11.7 Amounts for the current and previous accounting periods

Year Ended:	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	101,823	122,040	113,856	108,099
Present Value of Defined Benefit Obligation	(132,769)	(138,677)	(129,108)	(121,818)
(Deficit)	(30,946)	(16,637)	(15,252)	(13,719)
Experience Gains/(Losses) on Assets	(22,789)	5,151	2,846	12,210
Experience Gains/(Losses) on Liabilities	3,260	152	481	(2,453)
Actuarial Gains/(Losses) on Employer Assets	(22,789)	5,151	2,846	12,210
Actuarial Gains/(Losses) on Obligation	10,867	(2,202)	(2,724)	(19,194)
<b>Actuarial Gains/(Losses) recognised in SOCTE</b>	<b>(11,922)</b>	<b>2,949</b>	<b>122</b>	<b>(6,984)</b>

## 11.8 Estimate of employer's contributions for financial year 2020-21 – 19.5%

## 11.9 McCloud Judgement

PBNI recognised a McCloud liability as a past service cost in last year's accounts. In 2019-20 the current service cost includes an allowance for an accruing McCloud liability over the full accounting period.

## GMP Indexation and Equalisation

The accounting approach for accounting periods ending in 2020 is to include a liability for GMP Indexation for all members whose state pension age is after the 6 April 2016 (not just those covered by the second interim solution).

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

	2019-20 £'000	2018-19 £'000
Depreciation and amortisation charge	455	449
Non-cash Pension Costs	4,236	3,408
Pension provision borrowing income	425	3,036
Profit on Disposal of Non- current Assets	(15)	-
	<u>5,101</u>	<u>6,893</u>

## 13. COMMITMENTS UNDER OPERATING LEASES

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

Operating Leases	Land and Buildings £'000	Other £'000	2019-20 Total £'000	2018-19 Total £'000
Not later than one year	630	8	638	481
Later than one year and not later than five years	1,991	7	1,998	904
Later than 5 years	262	-	262	389
<b>Total</b>	<u>2,883</u>	<u>15</u>	<u>2,898</u>	<u>1,774</u>

## 14. Capital Commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements

	2019-20 £'000	2018-19 £'000
Electronic Case Management System	754	-
<b>Total</b>	<u>754</u>	<u>-</u>

## **15. CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37**

At year end PBNI has contingent liabilities consisting of 3 compensation claims, 4 health and safety claims and 8 Pre-Action Protocols/Judicial Reviews. While legal proceedings have been initiated or it has been indicated that proceedings may be brought, they have not been provided for in the financial statements as at this stage as these cases are at an early stage and have not significantly progressed.

## **16. RELATED PARTY TRANSACTIONS OUTSTANDING**

The Probation Board is a Non-Departmental Public Body sponsored by the Department of Justice. The Department of Justice is regarded as a related party for the year 2019-20. During the year the Probation Board had various transactions with the Department and other entities for which the Department of Justice was regarded as the parent Department, i.e. NI Prison Service as disclosed in Note 4.

To capture information on related party transactions, the Probation Board has circularised Members and Senior Management. Due to the nature of the Probation Board's operations and the composition of the Board, it is inevitable that transactions will take place with organisations in which a Member of the Board or Senior Manager may have an interest. All such transactions are conducted at arm's length and in accordance with the Probation Board's policies. The Register of Interests is available on the Probation Board website [www.pbni.org.uk](http://www.pbni.org.uk).

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

### **Board Members**

Mr D Ashford - Mr Ashford is a trustee in Victims Support NI who receive £5k per year as part of the Enhanced Combination Programme. Mr Ashford was not part of the decision making process in relation to these transactions.

Dr J Byrne – Dr Byrne is a Senior Lecturer at the Ulster University. The Ulster University received payment of £16,157.40 for student placements across the financial year. Dr Byrne was not involved in the decision making process in relation to this income.

Mr D Wall - Mr Wall is a member of the Care and Resettlement of Offenders (NIACRO). During 2019-20, £905k in grant awards were paid to NIACRO for supply of services across a number of programmes all which were assessed and awarded via one application and adjudication processes under departmental guidelines. Mr Wall was not involved in the procurement exercise or any decision making process in awarding of any service contracts.

## **17. FINANCIAL INSTRUMENTS: DISCLOSURES**

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which executive Non-Departmental Public Bodies are financed, the Probation Board is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The Probation Board has no powers to invest funds and has limited year end flexibility. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the Office in undertaking its activities. As permitted by IFRS 7, receivables and payables which mature or become payable within 12 months from the statement of financial position date have been excluded from this disclosure.

### **Liquidity Risk**

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

### **Interest Rate Risk**

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

### **Foreign Currency Risk**

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

### **Fair Values**

PBNI operate an Assisted Car Purchase Scheme for officers designated as essential car users for the purpose of their post as set out in their terms and conditions for employment and in the Probation

Board (Northern Ireland) Order 1982. The book values and fair values of the Probation Board's financial assets and financial liabilities relating to the Assisted Car Purchase Scheme as at 31 March 2020 are set out below:

## 18. FINANCIAL ASSETS

	<b>2019-20</b> <b>£'000</b>	<b>2018-19</b> <b>£'000</b>
Balance at 1 April 2019	30	27
Additions	25	25
Repayments	(15)	(21)
	<u>40</u>	<u>31</u>
Current Assets	16	8
Non- current Assets	24	23
	<u>40</u>	<u>31</u>

## 19. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period.

### Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements 20<sup>th</sup> November 2020.

## CONTACT DETAILS

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028 9052 2522

### PBNI Offices

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Ballymena	028 2566 2345
Belfast	
Assessment Unit, HQ	028 9052 2522
Inspire Women's Project	028 9031 6489
Aspire	028 9031 6408
ISU, Alderwood	028 9025 7340
Public Protection Team	028 9025 9576
East - Newtownards Road	028 9052 6655
South - Ormeau Road	028 9054 1444
West - Andersonstown Road	028 9030 6630
North – Duncairn Gardens	028 9034 7474

Coleraine	028 7034 6880
Dungannon	028 8775 4848
Enniskillen	028 6634 3345
Lisburn	028 9262 3456
Victim Information Scheme	0300 123 3269
Crawford Square, Londonderry	028 7131 9580
Shipquay Street, Londonderry	028 7131 9672
Magherafelt	028 7930 2115
Newry	028 3025 3030
Newtownards	028 9185 8282
Omagh	028 8225 4872
Portadown	028 3839 7575

### Prison Teams

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

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

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