



*Changing Lives  
Reducing Crime*

# **Kent Probation**

## **Annual Report and Accounts 2012–2013**



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### **Annual Report and Accounts**

### **2012–2013**

Presented to Parliament pursuant to The Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012 (S.I. 2012, No. 854).

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# Kent Probation – Changing Lives, Reducing Crime

Kent Probation supports the Ministry of Justice and NOMS by delivering our strategic aims and offender management within Kent and Medway.

Our strategy sets out our purpose, vision and values as:

Our Statement of purpose:

“Protecting the public and reducing re-offending by delivering the sentence of the Courts and reforming offenders”

To achieve this our vision is:

- To be an excellent and efficient organisation which protects the public and achieves positive change for offenders and communities by reducing re-offending
- To develop our business proactively, in partnership with our stakeholders and driven by offender need, best value, and the priorities of local communities to become provider of choice

and

- To be a cohesive organisation which values, supports and develops its staff so that together we can realise our collective potential and be empowered to achieve the highest standards

With our purpose and vision underpinned by our values:

- **Respect and value individuals** by modelling behaviours and valuing diversity
- **Enable and embrace positive change** for offenders, for Kent Probation and for the local communities in which we work
- **Believe we can make a difference** through our positive attitudes and the quality of our work
- **Collaborate fearlessly** to learn from each other, find new solutions and jointly celebrate our achievements
- **Look outwards** to develop and deliver our business with partners and recognise the contribution that they can bring
- **Be open and transparent** to ensure integrity in everything we do
- **Deliver good value for money** by using resources wisely

## Foreword

Kent Probation started the year with a new streamlined senior management team at a crucial stage in our roll out of national standards 2011 and professional judgement as the bedrock of our new way of working.

Kent Probation has a reputation for being forward thinking and this year we developed and embedded many innovations such as our “Prospects” women’s approach, our desistance led Integrated Offender Management and our award winning Community Domestic Abuse Programme. We have been ground breaking with our partnerships, agreeing and implementing a strategic external Kent & Medway Reducing Reoffending plan supported by all our CSPs, we are introducing a new Mental Health Treatment Requirement with the NHS and Independent Domestic Violence Advisor service developed in partnership with Kent Police and our County & District Councils. With our desistance focus we have set up a Service User Council to ensure offenders are at the heart of our policy and decision making. We have focused on delivering quality and cost efficient services to ensure we are competitive in delivering strong sustainable outcomes, and again we have successfully achieved a GREEN rating on NOMS’s Probation Trusts Rating System (PTRS).

This has been achieved at the same time as the government launching its Probation Review consultation, in March 2012, which led on to the “Transforming Rehabilitation” consultation in January 2013. The Transforming Rehabilitation consultation signals unprecedented change to the way Probation services would be structured and delivered in the future with protecting the public, reducing reoffending, financial savings and re-investment (into working with short term prisoners) key to the Government’s proposals. The outcome of the consultation will be announced early in 2013/14.

# 1. Operational & Performance Review

## A. Operational Review

### **Strategic Development**

This year, our Business Plan set out 5 strategic priorities for Kent Probation, being:

1. Reducing Reoffending
2. Finalise new organisation strategy in light of the Probation Review
3. Implement new strategy
4. Commission research to evaluate desistance approach, and
5. Develop an organisational approach to both the transition phase and following the appointment of the new Police and Crime Commissioner.

Priority deliverables focused on business improvement, new business, our people and enablers. In addition our LDU Directors identified key deliverables for their Local Delivery Units (LDUs). We have successfully implemented 59 out of the 72 planned actions, 2 have been put on hold, with the other 11 ongoing into 2013/14 or are dependant on external decisions from NOMS or our partners.

Our Business Plan has been subject to strong governance and scrutiny from SMT and our Trust Board through quarterly reviews.

### **Business Improvement – current business**

During 2012/13 we have successfully delivered our Integrated Offender Management (IOM) business plan. We have rolled out Women's Specified Activity Requirements (SARS) across all our offices. We have developed our approach to managing extremist offenders and anti-terrorism following the Government's "PREVENT" and "TACT" agenda. We have let new accommodation advice contracts and have improved offender health through access to health trainers across most of our offices.

This year we have rolled out a new staffing model in Courts which provides magistrates dedicated Probation officers supporting effective sentencing

### **Business Improvement – new business**

This year we have developed and implemented a new approach to volunteering and we have successfully doubled the number of volunteers we have. Restorative Justice (RJ) has been a focus for Kent and with our courts, NOMS and CJ partners we are looking at ensuring RJ is available at every stage of the criminal justice system. We are one of three pilots for pre-sentence RJ which will be offering mediation between the offender and victims of burglary prior to sentencing.

Kent Probation, together with local NHS trusts have developed Mental Health interventions and a Personality Disorder service and we have won contracts to deliver accredited programmes to CAF/CASS.

### **Our People**

Following the restructure of our Finance, Performance & Standards and Human Resources Directorates into one new Corporate Services Directorate we have aligned Learning & Development and Quality to provide a synergy between the two, so that we can be assured that organisational learning from performance, SFO, investigations, complaints, inspections and audits becomes integral to our training plan. This year we have refreshed and delivered both our Quality Strategy and Learning and Development Strategy.

For our people we have also implemented a new approach to appraisal supported by a competency framework.

## Enablers

To deliver our strategic objectives we have implemented, reviewed or set up the following enablers:

- Commissioning – we have developed a whole organisational approach to commissioning which supports the local LDU
- National Standards 2011 – we have introduced national standard 2011 in phases to support offender managers to understand and effectively use professional judgement within the freedoms NS2011 gives us
- Desistance – we have implemented a desistance led approach from our reception areas to key policy areas
- Service Users – we have set up a Service User Council to enable service users to help us improve offender engagement further
- Corporate Scorecard – we have implemented a corporate scorecard to give SMT and the Trust Board a wider view of Kent Probation performance, health and success
- Budget & Estates – we have agreed a new principles and strategy for managing our budget and estate over the coming years
- Brand – our brand is important to us both internally and externally and we have developed a brand strategy to enable Kent Probation to become known as a forward thinking, competitive, outcome focused and sustainable organisation
- Health & Safety – we have continued to embed H&S with our OHSAS18001 accreditation and with successfully undergoing two further external assessment visits from BSi.

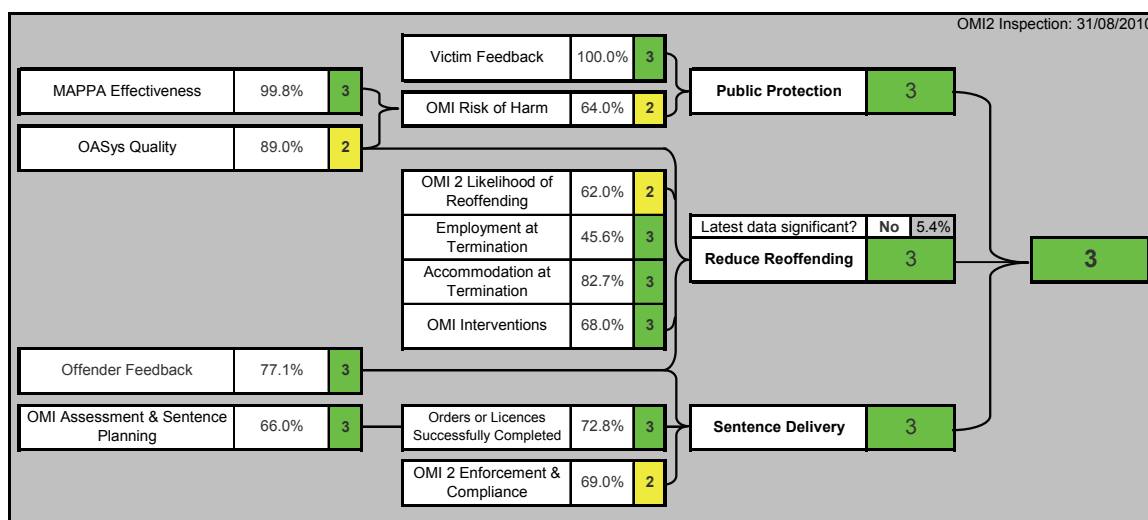
## B. Performance Review

### Key Performance Results – 2012/13

Kent Probation’s performance is measured nationally by the Probation Trust Rating System (PTRS) which is a basket of measures which enables us to assess Kent Probation’s performance within four domains – Public Protection, Reducing Reoffending, Sentence Delivery and NOMS Contractual Measures.

