



LANCASHIRE

Lancashire Probation Board

ANNUAL REPORT

2005-06

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Introduction

Aims of the National Probation Service

- Protect the Public
- Reduce Reoffending
- Proper Punishment of offenders
- Victim Awareness
- Rehabilitation of offenders

The key priorities for 2005/06:

- Contribute to building an excellent National Offender Management Service (NOMS) by: redesigning local service delivery arrangements to achieve a split between offender management and interventions and implement the national offender management model.
- Work with other agencies to protect the public from harm and the impact of crime
- Make a positive contribution to work with Crime and Disorder Partnership and other criminal justice agencies to implement the Prolific and Other Priority Offender Scheme.
- Focus effort and resources on the successful implementation of the Criminal Justice Act 2003 and work closely with Magistrates and Judges to achieve this.
- Implementation of the national Reducing Reoffending Action Plan at a local level.

Part 1: Annual Report

A. OPERATIONAL REVIEW

Area Improvement Objectives:

Leadership

To ensure that clear and visible leadership is given by Chair, Chief Officer and Senior Managers to all area staff in communicating the major changes associated with the CJA 2003 and NOMS and to encourage their active participation in these developments.

Evidence of achievement

The area makes an important contribution to public protection in the wider criminal justice arena in Lancashire. We have taken a lead role in relation to the strategic MAPP arrangements and senior manager colleagues are represented on the three Safeguarding Children Boards. The area is engaged with local authorities through the 14 CDRP/Local Strategic Partnerships and has worked closely with our colleagues from other agencies in the development of local area agreements. With the Regional Offender Manager we have piloted service level agreements during 2005/06 which are now being replicated across the country.

A significant development during 2005 was the establishment of a service users' forum. One of the tangible outcomes from this forum is a DVD available to a wide variety of audiences which demonstrates the benefit that the community and offenders get out of the accredited programmes and unpaid work that they do.

We have introduced more robust financial management arrangements across the area during the past year and re-established both the area budget and our staffing on a better footing.

The area takes diversity extremely seriously and is working actively on these issues at area and regional level. During the year two important consultation events with the Black and Ethnic minority community were undertaken, one in West Lancashire and one in East Lancashire.

The area has restructured its senior management team over the last year to improve the quality of strategic management and project leadership. We have also created clearly identifiable posts at local level which can act as links to other organisations and are also able to lead on performance.

During the past year we have taken specific steps to communicate both internally and externally. We have reached out into the community to explain what the probation service does and we have made a conscious effort to keep our staff and our managers well briefed on the new developments for the probation service.

To implement the Area's Leadership Strategy (which is based on the Living Leadership model) ensuring that it is encompassed in relevant HR policies, procedures and processes.

Evidence of achievement

A leadership Strategy based upon the Living Leadership Model was developed and approved by Area Service's Senior Management Group (SMG) in 2005. As a result a middle management development programme was rolled out to managers during 2005/2006 encompassing a number of modules on project management, HR policies and procedures and management development. A paper on developing new and emerging managers has also been produced and will be considered by the SMG for further development in 2006. Further work will be required in this area in 2006/2007.

Policy and Strategy

To develop an efficient and effective organisation which has an appropriate staffing profile, lean processes and low unit costs. To support this by identifying accurate unit costs for all core interventions and by reviewing and consolidating current arrangements for commissioning services.

Evidence of achievement:

An area Commissioning & Contestability Board has been established comprising representatives from the service and Area Probation Board. The Board, through the project team, is responsible for coordinating a Best Value Review of areas of activity considered to be vulnerable to market testing. The first such review has been completed on unpaid work and the Board will work in partnership with the regional Best Value Bid team to implement the required changes.

In addition the area Commissioning & Contestability Board has reviewed the 2005/06 Activity Costing exercise results with particular reference to regional & family group comparators and approved the introduction of specifications for offender management and interventions in order to ensure that there is equal emphasis on delivery, cost & quality by interventions & offender management units during 2006/07.

In strengthening the engagement of the community, voluntary, faith and private sectors the Commissioning & Contestability Board has had an integral role to play in coordinating CVS engagement events planned for May 2006 and will support the establishment of district CVS forums.

To implement the National Offender Management model: establishing the separate structures for offender management and for interventions

Evidence of Achievement:

A great deal of detailed planning took place in the early part of the year to prepare the Service for the separation of offender management from interventions. This involved significant redesign of operations in order to provide separate management arrangements and cost centres for these two arms of service delivery. The new model was implemented on the 1st October 2005, leaving the Service well placed to

implement end to end offender management over the following 12 months. As Lancashire has already been involved in the offender management pathfinder it is well placed to roll out this model to all cases in custody and the community. The separation of offender management from interventions is still bedding in and there are issues at the interface which are currently being addressed. There are also issues still to be resolved in respect of role boundaries and the introduction of case administrators.

To review and identify the optimum probation staffing numbers and grades at court and to review quality assurance arrangements for court reports in order to achieve a consistently high quality.

Evidence of achievement:

Guidance has been given to all staff regarding optimum probation staffing numbers at Court. Team managers were required to confirm local arrangements. This has been done. An area Crown Court team has been established to ensure a consistent level of service to the Crown Courts across the county. The team, managed by 0.5 SPO and reporting to the lead Court ACO, was operational wef 1/4/06.

An audit of quality assurance arrangements for court reports was commissioned by the lead ACO. The Audit assurance Unit (AAU) completed the field work in May 2006 and a report of the findings is awaited. The report by the AAU will form the basis of an area action plan to be developed by the lead ACO.

To co-ordinate and implement local action in accordance with the resettlement pathways included in the Reducing Re-offending Action Plan.

Evidence of achievement:

Progress has been made on all the resettlement pathways and some of the key developments are outlined below.

1. Employment, Training and Education

We have achieved the targets for basic skills commencements and qualifications. The offender learning and skills provider contract has been embedded during the period and this is regularly monitored. We have started to develop an employment strategy and we hosted an employers' link conference in March. During this period we commissioned research into offender's views on ETE provision and this report has now been published and is available. ('Completers and non-completers of BS awards - their experience told' Groves & Knowles).

2. Accommodation

We play a full and active role with the three Supporting People Commissioning Bodies and it is hoped that now all the current SP projects have been assessed there will be some headroom for future developments in the near future. The county accommodation officer has set up a database and organised training for all staff from Shelter. With the opening of the Prospects project we now have three approved premises within the area.

3. Physical and Mental Health

With the County MDO Co-ordinating Group we have organised multi-agency mental health awareness training. In all the districts we have provided support for all the MDO panels and the two trainee psychologists have both recently qualified and are able to undertake risk assessments on high risk offenders.

4. Finance

We have accessed training for staff through the Legal Services Commission and have also provided staff with literature that can be used with offenders (Financial help for young people - LSC).

5. Family and Social Support

We have been involved in and supported three projects in this area of work:

- Blackburn Diocesan and Family Support Project (Grass Roots)
- Preston based community support mentoring scheme
- THOMAS Project in Blackburn

People

To review and amend as necessary, methods for managing sickness absence, i.e., sickness absence policy, monitoring procedures and occupational health services to ensure that this results in a reduction to the levels of sickness absence during 2005/2006

Evidence of achievement:

A full review of the management of sickness absence was carried out between September-December 2005. A report outlining findings of the review was submitted to SMG in January 2006 and Board in February 2006. As a result an action plan has been put together outlining the main recommendations and way forward. The main recommendations are as follows:

- To implement a new recording for monitoring and recording sickness absence
- Amend Sickness Absence Policy
- Change Occupational Health services to meet NPD requirements
- Introduce strategies for reducing sickness absence, ie, include sickness absence in recruitment and internal transfers

To implement a diversity strategy which sets out the services vision, values, aims, commitment and objectives to diversity and equality during 2005/2006 and which encompasses the requirements of the Race Equality Scheme.

Evidence of achievement:

An Equality and Diversity Strategy for 2005/2006 was developed and implemented into the Service in June 2005. The Strategy was approved by the Board in July 2005 and was launched to all middle managers, senior managers and outside organisations. The Strategy set out the Service's vision, aims and objectives in relation to Equality and Diversity for 2005/2006. In addition to this a full review of our Race Equality Scheme

has been undertaken and a new Race Equality Scheme for 2005-2008 has been produced and is currently being signed off by the NPD.