The PTRS is Red/Amber/Green (RAG) rated to enable comparison both against the targets and with other Probation Trusts. At the end of 2012/13 Kent Probation was rated Green.

### 2012/13 PTRS Overview





## Public Protection

Metric	Target / Measure	2012/13		2011/12	
		Target	Performance	Target	Performance
IPPF14	OMI Risk of Harm	70%	64.0%	70%	64%
OM32	Victim Feedback	90%	100.0%	90%	95%
OM41	MAPPA Effectiveness	86%	99.8%	n/a	n/a
OM26	OASys QA	90%	89.0%	90%	89.94%

## Reducing Reoffending

Metric	Target / Measure	2012/13		2011/12	
		Target	Performance	Target	Performance
IPPF21	OMI 2 Likelihood of Reoffending	66%	62.0%	66%	62%
INT09	Employment at Termination	40%	45.6%	40%	45%
OM17	Accommodation at Termination	70%	82.7%	70%	81%
IPPF06	OMI2 Interventions	66%	68.0%	66%	68%
OM24	Offender Feedback	67%	77.1%	67%	73%

## Sentence Delivery

Metric	Target / Measure	2012/13		2011/12	
		Target	Performance	Target	Performance
OM20	Orders or Licences Successfully Completed	70%	72.8%	70%	72%
IPPF19	OMI 2 Enforcement and Compliance	70%	69%	70%	69%
IPPF05	OMI 2 Assessment and Sentence Planning	66%	66%	66%	66%

## NOMS Contractual Measures

Metric	Target / Measure	2012/13		2011/12	
		Target	Performance	Target	Performance
Total of INT01, 02 & 03	Accredited Programmes Completions	216	250	261	267
Combined Rate for INT13, 14 & 15	Accredited Programmes Completion Rates	70%	65%	n/a	n/a
INT01	Sex Offender Programme Completions	45	68	45	55
INT02	Domestic Violence Programme Completions	68	75	68	68
INT03	GOBP Completions (exc SOTP & DV)	103	107	148	144
INT13	Sex Offender Programme Completion Rate	85%	82%	85%	73%
INT14	Domestic Violence Programme Completion Rate	68%	74%	68%	67%
INT15	GOBP Completion Rate (exc SOTP & DV)	75%	58%	75%	54%
	Non Accredited Programme Completions	547	1037	n/a	n/a
	Non Accredited Programme Completion Rate	70%	65%	n/a	n/a
INT16	ATR Completion Rate	65%	73%	65%	77%
INT17	DRR Completion Rate	50%	60%	50%	62%

Metric	Target / Measure	2012/13		2011/12	
		Target	Performance	Target	Performance
INT18	UPW Completion Rate	75%	72%	75%	72%
INT08	Sustained Employment	400	390	n/a	130%
INT05	UPW Completions	2000	1738	2000	1908
OM05	Enforcement	90%	92%	90%	90%
OM40	Court Report Timeliness (Magistrates and Crown)	95%	99%	90%	99%
OM07	Victim Contact (Timeliness)	90%	93%	90%	53%
	Attendance Centre Referrals	17	n/a	n/a	n/a
OM27	Generic Parole Process	80%	94%	80%	78%
OM37	Tier 2,3,4 & PPO OASys Final Reviews	90%	83%	90%	90%

**Notes:**

- (1) The above targets and the methodology for calculating the actual figures are set by NOMS. Kent Probation collects the data from a number of sources, mainly e-OASys, IAPS and ICMS, which are our electronic case management system.
- (2) n/a represents changes in performance metric between years.

## C. Workload and Activity Statistics

### 1. Commencements by Type

Sentence Type	2012/13	2011/12
Community Order	2930	3297
Suspended Sentence Order	1376	1393
Standard Determinate Custody (CJA)	1343	1482
Extended Public Protection	25	48
Indeterminate Public Protection	17	19
Community Rehabilitation Order	0	1
Life Imprisonment	19	15
Young offender institution	173	344
Voluntary Through Care	50	261
ACR	37	26
YO	122	168
Extended Supervision (SO)	5	8
Extended Supervision (VO)	0	1
S105 Recall to Prison Licence	25	49
DCR	13	23
Enforcement Order for CAF/CASS	1	0
Youth Rehabilitation Order	81	132
Deferred Sentence	2	0
CPRO (CP)	2	0
Psychiatric order	2	0
<b>Total</b>	<b>6223</b>	<b>7267</b>

### 2. Caseload as at 31.03.13

Period	Orders	Licences	Custody	Total
31.03.13	3190	1167	1882	6239
31.03.12	3525	1179	1943	6647
31.03.11	3410	1021	1973	6404

### 3. Reports Produced by Court Type

Report Type	Crown	Magistrates	Other	Youth	No Court Recorded	Total 2012–2013	Total 2011–2012
Breach	86	1483	0	13	156	1738	2129
Reports – Fast Delivery	510	698	10	1	5	1224	1891
Reports – Oral	38	1509	0	1	10	1558	1484
Reports – Standard Delivery	455	545	5	0	1	1006	1126
<b>Total 2012–2013</b>	<b>1089</b>	<b>4235</b>	<b>15</b>	<b>15</b>	<b>172</b>	<b>5526</b>	<b>--</b>
<b>Total 2011–2012</b>	<b>1197</b>	<b>5214</b>	<b>12</b>	<b>32</b>	<b>175</b>	<b>--</b>	<b>6630</b>

### 4. Unpaid Work Hours Ordered/Worked

Report Type	Hours Ordered	Hours Worked	Hours Ordered	Hours Worked
	2012–2013	2012–2013	2011–2012	2011–2012
April	28367	18647.75	26832	21237.50
May	27220	20954.50	31870	23920.20
June	27215	18894.75	31044	23451.75
July	25815	21640.50	33368	23118.75
August	30716	20987.25	27513	23548.65
September	27591	21511.75	28972	21699.05
October	33092	23422.50	29997	22977.00
November	28347	22372.75	31652	21873.70
December	17368	18987.50	21940	17740.00
January	23479	19102.75	27062	20094.75
February	24614	18966.50	25171	20214.50
March	24013	18503.00	28551	20452.25
<b>Total</b>	<b>317837</b>	<b>243991.50</b>	<b>343972</b>	<b>260328.10</b>

### 5. Victims: The total number contacted within 8 weeks of sentence

Period	2012/13	2011/12
Quarter 1: April – June	119	33
Quarter 2: July – September	83	98
Quarter 3: October – December	131	35
Quarter 4: January – March	* n/a	58
<b>Total</b>	<b>333</b>	<b>166</b>

\*Figures are provided in arrears and not available until after the accounts are audited

## 2. Financial Review and Remuneration Report

### Management Commentary

#### Statutory background

Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which operates under a contract with the Secretary of State overseen by the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from Kent Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 49, by the Secretary of State under the OM Act.

#### Principal activities

Kent Probation covers the Kent Police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 1.6 million. During the year, the Board employed some 407 full time equivalent staff who worked from 10 office sites, 1 hostel and 7 prisons across the area.

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

The discharge of policies as established by the National Offender Management Services (NOMS) of the Ministry of Justice, are designed to ensure:

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

The Chief Executive Officer (CEO) is a statutory office holder appointed by the Secretary of State. The CEO is the Accountable Officer for the Board and is accountable to the Chief Executive Officer, NOMS in his position as the Principal Accountable Officer (PAO) for the Probation Service. The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

#### Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 8.

#### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 21. The Statement of Changes in Taxpayers' Equity is shown on page 24.

#### Operating costs

The net operating cost before tax for 2012–13 stands at £1,101,000 compared to £265,000 for 2011–12. The reason for the increase is due to a reduction in the expected return on Kent Probations pension assets as calculated by the funds actuaries.

## Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 22 and 23.

The net liability position has increased from £33,822,000 at March 2012 to £36,159,000 at March 2013. The largest single movement in net liability is £2,347,000 which is due to an increased pension liability as calculated by the funds actuaries.

## Payment of creditors

In the year to 31 March 2013, the Trust paid 3,585 trade invoices with a value of £5,135,250. The percentage of undisputed invoices paid within 30 days by the Trust was 98% compared to 96.6% in 2011–12.

## Treatment of Pension Liabilities

Past and present employees of the Probation Trusts 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 retirement benefits. Further information can be found in **Note 4** to the Accounts.

## Sickness absence data

The levels of absence due to staff sickness were 5,489 days across the Trust (2011–12 4,552 days).

## Personal data related incidents

There were no personal data related incidents in 2012–13, which needed formally reporting to the Information Commissioner's Office (ICO).

Kent Probation ensures we have effective measures in place to mitigate the risk of information loss and to prevent recurrence of any information security breach by being ISO27001 accredited. As part of our Information Security Management System (ISMS) all staff undertake a compulsory Information Assurance training course when joining Kent Probation and then annually.

## Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 51 to 55.

## Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

As at the date of the Audit Certificate, no reportable events had occurred.

## Going Concern

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. This consultation ended at the end of June 2012. A further consultation commenced in January 2013 building on the previous consultation last year which set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of these consultations were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice.

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has concluded therefore that, having reviewed the results of the consultation within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a ‘material uncertainty’ around going concern, arising from the recommendations of the report, *Transforming Rehabilitation: A strategy for Reform*.

### Future developments

Future developments for 2013/14 focus on delivering the outcome of the Secretary of State’s consultation on the reforms to community sentences and his plans to contract out Probation services more widely.

For 2013/14 we will continue to deliver a high quality service, to embed professional judgement and National Standards 2011. We will continue to support localism through multi-agency working to maximise the countywide impact of outcome on reoffending. We have jointly commissioned a new Integrated Domestic Violence Advisors service, we are a pilot area for pre-sentence Restorative Justice to deliver end-to-end Restorative Justice, we will be piloting a Mental Health Treatment Requirement as part of a new diversion scheme, we aim to expand our Mentor Unit and together with our Services User Council achieve greater offender engagement. In addition we will be delivering newly won contracts for CAFcass, rolling our personality disorder services across the County, working with Catch 22 to deliver “through the gate” services to Kent indeterminate public protection prisoners as well as expanding our provision of services to Troubled Families.

### Diversity

Kent Probation is committed to ensure diversity and inclusion is at the heart of what we do and we are committed to eliminating discrimination, harassment and victimisation as well as ensuring we are fully compliant with all legislation. Annually we publish Kent Probation Equalities Annual Return, which is available on our website [www.kentprobation.org](http://www.kentprobation.org); this return provides diversity information for our offenders, victims and staff.

### Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a Department for Communities and Local Government’s (DCLG) decision to disband the Audit Commission and was made by HM Treasury via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 19.

Total audit fees reported in the Accounts are £25,615. The audit fees for 2011–12 relate to the previous external auditor.

As Accountable Officer, I have taken all steps to ensure that:

- I am aware of any relevant audit information
- the Auditor is aware of that information, and
- there is no relevant audit information of which the Auditor is unaware.

### The Kent Probation Trust Board

The governance arrangements within the Trust for the period April 2012 to March 2013, included the following:

- Monthly Trust Board meetings
- Quarterly Audit, Performance & Risk Committee meetings
- Quarterly Human Resources Committee meetings
- Bi-annual Remuneration Committee meetings
- Quarterly Health & Safety Committee meetings

The Chair and other members of the Board were all appointed by the Secretary of State.

Details of the remuneration of the Trust Board are set out in the Remuneration Report on pages 13 and 14.

Membership of the Trust Board is set out in the table below:

<b>Position</b>	<b>Name</b>	<b>Date appointment commenced / ended (during 2012–13) where appropriate</b>
Chief Executive	Sarah Billiald	Resigned – 31/03/13
Chair	Mr Janardan Sofat	
Board Member	Mr Colin Wilby	
Board Member	Mrs Pat Foreman	
Board Member	Mr Malcolm Cooper	
Board Member	Ms Gillian Hurley	
Board Member	Mr David White	
Magistrate Advisor	Mrs Anne Munn	

My thanks and appreciation are extended to all past and present members of the Trust Board for their hard work and effort during this reporting year.

Sarah Billiald  
Accountable Officer

Date: 17 June 2013

## Remuneration Report

### Appointments

The Chair, the Chief Executive, and other members of the Trust Board are 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 and staff are determined and paid for through Ministry of Justice funds. This section is subject to audit.

The salary and pension entitlements of the senior managers and non-executive directors of the Kent Probation were as follows:

### A) REMUNERATION – AUDITED

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

		2012/13			2011/12		
		Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £000s	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £000s
Chief Executive Officer	Sarah Billiald *	80–85	0–5	1.2	80–85	None	0.1
Chair	Mr Janardan Sofat	15–20	None	1.6	15–20	None	0.4
Board Member	Mr Colin Wilby	0–5	None	0.5	0–5	None	1.0
Board Member	Mrs Pat Foreman	0–5	None	0.6	0–5	None	0.5
Board Member	Mr Malcolm Cooper	0–5	None	1.0	0–5	None	0.9
Board Member	Ms Gillian Hurley	0–5	None	0.1	0–5	None	0.1
Board Member	Mr David White	0–5	None	0.6	0–5	None	1.8
Magistrate Advisor	Mrs Anne Munn	0–5	None	0.3	0–5	None	0.2

\* CEO is contracted for 32hpw ie 0.8649 FTE

In agreement with NOMS, Kent Probation Board Members receive an annual non-pensionable remuneration of £4,000 pa, with the Chair of the HR Committee and the Chair of the Audit, Performance & Risk Committee receiving an additional annual non-pensionable payment of £500. Board Members are also paid a travelling allowance and relevant expenses incurred.

The total remuneration of the highest paid Director and the median total remuneration for other staff are shown in the table below.

	Total Full-time Equivalent Remuneration	
	2012–13	2011–12
Highest paid Director (pay band)	£90,000–£95,000	£90,000–£95,000
Median for other staff	£23,700	£23,900
Pay multiple ratio	3.93 : 1	3.87 : 1

The median remuneration is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director. The pay multiple ratio is ratio between the total remuneration of the highest paid Director and the median for other staff.

### Salary

'Salary' includes the gross salary; overtime; etc as applicable to Trusts.



## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefits received are in respect of costs for accommodation, travel and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs.