A full review of the Equality and Diversity Strategy and its objectives has been undertaken and this was submitted to SMG in April 2006. An Equality and Diversity Strategy for 2006/2007 is currently being developed and will be submitted to SMG for approval in June 2006 and Board in July 2007.

Implementation of the National Health and Safety Strategy

Evidence of achievement:

Work has been carried out in 2005/2006 to implement Phase 1, 2 and 3 of the National Health and Safety Strategy. The Health and Safety Policy manual is now fully implemented. During 2005/2006 the Service has concentrated on introducing the Lone Working System to monitor and record lone working. This will be fully operational in 2006. Furthermore, the service has implemented stress awareness risk assessments and training for staff and managers. Work is underway to finalise remaining H&S policies and discussions are underway with the trade unions.

Partnerships and Resources

To achieve the 3% efficiency savings required under PSA 10 and contribute to initiatives at a regional and national level to save money and achieve higher performance.

Evidence of achievement:

Work has been carried out to review and evaluate several areas of non-pay expenditure in an effort to reduce costs, improve quality and to ensure value for money is achieved (areas include travel and subsistence, mobile phones and estates occupancy). Also, having participated in the National Activity Costing exercise, the area co-ordinated the regional and family group comparison and review exercise to validate and quality check the data so that it could be used as a basis for informing future resource allocation.

The work undertaken in both these areas will be subject to independent scrutiny by the Audit Commission as part of their requirement to provide an audit opinion in the 2005/06 accounts on compliance with the Code of Audit Practice 2005 - Use of Resources.

The process of identifying and reporting efficiency savings to NPD has changed in 2005/06 in line with PC93/2005. Rather than producing a schedule of identified initiatives to be undertaken to meet the 3% annual efficiency savings target, areas are now required to plan, monitor and report Value for Money achievements to the Home Office in a standardised template. We are currently in the process of completing this template for submission by the 31st May 2006 deadline detailing our performance against the target for 2004/05 and 2005/06.

To continue to strengthen MAPP arrangements by securing the fullest possible co-operation from key partners, sharing the learning from serious further offence reviews and improving the completion and quality of OASys risk assessments.

Evidence of achievement

The MAPP arrangements in Lancashire have been considerably strengthened over the past 12 months by the appointment of a MAPPA coordinator. This is a key role, jointly funded by police and probation, which will help the Strategic Management Board to fulfil its functions and provide a degree of consistency in the operation of MAPPA in Lancashire. Lancashire Probation area also participated in 2 regional meetings during 2005/06 to share learning from serious further offence reviews and to provide feedback to the public protection unit about the effectiveness of the arrangements. The area also took part in a regional audit in November 2005 to assess the quality and timeliness of its risk assessments. It was encouraging to note that 90% of high risk offenders in Lancashire had an assessment of risk, a risk management plan and an initial sentence plan completed within 5 working days of sentence or release from custody. The quality of OASys assessments, as determined by the regional audit, was considered to be good in most cases.

However, we are not complacent about this and are determined in 2006/07 to ensure that a satisfactory assessment of risk is completed in every case.

To work closely with the Lancashire YOT's and Prisons in developing effective arrangements for the delivery of the Rehabilitate and Resettle strand of the Prolific and other Priority Offenders (PPO) scheme and to monitor the impact of this work.

Evidence of achievement

We have worked closely over the past 12 months with all our partners to ensure that we have effective arrangements in place for delivering the rehabilitate and resettle strand of the prolific and other priority offenders scheme. We have managers involved in the operation of the scheme in all 14 Crime and Disorder Reduction Partnerships (CDRPs) in Lancashire together with senior management representation at the county Strategic Crime Reduction board. Our engagement with the PPO scheme has increased over the course of the year and we have been centrally involved in both developing and reviewing the scheme at local CDRP level. We have also been able to produce statistical information for CDRPs on a monthly basis despite the fact that this has not always been easy to extract from probation databases. Much of the effort over 2005/06 has been devoted to getting PPO schemes properly established and the challenge for 2006/07 will be to ensure that the impact in terms of reoffending justifies the investment that is now being made.

Processes

To plan the smooth implementation of unpaid work

Evidence of Achievement:

Following the successful separation of interventions from offender management a Project Improvement group was formed to examine the quality and cost effectiveness of Unpaid Work. This group reported in November with an action plan

highlighting areas for improvement to reduce costs and maximise quality delivery. Over 70% of the reports recommendations have been implemented with work still on-going on the outstanding areas (all remaining actions required medium to long-term implementation). Already performance in Unpaid Work has increased significantly and we are confident of achieving next years reduced and more realistic target.

To plan and implement action to improve the completion rates of offenders on DTTOs/DRRs

Evidence of Achievement:

Significant work has been undertaken in line with the area Drug Rehabilitation Requirement action plan. This has included revision of area procedures, introduction of care planning meetings and piloting initiatives in relation to texting offenders and compliance visits which has involved work with the private sector.

The combined effect has had a tremendous impact on performance with both the commencement and completion targets exceeded.

B. RESULTS

Achievements in 2005-2006

Overall, 7 out of 13 performance measures were achieved, on 5 measures the Area's performance was slightly below target as a 'near miss' and on 1 measure, performance was more than 10% below target. The 7 achieved were:

Race & Ethnic Monitoring Proportion of offenders monitored (Target 95)

Above Target: We achieved 99%, 4% over target.

Court Reports, Proportion of reports provided within the timescale required (Target 90):

Above Target: We achieved 96%, 1% over target.

DTTO Completions (Target 136):

Above Target: We achieved 143 completions, 5% over target. An increase of 41% on 2004/05 figure of 84 completions.

Programmes Completions (target 453):

ABOVE TARGET: We achieved **455** programme completions, 2 (1%) completions over target. This was a decrease of 6% on 2004/05 figure of 483 completions.

Basic Skills Awards (target 302):

Above Target: We achieved 496 awards, 64% over target. An increase of 23% on 2004/05 figure of 381 awards.

Enforcement of cases within the required 10 working days (Target 90%):

Target Achieved: We achieved **90%** performance on Enforcement in 2005/06. This was a decrease of 5% on 2004/05 figure of 95%.

Appointments Attended (Target 65%):

Above Target: We achieved **67%** performance on appointments attended in 2005/06, 2% over target. This was an increase of 2% on 2004/05 figure of 65%.

Customer Results

Reference:	Description of Target/ Measure:
PT 2	Victim contact: victim or victim's family to be contacted within National Standard of 8 weeks from sentence in 85% of cases involving serious sexual or other violent offences where offender is sentenced to 12 months or more. Target: 85% Achieved : 92% (Figures available for April 05 – Jan 06)

- PT 9** Achieve area target for basic skills starts and awards (Annex B refers) contributing to national targets of 40,000 starts and 10,000 awards.
Starts Target: 1208 **Awards target: 302**
Achieved : 2249 **Achieved: 496**
- PT 10** Achieve area contribution (Annex B refers) to national target for 15,000 unemployed offenders to find and keep employment or vocational training for 4 weeks or more during the course of their supervision.
Target: 453
Achieved: 205
- PM 3** Percentage of offenders in suitable accommodation at end of order/licence compared to start
Achieved:
At END OF ORDER / LICENCE: 55%
At START OF ORDER / LICENCE: 53%

People Results

Reference: Description of Target/ Measure:

- PT 13** Achieve Home Secretary's race equality employment targets (published in July 1999) or improve current performance where they are already exceeded:
- (i) Minority Ethnic representation in the area workforce (contribution to regional target)
Achieved 6.7%
 - (ii) Retention / Resignation by grade and ethnic group (contribution to national target)
Retention/Resignation White staff: 11.4%
Retention/Resignation Ethnic Minority Staff: 5.6%
 - (iii) Career progression by grade and ethnic group (contribution to national target)
Promotion at Manager grade:
White 100%
Ethnic Minority Staff 0%
Promotion at PO Grade:
White 95.2% Ethnic Minority Staff 4.8%
Promotion at PSO Grade : White: 80%
Ethnic Minority Staff: 20%
- PT 15** Reduce sickness absence to an average of 9 days per staff year
Sickness absence for year ending March 2006 = 13.5 days

Society Results

Reference Description of Target/ Measure: Number of Complaints:

34 complaints were received - 28 informal, 6 formal. Two of the informal complaints were partly upheld and two of the formal complaints were partly upheld. Apologies were given and in one case a new officer was allocated to the complainant. Of the formal complaints, one complainant appealed to the Probation Board and the complaint was upheld. An apology was given. None appealed to the Ombudsman.