## B) PENSION BENEFITS – AUDITED

		Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
		£000s	£000s	£000s	£000s	£000s
Chief Executive Officer	Sarah Billiald	0–45	(0–2.5)	67	55	12
Chair	Mr Janardan Sofat	----	----	----	----	----
Board Member	Mr Colin Wilby	----	----	----	----	----
Board Member	Mrs Pat Foreman	----	----	----	----	----
Board Member	Mr Malcolm Cooper	----	----	----	----	----
Board Member	Ms Gillian Hurley	----	----	----	----	----
Board Member	Mr David White	----	----	----	----	----
Magistrate Advisor	Mrs Anne Munn	----	----	----	----	----

This scheme provides benefits on a ‘final salary’ basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

## Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses current market valuation factors for the start and end of the period.

Sarah Billiald  
Accountable Officer  
Date : 17 June 2013

## Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1)(b) of the Offender Management Act 2007, the Secretary of State has directed the Kent Probation to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity 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 judgments 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 material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Secretary of State has appointed the Chief Executive as the Accountable Officer of the Trust. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is accountable, for keeping proper records and for safeguarding the Trust's assets, are set out in Managing Public Money published by HM Treasury.

## Governance Statement

### Introduction

This Governance Statement sets out:

- Corporate Governance and Trust Board support within Kent Probation
- Oversight and assurance arrangement to deliver Kent Probation business
- How risks which Kent Probation faces, are managed

### Governance Framework & Board Attendance

Kent Probation has an established corporate governance framework with experienced and effective support from the Trust Board. The full Trust Board is governed by its standing orders and sets the framework within which Kent Probation operates. The full Trust Board is supported by the Audit, Performance and Risk Committee and the HR Committee. Supporting the HR Committee is the Health & Safety Committee. Attendance at the Board is shown in the table below:

		Board (10 meeting held during 2012/13)	Audit, Performance & Risk Committee (5 meeting held during 2012/13)	HR Committee (3 meeting held during 2012/13)	Remuneration Committee (2 meeting held during 2012/13)
Janardan Sofat	Board Chair	10	1 *	n/a *	2
Sarah Billiald	Chief Officer	9	3	1 *	2
Colin Wilby	Chair of HR Committee	9	5 *	3	2
Pat Foreman	Chair of Audit, Perf. & Risk Committee	9	4	0 *	2
Malcolm Cooper	Board Member	7	3	3	n/a
David White	Board Member	8	5	3	n/a
Gillian Hurley	Board Member	9	5	2	n/a

*The Audit, Performance & Risk Committee and HR Committee have a core membership of Board members; \* = not a core member. However any Trust Board member can attend any Committee meeting whether they are a core member or not. The Remuneration Committee core membership is the Chair & Committee Chairs*

To support the effective working of the Trust Board the Trust Board Chair meets individually with his board members to discuss roles, duties and development needs throughout the year. With the Transforming Rehabilitation consultation there are currently national restrictions on Trust Board member recruitment with all existing Trust Chairs and Trust Board members being given a one year extension.

The Trust Board sets the strategic direction for Kent Probation and ensures corporate governance. During the business year the Trust Board approves Kent Probation's contract with NOMS, the business plan to deliver this contract and budget. It receives regular reports and monitoring to enable it to challenge and seek assurance that the services are being delivered against the priorities set. The supporting Committees scrutinise resources and staffing levels, high-level caseloads, workload, PTRS performance, organisational risk and our assurance framework.

The Trust Board complies with the Corporate Governance Code.

As Accountable Officer I am accountable to the Chief Executive, NOMS via a contract which is reviewed quarterly with NOMS's Senior Commissioning Manager for London and the South East. The Senior Commissioning Manager is NOMS representative of the Secretary of State and is part of the NOMS senior executive. NOMS is an agency of the MoJ.

## Oversight and Assurance arrangements

### Resources are controlled and managed to deliver Kent Probation business

As part of Kent Probation's rolling budget strategy the Trust Board and Senior Management Team sets out a clear approach to setting and delivering on budget. In 2012/13 our strategy looked at addressing known budget pressures and ensuring Kent Probation did not overspend again, being essential given our overspend in 2011/12. To provide the Board and Accountable Officer with assurance on our financial monitoring we sought assurance from an experienced Probation Finance Director, independent of Kent Probation who has been able to provide assurance that our financial monitoring is robust.

During 2012/13 we balanced our model of strong devolved budget management with strong collective SMT ownership of the County's budget pressures, this resulted in a County vacancy freeze from September 2012 onwards, with SMT as a whole, making collective recruitment decisions. Day to day management of the delegated budgets continued within our financial framework.

At the end of the year we have returned a small surplus to NOMS, of around ¼% of our total resource. In addition we successfully delivered our contract with NOMS and achieved GREEN status in the national PTRS (Probation Trust Rating System).

### System of internal control and assurance framework

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Kent Probation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kent for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

For 2012/13 the Kent Probation Audit and Assurance Framework provided senior management and the Trust Board with wider assurance than traditional assurance received from Internal Audit. This Framework gave us assurance on our financial controls, key risks, information security, the management of process and fraud.

This assurance is externally provided to senior management and the Trust Board via:

- Financial Controls / Key Risk Audits – The MoJ Audit & Corporate Assurance (ACA) function provided our independent internal audit. During 2012/13 the MoJ Audit & Corporate Assurance function rated our Financial Control Framework (central), and Financial Control Framework (local) as GREEN; our implementation of the Workload Management Tool (WMT) as AMBER/GREEN and Resource Generation as AMBER/RED. In addition MoJ Audit & Corporate Assurance auditors followed up the high & medium priority recommendation (made in 2011/12) and confirmed to the Trust Board that all recommendations had been satisfactorily implemented.
- Information Security and Assurance – In our management of information security and assurance Kent Probation has exceeded the GSi requirements required by NOMS by achieving ISO27001 accreditation. During 2012/13 Kent Probation had 2 successful external Continuous Assessment Visits (CAVs) and had no serious information security breaches which required escalation to NOMS.
- Quality Management System – Following our successful countywide roll-out and accreditation to ISO9001 in 2011/12, we successfully received 2 external Continuous Assessment Visits (CAVs) and had no major non-conformities.
- Health & Safety – continuing our commitment to H&S and our successful OHSAS 18001 accredited in 2011/12 we had 2 external Continuous Assessment Visits (CAVs) and had no major non-conformities.

(ISO27001, ISO9001 & OHSAS18001 are externally accredited by BSi (British Standards institute) and our management systems are supported by our own extensive internal audit programme).

- Whilst we had no frauds or significant events during 2012/13, which needed to be investigated as part of our assurance framework, we did ask MoJ Audit & Corporate Assurance to review the financial management of a Community Payback Project to consider the possibility of financial loss or fraud. No fraud was found however serious weaknesses in financial management were identified with 9 (medium & low priority) recommendations made, all recommendations were accepted and immediately actioned.

MoJ Audit & Corporate Assurance function have been able to provide the Trust Board and Accountable Officer “with reasonable assurance that the Trust’s overall risk, control and governance framework is generally adequate to enable the achievement of its objectives and that the key risks to the Trust are being effectively managed”.

## Risk Management

Organisational Risk Management is managed as part of the core responsibility of the Audit, Performance & Risk Committee and Kent Probation’s Senior Management.

The Organisational Risk Co-ordinator acts to co-ordinate the day-to-day operation of management in managing organisational risk within the Trust’s strategic role. The management strategy for organisational risk management is:

- the Risk Register relates to the Business Plan;
- the Trust Board approves the Business Plan and Risk Register;
- the Risk Register is regularly reviewed in detail by the Risk Owners / Senior Management and reported to the Audit, Performance & Risk Committee who critically challenge management’s strategies effectiveness; and
- the Register is a dynamic document which changes as risks change.

In Kent Probation we manage organisational risk by enabling and supporting LDUs and Directorates to manage the identified key risks which impact upon their LDU/areas of accountability. These LDU / Directorate risks are collated by Kent Probation’s Senior Management Team to manage the key risks facing the County.

The Trust Board’s organisational risk management policy and strategy is available to all staff via our intranet with the county and LDU risk registers available to all staff (inc Trust Board members) via PAM (PAM is an internet based software designed to manage our risk register in real time). Risks identified and managed during 2012/13 included setting a balanced budget, failing to achieve GREEN status on the PTRS due to our OASys QA and programme completion rates. The principal external risk facing Kent Probation throughout 2012/13 has been the Probation Review and now the Transforming Rehabilitation consultation which will change the future of Probation in Kent and the country. This risk is so significant that for 1<sup>st</sup> April 2013 we have started with a new risk register as the Transforming Rehabilitation agenda significantly changed all our existing risks and how we managed them.

Sarah Billiald  
Accountable Officer

Date : 17 June 2013

### 3. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Kent Probation for the year ended 31 March 2013 under the Offender Management Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Chief Executive and auditor**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Offender Management Act 2007. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on regularity**

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

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Kent Probation's affairs as at 31 March 2013 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

#### **Emphasis of Matter – Material uncertainty in respect of going concern**

Without qualifying my opinion, I have considered the adequacy of the disclosures made in **Note 1.3** of the financial statements, concerning management's consideration of a material uncertainty around the going concern status of the Trust. This arises from an announcement by the Secretary of State for Justice on 9 May 2013, regarding the future of the probation service.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Offender Management Act 2007; and
- the information given in the Operational and Performance Review, Management Commentary and Sustainability Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which I report by exception**

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

**Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General

Date : 01 July 2013

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## 4. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
<b>Administration costs</b>			
Staff costs	3(a)	14,672	13,992
Other administration costs	6(a)	4,981	5,672
Income	7(a)	(19,482)	(19,881)
<b>Net administration costs</b>		<b>171</b>	<b>(217)</b>
<b>Programme costs</b>			
Staff costs	3(a)	74	143
Other programme costs	6(b)	35	70
Income	7(b)	(107)	(263)
<b>Net programme costs</b>		<b>2</b>	<b>(50)</b>
<b>Net operating costs</b>		<b>173</b>	<b>(267)</b>
Expected return on pension assets	4(d)	(2,832)	(3,320)
Interest on pension scheme liabilities	4(d)	3,760	3,852
<b>Net operating costs before taxation</b>		<b>1,101</b>	<b>265</b>
Taxation	5	0	(75)
<b>Net operating costs after taxation</b>		<b>1,101</b>	<b>190</b>

### Other Comprehensive Expenditure

	Notes	2012–13 £000	2011–12 £000
Net (gain)/loss on revaluation of property, plant and equipment	8	(7)	4
Pension actuarial (gain)/loss	23	1,245	11,862
<b>Total comprehensive expenditure for the year ended 31 March 2013</b>		<b>2,339</b>	<b>12,056</b>

The notes on pages 25 to 48 form part of these accounts.



## Statement of Financial Position

As at 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Non-current assets</b>			
Property plant and equipment	8	151	196
<b>Total non-current assets</b>		<b>151</b>	<b>196</b>
<b>Current assets</b>			
Trade and other receivables	12(a)	287	349
Cash and cash equivalents	13	243	702
<b>Total current assets</b>		<b>530</b>	<b>1,051</b>
<b>Total assets</b>		<b>681</b>	<b>1,247</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(741)	(1,377)
Provisions	15	(53)	(90)
Taxation payables	14(a)	(41)	57
<b>Total current liabilities</b>		<b>(835)</b>	<b>(1,410)</b>
<b>Non-current assets plus/less net current assets/(liabilities)</b>		<b>(154)</b>	<b>(163)</b>
<b>Non-current liabilities</b>			
Trade and other payables	14(a)	0	(1)
Pension liability	4(c)	(36,005)	(33,658)
<b>Total non-current liabilities</b>		<b>(36,005)</b>	<b>(33,659)</b>
<b>Assets less liabilities</b>		<b>(36,159)</b>	<b>(33,822)</b>
<b>Taxpayers' equity</b>			
General fund	23	(36,168)	(33,824)
Revaluation reserve – property, plant and equipment	24(a)	9	2
		<b>(36,159)</b>	<b>(33,822)</b>

The financial statements on pages 21 and 24 were approved by the Board on 13 June 2013 and were signed on its behalf by

Sarah Billiard  
Accountable Officer

Date: 17 June 2013

The notes on pages 25 to 48 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(1,101)	(190)
Adjustments for non-cash transactions	6(a)	54	87
Adjustments for pension cost	4(d)	1,102	(486)
(Increase)/decrease in receivables	12(a)	62	897
Increase/(decrease) in payables	14(a)	(539)	(1,752)
Utilisation of provisions	15	(37)	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	2
<b>Net cash outflow from operating activities</b>		<b>(459)</b>	<b>(1,442)</b>
Payments of amounts due to the Consolidated Fund to NOMS		0	(2)
<b>Net financing</b>		<b>0</b>	<b>(2)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(459)</b>	<b>(1,444)</b>
Cash and cash equivalents at the beginning of the period	13	702	2,146
Cash and cash equivalents at the end of the period	13	243	702
<b>Increase/(decrease) in cash</b>		<b>(459)</b>	<b>(1,444)</b>

The notes on pages 25 to 48 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2011</b>		<b>(21,778)</b>	<b>6</b>	<b>(21,772)</b>
<b>As restated at 1 April 2011</b>		<b>(21,778)</b>	<b>6</b>	<b>(21,772)</b>
<b>Changes in taxpayers' equity for 2011–12</b>				
Net operating cost after taxation	SocNE	(190)		(190)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		(4)	(4)
Transferred from revaluation reserve	23	6		6
Pension actuarial (loss)/gain	23	(11,862)		(11,862)
<b>Balance as at 31 March 2012</b>		<b>(33,824)</b>	<b>2</b>	<b>(33,822)</b>
<b>Changes in taxpayers' equity for 2012–13</b>				
Net operating cost after taxation	SocNE	(1,101)		(1,101)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		7	7
Transferred from revaluation reserve	23	2		2
Pension actuarial (loss)/gain	23	(1,245)		(1,245)
<b>Balance as at 31 March 2013</b>		<b>(36,168)</b>	<b>9</b>	<b>(36,159)</b>

The notes on pages 25 to 48 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2012–13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of the Probation Trust for the purpose of giving a true and fair view has been selected. The Probation Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The Trust has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements, except for the following:

The IASB has issued an amended IAS 19 that will come into force for financial periods beginning on or after 1 January 2013 (IAS 19R). IAS 8 requires the disclosure of the impact of the changes to accounting standards which have not yet been adopted. In particular, it requires a disclosure, in the 2013 accounts for those employers with 31 March 2013 year end date, of the expected impact of the future change in accounting standard. The principal changes are as follows:

- The expected return on assets is calculated at the discount rate, instead of, as currently, at an expected return based on actual assets held in the Fund.
- The interest on the service cost is included in the service cost itself.
- Administration expenses continue to be charged through the Statement of Comprehensive Expenditure, but are set out as a separate item.

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been £11,000.

#### 1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention and modified to account for the revaluation of non-current assets, where material, at their value to the business. The functional and presentational currency of the Trust's financial statements is the British pound sterling (to the nearest £1,000 unless otherwise stated).

#### 1.2 Changes in accounting policies and restatement of comparatives

There have been no changes in accounting policies or restatement of comparatives in these accounts.