Measures of efforts taken to communicate with the local community to take full account of diversity

Area website www.probation-lancashire.org.uk is fully compliant with nationally recognised assistive technology accessibility endorsement. Service information leaflets for service users' offenders and victims provide advice on interpreting/translation printed in Urdu and Punjabi as 2 of the main languages used by minority communities in Lancashire. Website metered up to a maximum 98 site users per day on some days viewing multiple of pages.

The website provides on-line access for the public

- for staff recruitment
- for inquiries/ suggestions on placement of offenders on Community Payback
- to request information
- awareness of Board meetings in public, to promote public attendance

Media response

The Area Service's communications standard is to respond to media inquiries within the media's requested deadline.

Achieved: 100% response provided within requested deadline

Media coverage

The Area Chief Officer and staff took part in a major radio community information campaign about the new community sentences under the CJ Act 2003 reaching 303,436 listeners, one fifth of Lancashire's population.

Media coverage included BBC TV national news focus on drug rehabilitation work in Lancashire, regional media coverage included several features in the Big Issue in the North magazine and in the Asian Leader newspaper. A total 23 different topics were offered/ responded and won coverage in the broad range of print and broadcast media

Key Performance Results

Reference: Description of Target/ Measure:

- PT 1** Risk assessments, risk management plans and OASys sentence plans are completed on high risk offenders completed within 5 working days of the commencement of the order or release into the community
Target: 95%
Achieved: 87% (Figures Aug 05 – March 05 count towards target)
- PT 3** Risk assessments and OASys sentence plans are completed on Prolific and Other Priority Offenders (PPOs) completed within 5 working days of the commencement of the order or release into the community.
Target: 95%
Achieved: 85% (Figures Aug 05 – March 05 count towards target)
- PT 4** Completions of ICCP (where applicable) contributing to national target of 600
Target: 27
Achieved: 28
- PT 5** Court reports provided in accordance with the timescale required by the court
Target: 90%
Achieved: 96%
- PT 6** Breach action in accordance with National Standards
Target: 90%
Achieved: 90%
- PT 7** Level of offender compliance with orders and licences (incl. orders allowed to continue by the court following breach action)
Target: 85%
Achieved: 77%
- PM 1** Appointments arranged in accordance with National Standards
Target: 90%
Achieved: 88% (Figures Oct 05 – March 06 count towards target)
- PM 2** Appointments attended in accordance with National Standards
Target: 65%
Achieved: 67% (Figures Oct 05 – March 06 count towards target)
- PT 8** Completions of ECP/unpaid work: achieve area completions target (Annex B refers) contributing to national target of 50,000
Target: 1510
Achieved: 1382
- PT 11** Achieve area target for DTTO/DRR completions (Annex B refers) contributing to 4,000 nationally
Target: 136
Achieved: 143

- PM 4** Achieve area target for DTTO/DRR commencements (Annex B refers) contributing to 16,000 nationally
Target: 483
Achieved: 501
- PM 5** DTTO first appointments with (a) probation and (b) treatment provider arranged in accordance with National Standards
a) Probation Target: 90% **b) Treatment provider Target: 90%**
Achieved: 89% **Achieved: 89%**
(Figures Oct 05 – March 06 count towards targets)
- PT 12** Achieve area target for completions of accredited programmes (Annex B refers) contributing to national target of 15,000
Target: 453
Achieved: 456
- PM 6** Percentage of offenders starting a programme out of the total number of programme requirements

Achieved: No of requirements 1268, No of Programme Starts 624 = 49%
- PM 7** Percentage of offenders completing a programme out of the total who attend the first session

Achieved: No attended session 1 = 1004, No of Programme completions 455, % = 45%
- PT 14** 95% of Race and Ethnic Monitoring data on staff and offenders is returned on time and using the correct (Census 2001) classifications

Achieved: 99%

C. WORKLOAD AND ACTIVITY STATISTICS

- Commencements by type of order/ licence

	CO	CPO	CPRO	CRO	DTTO	PRE RELEASE	POST RELEASE	ALL
2005-06	3430	751	289	843	138	1,234	1,101	7,786
2004-05	-	1,494	553	2,260	358	1,188	1,202	7,055
2003-04	-	1,451	458	2,366	248	1,258	1,349	7,130
2002-03	-	1,584	365	2,458	95	1,407	1,412	7,321
2001-02	-	1,483	296	2,127	3	1,304	1,242	6,455

- Caseload at 31.03.06 compared to 31.03.05 by type of order/ licence

	CO	CPO	CPRO	CRO	DTTO	PRE RELEASE	POST RELEASE	ALL
End March 06	2442	575	474	935	88	1,946	811	7,271
End March 05		1201	838	2033	221	1725	746	6764
End March 04		1214	672	2087	165	1617	732	6487
End March 03		1178	568	2142	128	1601	681	6298
End March 02		1164	475	1967	95	1457	581	5739

- Reports produced (PSR, SSR) by court type.

	PSR / SDR			SSR / FDR			ALL		
	CRN	MAGS	ALL	CRN	MAGS	ALL	CRN	MAGS	ALL
2005-06	2012	2668	4700	37	1839	1876	2049	4527	6576
2004-05	1906	2928	4834	20	1548	1568	1926	4476	6402
2003-04	2204	3215	5419	28	1083	1111	2232	4298	6530
2002-03	2212	3917	6129	11	642	653	2223	4559	6782
2001-02	2180	3962	6142	16	526	542	2196	4488	6684

Community Punishment hours ordered/worked (CPO and CPRO)

2005-06 hours worked statistics are based on six months period Oct 2005 – March 2006, projected for the full year.

	Hours Ordered			Hours Worked		
	CO	CPO / CPRO	All	CO	CPO / CPRO	All
2005-06	147151	107694	254845	79040	95844	174884
2004-05		211749	211749			125578
2003-04		202139	202139			129878
2002-03		205975	205975			148072
2001-02		188562	188562			134657

- Victims: the total number contacted within 8 weeks of sentence

	Number of Victims	Number of Victims Contacted	%
2005-06 (April – Jan)	361	332	92%
2004-05	514	464	90%
2003-04	541	502	93%
2002-03	571	452	79%

Board Address and Membership

Lancashire Probation Board, Area HQ Office, 99-101, Garstang Road, Preston, PR1 1LD

Board membership 2005-06:

Chief Officer

Bob Mathers

Chairman:

Tony Fowles

Members appointed by the Home Secretary:

David Booker

Valerie Burke JP

Liz Housden

Tony Harrison

Susan Hughes, JP, DL

Mahendra Kothari

Ashok Khandelwal

Monica Lea JP

Anthony Nixon

Vali Patel

Marie Riley (Resigned 31st December 2005)

Les Sewell JP

Member appointed by the Lord Chancellor

His Honour Judge Jonathan Foster QC

Part 2: Financial Review & Remunerations Report

Lancashire Probation Board

STATEMENT OF ACCOUNTS

2005/06

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2006

Statutory Background

The National Probation Service for England and Wales was established by the Criminal Justice and Court Services Act 2000. Local probation boards were established in accordance with the police areas to implement the functions conferred on them through the Act. Each Board is a corporate body, which came into existence on 1 April 2001.

Accounts

Each Board is required under Schedule 1, paragraph 16(1) of the Act to make a report to the Secretary of State on the performance of its functions during each financial year, and prepare in respect of each financial year of the board a statement of accounts.