#### 1.3 Going concern

The Statement of Financial Position at 31 March 2013 shows negative Taxpayers' Equity, which reflects the inclusion of liabilities falling due in future years. The future financing of the Probation Trust liabilities is met by future grants of Supply to the Ministry of Justice/NOMS and there is no reason to believe that future approvals of Supply will not be forthcoming. The Trust will continue to invoice NOMS for the provision of probation services under the terms of its contract with NOMS.

A consultation paper "Transforming Rehabilitation – A revolution in the way we manage offenders" was issued in January 2013 which built on the previous consultation last year and set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of both consultations were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice.

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation

services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has concluded therefore that, having reviewed the results of the consultations within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a ‘material uncertainty’ around going concern, arising from the recommendations of the report, Transforming Rehabilitation: A strategy for Reform.

#### 1.4 Property, plant and equipment

Non-current assets are included at cost upon purchase and are restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is included within **Note 6(a)**, other administration costs under “accommodation, maintenance & utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

#### Revaluation of non-current assets

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Upward revaluations go to the Revaluation Reserve. Downward revaluations are charged to the revaluation reserve if there is a prior credit balance; otherwise they are charged to the SoCNE.

#### 1.5 Depreciation

Non-current 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 currently in the following ranges:

Information technology	5 years depending on individual asset type
Plant & equipment	3 to 15 years depending on individual asset type
Vehicles	7 years depending on individual asset type
Furniture, fixtures & fittings	5 years depending on individual asset type

#### 1.6 Impairment

All non-current assets are assessed annually for indications of impairment as at 31 March. Where indications of impairment exist, the asset value is tested for impairment by comparing the book value to the recoverable amount. In accordance with IAS 36 the recoverable amount is determined as the higher of the “fair value less costs to sell” and the “value in use”. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and written down to the recoverable amount and an impairment loss is recognised in the SoCNE. Any reversal of an impairment charge is recognised in the SoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in the SoCNE. The remaining amount is recognised in the Revaluation Reserve. Under IAS 36, Intangible Assets under construction should be tested for impairment annually.

### 1.7 Intangible non-current assets

Intangible non-current assets should be recognised only if it is probable that future service potential will flow to the Trust and the cost of the asset can be measured reliably. The future service potential can be defined as a direct contribution of the intangible asset to the delivery of services to the public. These intangibles mainly comprise of internally developed software for internal use and purchased software.

The minimum level for capitalisation of a intangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition. Internal staff costs are expensed to the SoCNE, as are those of contractors and interims undertaking ongoing roles that might otherwise be filled by civil servants. The costs of external consultants engaged on projects are capitalised where appropriate.

The useful lives of intangible assets are assessed to be finite. As there is no active market for these intangible assets, their fair value is assessed at re-valued amount less any accumulated amortisation and accumulated impairment losses.

The re-valued amount and indications of impairment are determined from an annual appraisal of the assets' underlying business case using discounted future economic benefits (cost savings). The net present value of the project is compared with the total current cost, and impaired accordingly.

The intangible assets (Software and Development) are amortised over 5 years using the straight-line.

Intangible assets are restated at each Statement of Financial Position date using ONS IT price indices.

### 1.8 Non-current assets held for sale

Non-current assets held for sale are identified as assets whose carrying amount will be recovered through sale rather than through continuing use. Depreciation on non-current assets held for sale ceases upon reclassification. Depreciation is re-instated and retrospectively applied to any assets which are subsequently not sold and re-classified as in-use.

### 1.9 Inventories

Stocks of stationery and other consumable stores are not considered material and are written off in the SoCNE as they are purchased.

### 1.10 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 Trust. This comprises income under the Trust's contract with NOMS for the provision of Probation Services, rent receivables, income from EU sources, income from other Trusts, from within the MoJ Group, 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.

With effect from 1 April 2011, NOMS has confirmed that Trusts can now retain bank interest received. Trusts are no longer required to surrender this to HM Treasury via NOMS and MoJ.

### 1.11 Administration and programme expenditure

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme follows the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice. On consolidation into NOMS Agency Accounts, all expenditure and income is classified as programme, except the audit fee which is administration expenditure.

### 1.12 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). Where a central government entity has a share of a local government (or other) pension scheme liability on its statement of financial position, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury. The pension fund actuary has used roll forward estimated asset value figures in producing the IAS 19 pension liability and other disclosures.

### 1.13 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as a tangible non-current 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 SoCNE 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 SoCNE on a straight-line basis over the term of the lease.

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental to ownership of leased non-current assets are transferred from the lessor to the lessee when assessed against the qualitative and quantitative criteria in IAS 17. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

#### Finance leases

Finance lease rights and obligations are initially recognised at the commencement of the lease term as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments determined at the inception of the lease. Minimum lease payments are allocated between interest expense and reduction of the outstanding lease liability, according to the interest rate implicit in the lease or the HM Treasury rate where a rate could not extrapolated from the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before

the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

#### Operating leases

Trusts have entered into a number of operating lease arrangements. Rentals under operating leases are charged to the SoCNE on a straight-line basis.

#### Operating leases – incentives

Lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) are treated as an integral part of the consideration for the use of the leased asset. The incentives are accounted as an integral part of the net consideration agreed for the use of the leased asset over the lease term, with each party (the lessor and lessee) using a single amortisation method applied to the net consideration.

#### IFRIC 4 Determining whether an arrangement contains a lease

In determining whether the Trust holds a lease, contracts that use assets are assessed to determine whether the substance of the arrangements contain a lease. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The arrangement is then assessed under IAS 17 to determine whether it should be accounted for as a finance or operating lease.

### 1.14 Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Probation Trust has a present legal or constructive obligation, as a result of past events, for which it is probable or virtually certain that an outflow of economic benefits will be 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.

### 1.15 Value Added Tax

For the Probation Trust most of the activities are within the scope of VAT and, in general, output tax is charged and input tax on purchases is recoverable. Capitalised purchase cost of non-current assets are stated net of recoverable VAT. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.16 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS and the Ministry of Justice, and as a result, HMRC has confirmed that it is subject to corporation tax. Probation Trusts are therefore subject to CT on their profits and ‘profit’ for this purpose means income and chargeable gains. These accounts include estimates of corporation tax liabilities.

### 1.17 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand, that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

### 1.18 Financial instruments

As the cash requirements of the Trust are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Trust’s expected purchase and usage requirements as well as cash, receivables and payables. Therefore it is felt that the Trust is exposed to little credit, liquidity or market risk.

### 1.19 Segmental analysis of spend as reported to the Management Board

The segmental analysis presents the financial information based on the structure reported to the Trust’s Management Board. The segments reflect the Trust’s own individual structure allowing the Board to have a clear view on the costs of front-line operations. This is in accordance with IFRS 8 Segmental Reporting. Further detail is shown in **Note 2**.

### 1.20 Third party assets

The Trust holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within **Note 26**.



## 2. Statement of Operating Costs and Net Assets by Operating Segment

This note provides details of Kent Probation's management accounts as reported to the Trust Board. As a Probation Trust we provide probation services to Kent offenders and for IFRS purposes only report under one segment.

This note is broken down into 3 sections:

- Section 1 analysis of our expenditure,
- Section 2 details our contract income & grant allocation from NOMS, and
- Section 3 reconciles the Statement of Comprehensive Net Expenditure to our management accounts outturn.