Under Schedule 1, paragraph 16(2) of the Act, the Secretary of State has given direction as to:

- The information to be given in the report and the form in which it is to be given,
- The time by which the report is to be made, and
- The form and manner in which the report is to be published.

Principal Activities

Lancashire Probation Board covers the Lancashire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 1.5m. During the year, the Board employed some 565 full time staff who worked from 22 buildings and 2 hostels across the area.

Each Board is to initially provide assistance to the courts in determining the appropriate sentences to pass, and making other decisions in respect of persons charged with or convicted of offences, and to assist in the supervision and rehabilitation of such persons.

The discharge of policies as established by the National Probation Directorate of the Home Office, are designed to ensure:

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

The Chief Officer (CO) is a statutory office holder appointed by the Secretary of State. The CO is the Accountable Officer for the Board and is accountable to the Director General in his position as the Principal Accountable Officer (PAO) for the National Probation Directorate. The PAO, in turn, is accountable to the Accounting Officer of the Home Office, who is directly accountable to Parliament for safeguarding public funds.

Operating and financial review

- Revenue

The Lancashire Probation Board's spending is planned and controlled through the annual budget process and is determined by the level of funding received from the Home Office through the National Probation Directorate. Expenditure on the day to day running costs of the service is determined through the revenue budget and recorded in the Operating Cost Statement.

The Board's Net Operating Costs for the year were £20.175 million (2004/05 £19.327 million) an increase of 4.3%.

Staff costs have decreased by 0.75% during the year, £14.640 million (2004/05 £14.751 million); the decrease is due to the effects of actuarial pension cost adjustments as the underlying costs of wages and salaries paid to employees has increased by 3.89% from £13.673 million in 2004/05 to £14.205 million in 2005/06. In the main this is due to the pay award of 3.5%.

Other Administration costs have increased by £1.158 million during the year, £6.634 million in 2005/06 compared with £5.476 million in 2004/05. This is mainly due to the fact that in the latter part of the year the Board undertook a programme of improvements to the estate including redecoration, health and safety related works issues such as security and replacement of furniture together with upgrades to IT equipment.

Operating Income has also increased by £0.268m from additional funding streams arising from work with partner agencies such as the Drug Action Teams in the county.

- Capital Expenditure

During the year the Board transferred funding from revenue to capital of £0.264m to purchase fixed assets, including replacement of vehicles used for the transportation of offenders.

- Future developments

The 2006/07 budget has been compiled recognising the significant cost pressures that have yet to be quantified in respect of the national pay and reward review, particularly job evaluation. Expenditure targets for partnership initiatives with the voluntary, community and private sector also present a financial challenge to the organisation.

In ensuring the Board lives within the resources available work continues to improve processes and achieve efficiency savings wherever possible whilst improving performance and service delivery at every opportunity.

Pension Liabilities

Employees of the Board are members of the Local Government Pension Scheme. Details of pension arrangements are set out in Note 1 to the Accounts.

Public Interest

The Board operates a policy of equal opportunities, regardless of gender, race, disability or sexuality.

The Board observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2005/06 58% of undisputed invoices were paid within 30 days (2004/05 63%).

Management

The operational management throughout the year was carried out by the Management Board, which consisted of the following members:

Chief Officer-Mr R Mathers, Dr A Fowles (Chair) and as members, His Honour Judge J Foster QC (appointed 1 April 2005), Mrs V Burke, Mrs S Hughes, Mr A Khandelwal, Mrs M Lea, Mr A Nixon, Mr V Patel, Mrs M Riley (resigned 31 December 2005), Mr D Booker, Mr A Harrison, Mrs E Housden, Mr M Kothari and Mr L Sewell.

Remuneration Report

- Appointments

The Chair, the Chief Officer and other members of the Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments' "Guidance on Appointments to Public Bodies". The emoluments of these persons are paid for through Home Office funds.

The Lord Chancellor appointed His Honour Judge Jonathan Foster QC to the Board from among the judges of the Crown Court. The emoluments of this appointee are paid for from the Lord Chancellor's Department.

- **Remuneration**

Name	Role	2005/06		2004/05	
		Salary £000	Benefits In Kind (to nearest £100)	Salary £000	Benefits In Kind (to nearest £100)
Mr R Mathers	Chief Officer	70-75	None	5-10	None
Dr A Fowles	Chair (service contract dated 1/8/02)	15-20	None	15-20	None
Mrs V Burke	Board member	0-5	None	0-5	None
Mrs S Hughes	Board member	0-5	None	0-5	None
Mr A Khandelwal	Board member	0-5	None	0-5	None
Mrs M Lea	Board member	0-5	None	0-5	None
Mr A Nixon	Board member	0-5	None	0-5	None
Mr V Patel	Board member	0-5	None	0-5	None
Mrs M Riley	Board member	0-5	None	0-5	None
Mr D Booker	Board member	0-5	None	0-5	None
Mr A Harrison	Board member	0-5	None	0-5	None
Mrs E Housden	Board member	0-5	None	0-5	None
Mr M Kothari	Board member	0-5	None	0-5	None
Mr L Sewell	Board member	0-5	None	0-5	None
Judge J Foster QC	Board Member	None	None	None	None

For Mr R Mathers in 2004/05, the figure quoted is for the period from 1 to 31 March 2005 (full year equivalent is £65,000 to £70,000).

- **Pension Benefits**

Name	Real increase in pension at age 65 £000	Total accrued pension at age 65 at 31/3/06 £000	CETV at 31/3/06 £000	CETV at 31/3/05 £000	Real increase in CETV £000	Employer Contribution to partnership pension account (to nearest £100)
Mr R Mathers	2	31	565	509	38	Nil
Dr A Fowles	0	0	0	0	0	0
Mrs V Burke	0	0	0	0	0	0
Mrs S Hughes	0	0	0	0	0	0
Mr A Khandelwal	0	0	0	0	0	0
Mrs M Lea	0	0	0	0	0	0
Mr A Nixon	0	0	0	0	0	0
Mr V Patel	0	0	0	0	0	0
Mrs M Riley	0	0	0	0	0	0
Mr D Booker	0	0	0	0	0	0
Mr A Harrison	0	0	0	0	0	0
Mrs E Housden	0	0	0	0	0	0
Mr M Kothari	0	0	0	0	0	0
Mr L Sewell	0	0	0	0	0	0
Judge J Foster QC	0	0	0	0	0	0

All Home Office appointed Board members receive non pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Officer. Boards at their discretion may pay a travelling allowance and any other relevant expenses incurred.

Post Balance Sheet Events

Material events after the balance sheet date are disclosed in Note 24 to the Accounts.

External Accountability

Under paragraphs 16-17 of Schedule 1 of the Criminal Justice and Court Services Act 2000, the Board is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts. The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury.

The Audit Commission has appointed the District Auditor as the external auditor for the Lancashire Probation Board. The Auditor's Certificate and report is included at pages 12 to 14.

R MATHERS - CHIEF OFFICER AND
ACCOUNTABLE OFFICER FOR THE BOARD
4 JULY 2006

M L MATTINSON -
TREASURER TO THE BOARD
4 JULY 2006

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under Schedule 1, paragraph 17(1)(b) of the Criminal Justice and Court Services Act 2000, the Secretary of State (with the consent of the Secretary of State) has directed the Board to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the affairs of the Board and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts, the Accountable 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 Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards 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 a going concern basis.

The Secretary of State has appointed the Chief Officer as Accountable Officer of the Board. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for the keeping of proper records, and for safeguarding the Board's assets, are set out in the Accountable Officer's Memorandum issued by the Secretary of State, and published in Government Accounting produced by HM Treasury.

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

Scope and responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Home Office policies, aims and objectives, set by the department's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Financial Memorandum.

The purpose of the system of internal control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Probation Service, Probation Board and departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to handle risk

The Board's risk management strategy underpins the risk management arrangements in place to successfully achieve the objectives of the service. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks through the following processes:

- Responsibility for the assessment and management of risk is allocated to members of the senior management team (Risk Owners) within their individual areas of expertise. The overall responsibility for risk management processes has been delegated to the Head of Finance/Treasurer to the Board
- During the last quarter of the financial year the Audit Committee considered and approved recommendations to change the risk management monitoring arrangements;
 - Prior to 1st January 2006 the Risk Management Group met quarterly to ensure that proper procedures were in place to support the risk management policy and that risks were systematically identified, assessed and acted upon. The group received regular reports from each Risk Owner on the steps being taken to identify and minimise risks in their areas of responsibility together with a commentary on the action being taken to minimise the risk further, wherever possible. The report assessed each risk in terms of the likelihood of occurrence given the controls in place, as well as their potential impact. A colour coded traffic-light system was used to focus attention on the key risk areas.

- Whilst the reports continue to be produced as above, to increase the level of accountability and scrutiny, responsibility for the quarterly review and ensuring that proper procedures are in place to support the risk management policy has now been delegated to the Senior Management Team as part of the performance review cycle. All Risk Owners are present at these meetings, together with the Chief Officer and Treasurer, and as such the actual risk and both the actions taken and to be taken to mitigate the risk can be discussed, evaluated and monitored in more detail. Following this review the report continues to be submitted to the Audit Committee.
- A methodology for the prioritisation of workload by staff is in place to ensure that the level of risk is minimised in the event of any shortfall in available resources.
- Development of the risk management processes has continued during the year to embed the systems across all aspects of our work, identifying and maintaining a record of the risks facing the organisation to ensure monitoring of the actions taken to minimise and manage them. Each team in the organisation, both operational and support service, is required to include a Risk Register in their team plan for 2006/07 considering the risks specific to their own area of operation as well as those which link into, and impact on, the key organisational risks identified in the 2006/07 Business Plan.
- The risk management training for the senior management team and members of the Risk Management Group during 2004/05 has been followed in 2005/06 with mandatory risk management training for all middle managers as part of our Management Development programme. Building on the training in 2004/05, the Business Risk Management module considered risk and risk management in the day to day working environment as well as across the organisation as a whole.
- The reporting framework in place across the organisation ensures that all reports presented for consideration and approval at Board, Audit Committee or Senior Management Team meetings systematically consider:
 - Risk implications
 - Financial implications
 - Links to the Business Plan objectives

The risk and control framework

The key elements of the Board's risk and internal control environment include:

- Standing Orders, Terms of Reference for individual Committees and the Scheme of Delegation which establish the overall arrangements for policy setting and decision making and the delegation of powers to Board and officers

- A clear business planning process which sets clear objectives and targets and reconciles policy priorities and targets with financial resources
- A system of regular monitoring and reporting the area's performance against the business plan
- Established budget setting and budgetary management systems, ensuring the economical, effective and efficient use of resources and regular reporting of financial performance to officers and Board
- Financial Regulations and a supporting framework of financial procedures
- A structure of centrally monitored, devolved financial management that promotes management of the area's finances at the appropriate organisational level
- The risk management policy sets out the Board's commitment to systematic risk assessment and provides the framework to properly manage and control both business and operational risk
- Codes of conduct for members and officers that set out clear expectations for standards of behaviour
- Arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption.

Review of effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Lancashire Probation Area who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, The Audit Committee and the Senior Management Team and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In maintaining and reviewing the effectiveness of the area's internal control environment, the following have been considered:

- Reports received by Audit Committee. The Audit Committee monitors the work of the internal and external auditors and receives their plans, reports and recommendations to ensure a more effective internal control environment.
- The Annual Internal Audit Assurance Report. This summarises the work of internal audit within the area during 2005/06 and presents an

overall assessment of this. The assessment for 2005/06 was that the financial systems reviewed were generally found to be well controlled but, due to the limited scope of work completed around operational systems and governance, an assessment of adequately controlled was given for the wider business.

- Reviews undertaken by our external auditors, the Audit Commission, which are referred to in their annual management letter. The last letter received in October 2005, referred favourably to the systems of control in place. Performance management and corporate governance arrangements were found to be satisfactory overall and with respect to our systems of internal financial control they did not identify any significant weaknesses in the overall control framework.
- Quarterly review of the risk register by Senior Management Team (and formerly by the Risk Management Group) and the Audit Committee
- A review of managerial arrangements during the year to align them to the strategic objectives of the organisation and to strengthen performance and monitoring.
- Quarterly performance monitoring reports presented to the Board, including the updated risk register
- Monthly performance 'Tracker' reports presented to the Senior Management Team
- Implementation of new financial systems, payroll and financial services, from April 2005 has required a full review of the procedures and processes in place in this area.
- The Board has agreed several new strategies and policies, in conjunction with the senior management team, including;
 - Human Resources and Training strategy
 - Equality and Diversity strategy
 - Corporate Communications strategy
 - Standard Project Management and Policy Development framework
 - Sentencer Liaison strategy
 - Redundancy and redeployment policy
 - Substance misuse policy
 - Programmes policy

Significant Internal Control issues

On the basis of the review of the sources of assurance set out in this statement, I am satisfied that Lancashire Probation Board has in place a satisfactory system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

As part of my review, I am required to identify and disclose any significant internal control issues; no such significant control issues have been identified.

However the system of internal control must be subject to continuous review and to ensure that it continues to meet the needs of the service and to operate effectively. We have identified a number of areas we wish to develop further, including:

- *Review of the Financial Regulations*
- *Review of Risk Management Strategy*
- *Development of a workforce planning strategy*
- *Development of sickness absence recording and monitoring arrangements*

R MATHERS

CHIEF OFFICER AND ACCOUNTABLE OFFICER FOR THE BOARD

4 JULY 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANCASHIRE PROBATION BOARD

OPINION ON THE FINANCIAL STATEMENTS

I have audited the financial statements of Lancashire Probation Board for the year ended 31 March 2006 under the Audit Commission Act 1998. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Lancashire Probation Board in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

RESPECTIVE RESPONSIBILITIES OF THE ACCOUNTABLE OFFICER AND AUDITORS

The Accountable Officer's responsibilities for preparing the financial statements in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions are set out in the Statement of Accountable Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Foreword, the unaudited part of the Remuneration Report, and the Operating and Financial Review. I consider the implications for my report if I become

aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Probation Board's circumstances, consistently applied and adequately disclosed.

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

OPINION

In my opinion:

- the financial statements give a true and fair view, in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State, of the state of the Probation Board's affairs as at 31 March 2006 and of its net operating costs, recognised gains and losses and cash flows for the year then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Auditor M THOMAS – APPOINTED AUDITOR FOR THE AUDIT COMMISSION

Address 2nd Floor Aspinall House, Aspinall Close, Middlebrook, Bolton

Date 7 JULY 2006

CONCLUSION ON ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The Accountable Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the probation board's use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

AUDITOR'S RESPONSIBILITIES

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the probation board for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for probation boards specified by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the probation board has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the probation board's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

CONCLUSION

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for probation boards specified by the Audit Commission and published in September 2005, in all significant respects, Lancashire Probation Board made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006.

CERTIFICATE

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Auditor M THOMAS – APPOINTED AUDITOR FOR THE AUDIT COMMISSION

Address 2nd Floor Aspinall House, Aspinall Close, Middlebrook, Bolton

Date 7 JULY 2006

ACCOUNTS OF LOCAL PROBATION BOARDS IN ENGLAND AND WALES

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 16(2) AND 17(1) OF SCHEDULE 1 TO THE CRIMINAL JUSTICE AND COURT SERVICES ACT 2000

1. This direction applies to the local Probation Boards listed in the attached Appendix 1.
2. The accounts shall be prepared so as:
 - To give a true and fair view of the state of affairs of the Board as at the financial year end and of the net resource outturn, recognised gains and losses and cash flows for the financial year and have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000;
 - To provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Each board shall prepare a statement of accounts for the financial year ended 31 March 2006 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial Reporting Manual ("the FReM") issued by HM Treasury and which is in force for the relevant financial year. In addition Boards are required to comply with the National Probation Service Finance Manual which is in force for the relevant financial year. The statement of accounts shall be published within the report, which the board is required to make to the Secretary of State on the performance of its functions for the relevant financial year.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. Any material departure from either the FReM or the NPS Finance Manual should be discussed in the first instance with the NOMS Finance.
5. A note setting out the relationship between the National Probation Service Finance Manual and the FReM is attached at Appendix 2.