### Kent Probation financial statement for the period ended 31st March 2013

#### 1. Expenditure

Expenditure heading	Board approved Budget 2012/13	Expenditure to Mar 2013	Variance from Budget
	(April Board)		(+ = Over / - = Under)
	£	£	£
Staff salaries	15,995,992.0	15,080,100.11	-915,891.89
Other staff costs	302,740.0	282,663.55	-20,076.45
Premises costs	83,050.0	84,269.64	1,219.64
Transport costs	613,268.0	530,326.28	-82,941.72
Supplies & services	1,628,875.0	1,964,045.58	335,170.58
Offender reimbursements	222,040.0	257,772.71	35,732.71
Partnerships grants	391,526.0	608,323.43	216,797.43
Internal/NPS recharges	1,553,590.0	1,519,383.27	-34,206.73
External income	-524,561.0	-258,051.98	266,509.02
<b>1.20 Total expenditure (cash)</b>	<b>20,266,520.0</b>	<b>20,068,832.59</b>	<b>-197,687.41</b>
2.6 Year end expenditure (inc Depn, use of provisions)	95,000.0	107,802.55	12,802.55
<b>Total expenditure</b>	<b>20,361,520.0</b>	<b>20,176,635.14</b>	<b>-184,884.86</b>

#### 2. NOMS contract income

	Contract Income
	£
<b>Financed by (Contracted Allocation):</b>	
Core Allocation	19,212,140.00
Return to NOMS un-spend contract income	-50,000.00
Bail Information	26,754.00
Counter terrorism	23,500.00
Restorative Justice	15,000.00
Attendance Centre Breaches	150.00
<b>Initial contract allocation</b>	<b>19,227,544.00</b>
ETE Serco Contract	106,845.15
Prison Funding	842,471.90
<b>Total funds available</b>	<b>20,176,861.05</b>
<b>Under (-) / over spend</b>	<b>-225.91</b>

### 3. Reconciliations of 2012/13 Management Accounts Outturn 2012/2013 to Statement of Comprehensive Net Expenditure

	<b>£000s</b>
<b>Statement of Comprehensive New Expenditure – Net Operating Costs after taxation</b>	<b>1,101.0</b>
IAS19 Difference (see note)	(1,102.0)
	(1.0)
<b>Management Account – Forecast Outturn 2012/13</b>	<b>(0.2)</b>
Difference is rounding	(0.8)

#### Notes

Kent Probation's mgt accounts are charged with Kent Probation's actual employer's pension contribution (23.1%) which is paid to KCC. The Statement of Comprehensive Net Exp. is charged with IAS19 figures provided by KCC actuaries.

IAS19 – Pension figure in Note 3	(2,465.0)
IAS19 – Net Interest Charge charged in SoCNE Note 4d	(928.0)
Kent Probation contribution paid to KCC	2,291.0
	<u>(1,102.0)</u>

### 3. Staff numbers and related costs

#### 3a. Staff costs consist of:

	2012-13		2011-12
	Total £000	Permanently- employed staff £000	Others £000
Wages and salaries	12,222	11,905	317
Social security costs	905	905	0
Other pension costs	2,465	2,465	0
<b>Sub-total</b>	<b>15,592</b>	<b>15,275</b>	<b>317</b>
Less recoveries in respect of outward secondments	(846)	(846)	0
<b>Total staff costs</b>	<b>14,746</b>	<b>14,429</b>	<b>317</b>
Administration-related staff costs	14,672	14,355	317
Programme-related staff costs	74	74	0
	<b>14,746</b>	<b>14,429</b>	<b>317</b>
			<b>14,135</b>
			13,992
			143
			<b>14,135</b>

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**.

1 person (2011-12: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2011-12: £0).

#### 3b. Average number of persons employed

The average number of full time equivalent persons (including senior management) employed during the year was as follows:

	2012-13		2011-12
	Total	Permanently- employed staff	Others
	416	407	9
	<b>416</b>	<b>407</b>	<b>9</b>
			<b>440</b>
			440
			<b>440</b>

### 3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2012–13		2011–12		Total number of exit packages by cost band
	Number of compulsory redundancies	Number of other departures agreed	Number of compulsory redundancies	Number of other departures agreed	
<£10,000	0	4	0	1	1
£10,000–£25,000	0	2	0	0	0
£25,000–£50,000	0	2	0	1	1
£50,000–£100,000	0	0	0	1	1
<b>Total number of exit packages by type</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Total resource cost £000</b>	<b>0</b>	<b>109</b>	<b>0</b>	<b>111</b>	<b>111</b>

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. The additional costs of any early retirements are met from the Trust and not the pension scheme and are included in the above figures. Ill health retirement costs are met from the pension scheme and are excluded from the above table.

## 4. Pensions costs

As part of the terms and conditions of employment of its officers and other employees, the Trust offers retirement benefits. Although these will not actually be payable until employees retire, the Trust has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The provisions of the Local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and fully funded. The Trust participates in the Local Government Pension Scheme, administered by Kent County Council. The Local Government Pension Scheme provides benefits on a “final salary” basis at a normal retirement age of 60. Benefits accrue at the based upon pensionable salary and years of service. In addition, a lump sum is payable on retirement. Members pay contributions, ranging from 5.5% to 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns. This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme.

### 4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Barnett Waddingham. For 2012–13, employers’ contributions of £2,291,000 were payable to the LGPS (2011–12 £2,689,000) at 23.1%. The schemes’ Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The International Accounting Standards Board have published the revised IAS19 standards which will come into effect for Kent Probation’s 2013/14 Accounts. Had these changes been in effect for Kent Probation’s 2012/13 accounts it would have increased Kent Probation net expenditure recognised in the SoCNE by £11,000.

#### 4b. The major assumptions used by the actuary were:

	2012-13	2011-12
	%	%
Inflation assumption (CPI)	2.6%	2.5%
Rate of increase in salaries	4.8%	4.7%
Rate of increase for pensions in payment and deferred pensions	2.6%	2.5%
Discount rate	4.4%	4.6%

#### Mortality Assumptions:

- Current pensioners – 20.1 years (male) / 24.1 years (female)
- Future pensioners – 22.1 years (male) / 26.0 years (female)

#### 4c. The assets in the scheme and the expected rate of return were:

	2012-13		2011-12	
	Expected long-term rate of return	Value as a percentage of total scheme assets	Expected long-term rate of return	Value as a percentage of total scheme assets
	%	£000	%	£000
Equities	6.3%	39,884	6.3%	36,494
Government bonds	3.3%	0	3.3%	493
Other bonds	4.6%	7,303	4.6%	4,932
Property	4.3%	4,494	4.3%	4,438
Other	3.0%	4,494	3.0%	2,959
<b>Total</b>	<b>5.8%</b>	<b>56,175</b>	<b>5.8%</b>	<b>49,316</b>
<b>(Present value of scheme liabilities)</b>		<b>(92,180)</b>		<b>(82,974)</b>
<b>Surplus/(deficit) of the scheme</b>		<b>(36,005)</b>		<b>(33,658)</b>
<b>Net pension asset/(liability)</b>		<b>(36,005)</b>		<b>(33,658)</b>

#### 4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
<b>Pension cost</b>		
Current service cost	2,434	1,616
Effect of curtailment	31	55
<b>Total operating charge</b>	<b>2,465</b>	<b>1,671</b>

	2012–13	2011–12
	£000	£000
<b>Analysis of interest cost on pension scheme – assets/(liabilities)</b>		
Expected return on pension scheme assets	(2,832)	(3,320)
Interest on pension scheme liabilities	3,760	3,852
<b>Net interest costs</b>	<b>928</b>	<b>532</b>

#### 4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	(1,245)	(11,862)
<b>Total shown in other comprehensive expenditure</b>	<b>(1,245)</b>	<b>(11,862)</b>