Peter Brook
On behalf of the Secretary of State for the Home Department

10 March 2006

42 Probation Boards

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

APPLICATION OF THE GOVERNMENT FINANCIAL REPORTING MANUAL (FReM) ISSUED BY HM TREASURY TO THE ACCOUNTS OF LOCAL PROBATION BOARDS

The Home Office has issued advice on the preparation of local probation board accounts in a National Probation Service Finance Manual. This provides specific guidance on the application of the principles and disclosure requirements of the FReM to the circumstances of local Probation Boards, including the following agreed interpretations:

1. There is no requirement to prepare Schedule 1. (Schedule 1 is a requirement specific to government departments and certain other public bodies funded by directly voted parliamentary grant.)
2. Monies received as grant in aid should be treated as financing rather than income. (Most bodies covered by FReM do not receive grant in aid, and are financed by voted parliamentary grant. This clarifies the correct treatment for the Probation Boards. Some public bodies account for grant in aid as income.)
3. There is no requirement to prepare Schedule 5. (This expenditure will however be attributed to departmental aims and objectives in the Home Office resource accounts.)
4. The salary and pension entitlements of key managers should be appropriately disclosed. (Department Yellow reflects Cabinet Office guidance on the application of the Greenbury code to departmental resource accounts. The example disclosure for departments is not directly applicable to local Probation Boards. Nevertheless, boards should make disclosures, which meet the spirit of the Greenbury code.)
5. Items will be added to or deleted from the above list only with the agreement of the Treasury.

Notes to the Accounts**1 Statement of Accounting Policies**

These financial statements have been prepared in accordance with the 2005-06 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FRoM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate and gives a true and fair view has been selected. The Probation Board accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

1.2 Going concern

The balance sheet at 31 March 2006 shows negative Taxpayers Equity. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet Net Cash Requirement of the Home Office of which the NPS is part. Under Government Resources and Accounts Act 2000, no money may be drawn from the fund by the Home Office other than required for the service of the specified year or retained in excess of that need.

In common with government departments, the future financing of the NPS liabilities is accordingly to be met by future grants of Supply to the Home Office and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2006-07 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for preparation of these financial statements.

1.3 Tangible Fixed Assets

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

1.4 Depreciation

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

Asset lives are normally in the following ranges:

- Vehicles - 5 to 7 years;
- Office Machinery, Fixtures and Fittings and IT Equipment - 3 to 5 years.

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

1.5 Donated Assets

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

1.6 Operating Income

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

Operating income is income that relates directly to the operating activities of the Probation Board. It comprises of rent receivables, income from EU sources, income from other Government Departments and miscellaneous income. Fees and charges for services are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

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

1.7 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income administration or as programme follow the definition of administration costs set out in the FRoM by H.M. Treasury. Administration costs reflect the costs of running the Probation Board together with associated operating income. Programme costs are defined as one off projects, which are fully or partially funded from outside the Home Office, with a threshold of £10,000 per scheme.

Notes to the Accounts**1.8 Capital Charge**

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

- a) Provisions for Liabilities and Charges, which are discounted at 2.2%
- b) Pension Scheme Liability, which is discounted at 2.8%
- c) Tangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:

additions at cost
disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure).

- d) Donated assets, where the charge is nil.

1.9 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. (Disclosure of Stakeholder Pensions Schemes is not included in these accounts)

1.10 Early Departure Costs

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

1.11 Leases

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

1.12 Private Finance Initiative (PFI) Transactions

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

PFI schemes will be disclosed as a note to the accounts.

1.13 Grants Receivable

Monies received as grants (of any nominal type, classification, or attached conditions) are treated as financing rather than income and are recognised in the accounts by directly crediting the General Fund and are also reflected elsewhere in the statements for example in the Cash Flow statement. (Most bodies covered by the Financial Reporting Manual do not receive grants, and are financed by voted parliamentary funding).

Financing of Training Consortia

Part of the funding that goes to the Probation Boards is allocated to the 10 Regional Training Consortia. This is for all the costs of the Regional Training Consortia and is split as a percentage for the 9 Lead Areas who co ordinate the Training funds and a percentage to the remaining Probation Boards.

1.14 Provisions

The Probation Board provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury. A new discount rate of 2.2 per cent has been introduced with effect from 1 April 2005, a reduction from 3.5 per cent.

1.15 Value Added Tax

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

Notes to the Accounts

2 Staff numbers and related costs

2(a) Total staff costs comprise:

	2005-2006			2004-2005
	£000	£000	£000	(Restated) £000
	Total	Permanently - employed staff	Others	Total
Wages and salaries	14,205	14,086	119	13,673
Social security costs	1,077	1,077	0	1,045
Other pension costs	1,169	1,169	0	1,786
Sub Total	16,451	16,332	119	16,504
Inward Secondments	0	0	0	0
Total	16,451	16,332	119	16,504
Less recoveries in respect of outward secondments	1,811	1,811	0	1,753
Total net admin costs	14,640	14,521	119	14,751
Net Programme Costs	0	0	0	0
Total Staff Costs	14,640	14,521	119	14,751

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probations' Board share of the underlying assets and liabilities are shown below in Note 3.

5 persons (2004-05: 4 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £7,420 (2004-05: £nil).

2(b) Average number of persons employed

	2005-2006			2004-2005
	Total	Permanently - Employed staff	Others	Total
	572	565	7	595
	572	565	7	595

Notes to the Accounts

3 Pension costs

The LGPS is administered by Lancashire County Council, and is a defined benefit scheme. Members pay contributions of 6% of pensionable earnings.

- 3(a) A full actuarial valuation was carried out at 31 March 2004 by Mercer Human Resource Consulting Limited. For 2005-06, employers' contributions of £1.758m were payable to the LGPS (2004-05 £1.558m) at a rate of 13.7% of pensionable pay. The scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The salary bands were revised for 2005-06 and will remain unchanged until 2007-08. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the Probation Board's pension liabilities by £0.785m and this has been included as a past service cost in Note 3(d).

Partnership accounts are excluded under FRS17

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

Employer's contributions for 2005-06 were 13.7% of salaries; and,
Employer's contributions for 2006-07 will be 13.7% of salaries; and
Employer's contributions for 2007-08 will be 13.7% of salaries.

- 3(b) The major assumptions used by the actuary were:

	31 March 2006	31 March 2005	31 March 2004
	%	%	%
Inflation assumption	2.9%	2.9%	2.8%
Rate of increase in salaries	4.7%	4.7%	4.3%
Rate of increase for pensions in payment and deferred pensions -	2.9%	2.9%	2.8%
Discount rate	5.7%	6.4%	6.3%

- 3(c) The assets in the scheme and the expected rate of return were:

	Long-term rate	Value at	Long-term rate	Value at	Long-term rate	Value at
	31 March 2006	31 March 2006	31 March 2005	31 March 2005	31 March 2004	31 March 2004
	%	£000	%	£000	%	£000
Equities	7.0%	35,464	7.5%	29,247	7.5%	27,440
Bonds	4.6%	12,646	5.0%	10,800	5.1%	8,974
Property	6.5%	4,784	7.0%	3,600	5.2%	3,470
Cash	4.5%	2,089	4.8%	1,350	0.0%	0
Total market value of assets		54,983		44,997		39,884
Present value of scheme liabilities		60,493		50,820		46,859
(Shortfall) of the scheme		(5,510)		(5,823)		(6,975)
Net pension (liability)		(5,510)		(5,823)		(6,975)

- 3(d) Pension Cost

	2005-2006	2004-2005
	£000	£000
Current service cost	1,948	1,733
Past service cost	(779)	53
Total operating charge	1,169	1,786

- 3(e) Analysis of amount credited to other finance income or debited to other finance charge

	2005-2006	2004-2005
	£000	£000
Expected return on pension scheme assets	2,939	2,746
Interest on pension scheme liabilities	(3,239)	(2,977)
Net return	(300)	(231)

- 3(f) Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2005-2006	2004-2005
	£000	£000
Actual return less expected return on pension scheme assets	7,591	2,072
Experience gains and losses arising on the scheme liabilities	(1,433)	568
Changes in assumptions underlying the present value of the scheme liabilities	(6,231)	(1,082)
Actuarial gain/ (loss) recognised in the STRGL	(73)	1,558

The effect on the actuarial gains and losses of the discount rate change from 3.5% to 2.8% is shown as changes in assumptions above.

Notes to the Accounts

3(g) Movement in surplus/(shortfall) during the year:

	2005-2006 £000	2004-2005 £000
Surplus/ (shortfall) in scheme in the beginning of the year	(5,823)	(6,975)
Current service costs	(1,948)	(1,733)
Employer Contributions	1,855	1,611
Past service costs	779	(53)
Other finance income	(300)	(231)
Actuarial gain/ (loss)	(73)	1,558
Surplus/ (shortfall) in scheme at the end of the year	(5,510)	(5,823)

3(h) History of experience gains and losses

	2005-2006	2004-2005	2003-2004	2002-2003
Difference between the expected and actual return on scheme assets:				
Amount in £000	7,591	2,072	5,150	10,134
Percentage of scheme assets	13.8%	4.6%	12.9%	(31.9%)
Experience gains and losses on scheme liabilities:				
Amount in £000	(1,433)	568	0	0
Percentage of the present value of the scheme liabilities	(2.4%)	1.1%	0.0%	0.0%
Total amount recognised in statement of total recognised gains and losses:				
Amount in £000	(73)	1,558	5,150	(10,134)
Percentage of the present value of the scheme liabilities	(0.1%)	3.1%	11.0%	(23.5%)

Notes to the Accounts

4 Other Administration Costs

	2005-2006		2004-2005 (Restated)	
	£000	£000	£000	£000
Rentals under operating leases	27		30	
Interest Charges	0		0	
Utilities and Premises	262		59	
Transport Costs	192		126	
Supplies and Services	988		754	
Contracted Out Services	2,812		2,865	
Third Party Payments	826		771	
Chair's and Member's Expenses	43		43	
Other Administration Costs	1,504		1,011	
Auditors' remuneration and expenses	32		33	
		6,686		5,692
Non-cash items				
Depreciation	40		34	
Impairment of Fixed Assets	0		0	
Profit on disposal of Fixed Assets	0		0	
Loss on Disposal of Fixed Assets	3		0	
Cost of Capital Charges	(150)		(239)	
Movement in Early Retirement Pension Commitments provided for in-year	62		(17)	
Movement in Other Provisions	(7)		6	
		(52)		(216)
Total		6,634		5,476

5 Programme Costs

	2005-2006			2004-2005 (Restated)
	Total	Permanently - Employed staff	Others	Total
Wages and salaries	0	0	0	0
Social Security Costs	0	0	0	0
Other Pension Costs	0	0	0	0
Sub total	0	0	0	0
Inward secondments	0	0	0	0
Total	0	0	0	0
Less recoveries in respect of outward secondments	0	0	0	0
Total	0	0	0	0
Current Expenditure	0	0	0	0
Total net costs	0	0	0	0

6(a) Administration Income excluding Operating Income to be Surrendered

	2005-2006		2004-2005 (Restated)	
	£000	£000	£000	£000
Rent receivable from minor occupiers of Probation Estate property:				
From within the Departmental Boundary	0		0	
From Other Government Departments	0		0	
From Local Authorities	0		0	
From External Tenants	0		0	
		0		0
Income from EU Sources: Direct contributions to Board activities		0		0
Income Receivable: From Other Government Departments		407		537
Miscellaneous Income		948		561
Total Administration Income excluding Operating Income to be surrendered		1,355		1,098

6(b) Operating Income to be Surrendered

	2005-2006		2004-2005	
	£000	£000	£000	£000
Interest received:				
From Bank	31		21	
From Car Loans	13		12	
From Other Sources	0		0	
Total Operating Income to be surrendered		44		33
Total Administration Income		1,399		1,131
Programme income		0		0
Total Income Operating Cost Statement		1,399		1,131

Notes to the Accounts

Notes to the Accounts

7 Tangible Fixed Assets

	2005-2006		
	Office Machinery, Fixtures and Fittings and IT Equipment £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2005	102	324	426
Additions	119	226	345
Net Transfers In/Out	0	0	0
Disposals	(2)	(58)	(60)
Revaluations	0	0	0
Indexation	(2)	4	2
Impairment	0	0	0
At 31 March 2006	217	496	713
Depreciation			
At 1 April 2005	62	226	288
Charged in year	18	22	40
Net Transfers In/Out	0	0	0
Disposals	(2)	(53)	(55)
Revaluations	0	0	0
Indexation	(1)	3	2
Impairment	0	0	0
At 31 March 2006	77	198	275
Net Book Value at 31 March 2006	140	298	438
Net Book Value at 1 April 2005	40	98	138
Asset Financing:			
Owned	140	298	438
Finance Lease	0	0	0
Net Book Value at 31 March 2006	140	298	438
Revaluation analysis			
Net change to Revaluation (excluding Impairment)	(1)	1	0
	0	0	0
Statement of Recognised Gains	(1)	1	0

Notes:

There are no donated assets.

	2004-2005		
	Office Machinery, Fixtures and Fittings and IT Equipment £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2004	81	281	362
Additions	16	41	57
Net Transfers In/Out	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Indexation	5	2	7
Impairment	0	0	0
At 31 March 2005	102	324	426
Depreciation			
At 1 April 2004	43	208	251
Charged in year	17	17	34
Net Transfers In/Out	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Indexation	2	1	3
Impairment	0	0	0
At 31 March 2005	62	226	288
Net Book Value at 31 March 2005	40	98	138
Net Book Value at 1 April 2004	38	73	111
Asset Financing:			
Owned	40	98	138
Finance Lease	0	0	0
Net Book Value at 31 March 2005	40	98	138

Notes to the Accounts**Revaluation analysis**Net change to Revaluation (excluding
Impairment

3 1 4

Statement of Recognised Gains0 0 03 1 4

Notes:

There are no donated assets.

Notes to the Accounts

8 Debtors

8(a) Analysis by type

	31 March 2006	31 March 2005
	£000	(Restated) £000
Amounts falling due within one year:		
Trade debtors	78	24
VAT	40	36
Staff Debtors	43	65
Debtors due from other Probation Boards (excluding Training Consortia)	76	1
Debtors due from other Probation Boards for Training Consortia	79	45
Debtors due from the Prison Service (excluding private Prisons)	178	153
Debtors due from the National Probation Directorate	25	81
Debtors due from the Home Office	0	0
Debtors due from National Offenders Management	5	0
Other Debtors	19	1
Prepayments and accrued income	66	37
Financing due from NPD	0	0
	609	443

	31 March 2006	31 March 2005
	£000	£000
Amounts falling due after more than one year:		
Trade debtors	0	0
Staff debtors	54	134
Other debtors	0	0
Prepayments and accrued Income	0	0
	54	134

	31 March 2006	31 March 2005
	£000	£000
8(b) Intra-Government Balances		
Balances with other central government bodies	2	3
Balances with local authorities	23	95
Balances with NHS Trusts	2	1
Balances with public corporations and trading funds	0	0
Subtotal: intra-government balances	27	99
Balances with bodies external to government	0	0
Total Debtors at 31 March	690	676

9 Cash at Bank and in hand

	31 March 2006	31 March 2005
	£000	£000
Balance at 1 April	553	241
Net change in cash balances	140	312
Balance at 31 March	693	553
The following balances at 31 March are held at:		
Office of HM Paymaster General	0	0
Commercial banks and cash in hand	693	553
Balance at 31 March	693	553

Notes to the Accounts

10 Creditors

10(a) Analysis by type

Amounts falling due within one year:

	31 March 2006	31 March 2005
	£000	£000
VAT	0	0
Other taxation and social security	349	336
Trade creditors	537	229
Other creditors	650	136
Staff creditors	0	12
Bank Overdraft	0	0
Creditors due to other Probation Boards (excluding Training Consortia)	5	3
Creditors due to other Probation Boards for Training Consortia	0	0
Creditors due to the Prison Service (excluding private prisons)	0	0
Creditors due to the National Probation Directorate	9	12
Creditors due to the Home Office	0	0
Creditors due to National Offenders Management	0	0
Unpaid pension contributions due to the pension scheme	0	192
Long Term Liabilities due within one year	0	0
Operating Income to be surrendered (Interest received)	44	33
Fixed asset accruals	0	0
Financing due to NPD	0	0
	1,594	953

Amounts falling due after more than one year.

	31 March 2006	31 March 2005
	£000	£000
Staff creditors	0	0
Other creditors	0	0
	0	0

10(b) Intra-Government Balances

	31 March 2006	31 March 2005
	£000	£000
Balances with other central government bodies	0	0
Balances with local authorities	16	91
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	0	0
Subtotal: intra-government balances	16	91
Balances with bodies external to government	0	0
Total Creditors at 31 March	1,610	1,044

Notes to the Accounts

11 Provisions for Liabilities and Charges

31 March 2006

	Early Retirement and Pension Commitments		Other	Total
	Added Years		Other Provisions	
	£000	£000	£000	£000
Balance at 1 April 2005	569		7	576
Provided in the year	62		(7)	55
Provisions not required written back	(10)		0	(10)
Provisions utilised in year	(50)		0	(50)
2005/06 impact of change in discount rate from 3.5% to 2.2%	60		0	60
Balance at 31 March 2006	631		0	631

31 March 2005

	Early Retirement and Pension Commitments		Other	Total
	Added Years		Other Provisions	
	£000	£000	£000	£000
Balance at 1 April 2004	586		1	587
Provided in the year	(17)		6	(11)
Provisions not required written back	50		0	50
Provisions utilised in year	(50)		0	(50)
Balance at 31 March 2005	569		7	576

Early Retirement and Pension Commitments

The Probation Board meets the additional costs of benefits beyond the normal Local Government Pension Scheme (LGPS) benefits in respect of employees who retire early by paying the required amounts annually to the LGPS over the period between early departure and normal retirement date. The Probation Board provides for this in full when the early retirement programme becomes binding on the Board by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms.

Other

There are no other provisions recognised in the accounts at 31 March 2006.

Notes to the Accounts

12 General Fund

	2005-2006	2004-2005
	£000	£000
Balance at 1 April	(6,082)	(7,581)
Financing activities:		
Net NPD Financing received in year (excluding Training Consortia)	16,388	14,914
Training Consortia financing received by the Lead Board from NPD	0	0
Training Consortia financing received by the non-lead Board from NPD	924	1,366
Training Consortia financing received from the boards within their consortia	0	0
Training Consortia financing transferred from the Lead Board to the boards within their consortia	0	0
Training Consortia financing transferred from their Lead Board	393	339
Training Consortia financing transferred to their Lead Board	0	0
Training Consortia financing received by the Board from another non-lead board	0	0
Training Consortia financing transferred from the Board to another non-lead board	0	0
Recharges by NPD for centrally provided services	2,883	2,921
Increase/(decrease) in Financing Debtors	0	0
(Increase)/decrease in Financing Creditors	0	0
Net Transfers from Operating Activities		
Net Operating Cost for the year	(20,175)	(19,327)
Operating Income to be surrendered (Interest received)	(44)	(33)
Non-cash Charges:		
Cost of Capital	(150)	(239)
Transfer from Revaluation and Donated Asset Reserve (From Note 13b)	0	0
Actuarial gains and losses (STRGL)	(73)	1,558
Balance at 31 March	(5,936)	(6,082)

13 Reserves

13(a) Revaluation Reserve

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

	2005-2006	2004-2005
	£000	£000
Balance at 1 April	6	2
Arising on revaluations during the year (net)	0	4
Transfer to General Fund	0	0
Balance at 31 March	6	6

13(b) Donated Asset Reserve

	2005-2006	2004-2005
	£000	£000
Balance at 1 April	0	0
Additions during the year	0	0
Release to General Fund	0	0
Balance at 31 March	0	0

There are no donated assets.

Notes to the Accounts

14 Notes to the Cash Flow Statement

14(a) Reconciliation of operating cost to operating cash flows

	2005-2006	2004-2005
	£000	£000
Net operating cost	20,175	19,327
Adjustments for non-cash transactions	52	216
(Increase)/Decrease in Debtors	14	149
Increase/(Decrease) in Creditors	(555)	(143)
Adjustments for pension funding	386	(406)
	20,072	19,143

14(b) Analysis of capital expenditure and financial investment

	2005-2006	2004-2005
	£000	£000
Tangible fixed assets additions	(345)	(57)
Plus Opening Balance for Fixed Asset Accruals	0	0
Minus Closing Balance for Fixed Asset Accruals	0	0
Minus Proceeds of Disposal of Fixed Assets	2	0
	(343)	(57)

14(c) Analysis of financing

	2005-2006	2004-2005
	£000	£000
Net NPD Financing received in year (excluding Training Consortia)	16,388	14,914
Training Consortia financing received by the Lead Board from NPD	0	0
Training Consortia financing received by the non-lead Board from NPD	924	1,366
Training Consortia financing received from the boards within their consortia	0	0
Training Consortia financing transferred from the Lead Board to the boards within their consortia	0	0
Training Consortia financing received from their Lead Board	393	339
Training Consortia financing transferred to their Lead Board	0	0
Training Consortia financing received by the Board from another non-lead board	0	0
Training Consortia financing transferred from the Board to another non-lead board	0	0
Recharges by NPD for centrally provided services	2,883	2,921
Consolidated Fund Extra Receipts received in prior year surrendered (Interest Received)	(33)	(28)
	20,555	19,512

Notes to the Accounts

15 Capital Commitments

	31 March 2006	31 March 2005
	£000	£000
Capital commitments at 31 March for which no provision has been made		
Committed	0	0
Authorised but not contracted	0	0
Total	0	0

16 Commitments Under Leases
Operating Leases

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

Obligations under operating leases comprise:

	2005-2006	2004-2005
	Other £000	Other £000
Expiry within 1 year	10	6
Expiry after 1 year but not more than 5 years	17	20
Expiry thereafter	0	0
	27	26

17 Other financial commitments

There were no other financial commitments at 31 March 2006.

	2005-2006	2004-2005
	Other £000	Other £000
Expiry within 1 year	0	0
Expiry within 2 to 5 years	0	0
Expiry thereafter	0	0
	0	0

18 Financial Instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the 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 FRS 13 applies. The Probation Board has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Probation Board in undertaking their activities.

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

19 Contingent Liabilities

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

20 Contingent Liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

The Board has not entered into any contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of FRS 12 since the likelihood of a transfer of economic benefit in settlement is too remote.

	1 April 2005	Increase in Year	Liabilities crystallised in year	Obligation expired in year	31 March 2006	Amount to be reported to Parliament by departmental Minute
	£000	£000	£000	£000	£000	
Guarantees (listed)						

Notes to the Accounts

Indemnities
(listed)

Letter of comfort
(listed)

The Board has no other contingent liabilities that do not have to be disclosed under FRS12 but should be included for Parliamentary reporting and accountability purposes.

Notes to the Accounts

21 Losses and Special Payments

Losses Statement	2005-2006		2004-2005	
	Number of Cases	Total Value £000	Number of Cases	Total Value £000
<u>Details of cases over £2,000</u>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	2	9	0	0
	<u>2</u>	<u>9</u>	<u>0</u>	<u>0</u>
<u>Details of cases over £100,000</u>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

22 Related party transactions

The Home Office is regarded as a related party. During the year, the Probation Board had various material transactions with the Home Office. Additionally, the Probation Board had transactions with other Probation Boards, other government bodies and third party organisations.

During the year, none of the members of the Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Probation Board.

23 Third-party assets

The Board held no third party assets at 31 March 2006.

	31 March 2006	31 March 2005
	£000	£000
Balance at 1 April	0	0
Funds paid in during the year	0	0
Funds paid out during the year	0	0
Balance at 31 March	0	0

24 Post balance sheet events

There are no post balance sheet events requiring disclosure in the accounts