#### 4f. Changes to the present value of liabilities during the year

	2012–13	2011–12
	£000	£000
<b>Opening present value of liabilities</b>	<b>82,974</b>	<b>70,754</b>
Current service cost	2,434	1,616
Interest cost	3,760	3,852
Contributions by members	650	664
Actuarial (gains)/losses on liabilities*	5,514	9,843
Benefits paid	(3,183)	(3,782)
Unfunded benefits paid	0	(28)
Curtailments	31	55
<b>Closing present value of liabilities</b>	<b>92,180</b>	<b>82,974</b>

\* Includes changes to actuarial assumptions

#### 4g. Changes to the fair value of assets during the year

	2012–13	2011–12
	£000	£000
<b>Opening fair value of assets</b>	<b>49,316</b>	<b>48,472</b>
Expected return on assets	2,832	3,320
Actuarial gains/(losses) on assets	4,269	(2,019)
Contributions by the employer	2,291	2,689
Contributions by members	650	664
Benefits paid	(3,183)	(3,810)
<b>Closing fair value of assets</b>	<b>56,175</b>	<b>49,316</b>

#### 4h. History of asset values, present values of liabilities, surplus/deficit and experience gains and losses

	2012–13	2011–12	2010–11	2009–10	2008–09
	£000	£000	£000	£000	£000
Fair value of assets	56,175	49,316	48,472	44,072	32,900
Present value of liabilities	92,180	82,974	70,754	91,167	58,380
<b>Surplus/(deficit)</b>	<b>(36,005)</b>	<b>(33,658)</b>	<b>(22,282)</b>	<b>(47,095)</b>	<b>(25,480)</b>
Experience gains/(losses) on scheme assets	4,253	(2,127)	981	9,297	(10,680)
Experience gains/(losses) on scheme liabilities	0	(34)	2,400	67	30
Percentage experience gains/(losses) on scheme assets	8%	-4%	2%	21%	-32%
Percentage experience gains/(losses) on scheme liabilities	0%	0%	3%	0%	0%

#### 4i. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
<b>Adjustment to discount rate</b>			
Present value of total obligation	90	92	94
Projected service cost	3	3	3
	+1yr	none	-1yr
	£000	£000	£000
<b>Adjustment to mortality age rate assumption</b>			
Present value of total obligation	89	92	96
Projected service cost	3	3	3

## 5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	0	(75)
<b>Total</b>	<b>0</b>	<b>(75)</b>

Probation Trusts are corporate bodies under the Offender Management Act 2007, supplying court work and offender management services to the Ministry of Justice. Probation Trusts are therefore subject to CT on their profits and 'profit' for this purpose means income and chargeable gains.

In 2011–12 Kent Probation made a loss for corporation tax purposes This has been carried forward to this year resulting in Kent Probation estimating we will not be liable for any corporation tax for 2012–13

## 6. Other administrative costs and programme costs

### 6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	4		11	
Accommodation, maintenance and utilities	1,454		1,543	
Travel, subsistence and hospitality	416		471	
Professional services	417		563	
IT services	797		767	
Communications, office supplies and services	446		411	
Other staff related	290		450	
Offender costs	647		856	
Other expenditure	415		467	
External Auditors' remuneration – statutory accounts	26		31	
Internal Auditors' remuneration and expenses	15		15	
		<b>4,927</b>		<b>5,585</b>
<b>Non-cash items</b>				
Depreciation of tangible non-cash assets	53		63	
Profit/(loss) on disposal of tangible non-cash assets	1		24	
		<b>54</b>		<b>87</b>
<b>Total</b>		<b>4,981</b>		<b>5,672</b>

### 6b. Programme costs

Current expenditure	35		70	
<b>Total</b>		<b>35</b>		<b>70</b>
<b>Total other administration and programme costs</b>		<b>5,016</b>		<b>5,742</b>



## 7. Income

### 7a. Administration income

Income receivable from the sponsoring department – NOMS

Other income received from Probation Trusts  
 Other income from NOMS  
 Other income from rest of MoJ Group  
 Other income from other Government departments  
 Miscellaneous income

Interest received:  
 From bank

**Total interest received**

**Total administration income**

	2012-13	2011-12
	£000	£000
	19,228	19,484
	<b>19,228</b>	<b>19,484</b>
	10	3
	33	0
	0	16
	28	72
	183	304
	<b>19,482</b>	<b>19,879</b>
	0	2
	<b>0</b>	<b>2</b>
	<b>19,482</b>	<b>19,881</b>

### 7b. Programme income

Other programme income

**Total programme income**

**Total income**

	107	263
	<b>107</b>	<b>263</b>
	<b>19,589</b>	<b>20,144</b>

## 8. Property, plant and equipment

2012-13

	Information technology £000	Plant and machinery £000	Transport equipment £000	Furniture, fixtures and fittings £000	Payments on account and assets under construction £000	Total £000
<b>Cost or valuation</b>						
<b>As at 1 April 2012</b>	0	151	361	0	0	512
Disposals	0	(77)	0	0	0	(77)
Indexation/revaluation	0	4	21	0	0	25
<b>As at 31 March 2013</b>	0	78	382	0	0	460
<b>Depreciation</b>						
<b>As at 1 April 2012</b>	0	148	168	0	0	316
Charge in year	0	3	50	0	0	53
Disposals	0	(76)	0	0	0	(76)
Indexation/revaluation	0	3	13	0	0	16
<b>As at 31 March 2013</b>	0	78	231	0	0	309
<b>Carrying value as at 31 March 2013</b>	0	0	151	0	0	151
<b>Carrying value as at 31 March 2012</b>	0	3	193	0	0	196
<b>Asset financing</b>						
Owned	0	0	151	0	0	151
<b>Carrying value as at 31 March 2013</b>	0	0	151	0	0	151

## 8. (Continued)

		2011–12					Total
		Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	£000
		£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
<b>As at 1 April 2011</b>		10	164	418	0	0	592
Disposals		(10)	(14)	(58)	0	0	(82)
Indexation/revaluation		0	1	1	0	0	2
<b>As at 31 March 2012</b>		0	151	361	0	0	512
<b>Depreciation</b>							
<b>As at 1 April 2011</b>		10	154	147	0	0	311
Charge in year		0	8	55	0	0	63
Disposals		(10)	(14)	(34)	0	0	(58)
<b>As at 31 March 2012</b>		0	148	168	0	0	316
<b>Carrying value as at 31 March 2012</b>		0	3	193	0	0	196
<b>Carrying value as at 31 March 2011</b>		0	10	271	0	0	281
<b>Asset financing</b>							
Owned		0	3	193	0	0	196
<b>Carrying value as at 31 March 2012</b>		0	3	193	0	0	196

## 9. Intangible assets

There were no intangible assets for 2011–12 or 2012–13.

## 10. Impairments

There were no impairment charges for 2012–13.

## 11. Assets held for sale

There were no assets held for sale during the year.

## 12. Trade receivables and other current assets

### 12a. Analysis by type

	2012–13	2011–12
	£000	£000
<b>Amounts falling due within one year</b>		
Trade receivables	135	55
Deposits and advances	5	11
Receivables due from NOMS agency	81	88
Receivables due from all other Government departments	1	50
Other receivables	37	0
Prepayments	28	21
Accrued income	0	124
	<b>287</b>	<b>349</b>
<b>Total</b>	<b>287</b>	<b>349</b>

### 12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	82	92	0	0
Balances with local authorities	0	46	0	0
	<b>82</b>	<b>138</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	205	211	0	0
<b>Total</b>	<b>287</b>	<b>349</b>	<b>0</b>	<b>0</b>

## 13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	702	2,146
Net change in cash and cash equivalents	(459)	(1,444)
<b>Balance at 31 March</b>	<b>243</b>	<b>702</b>
The following balances at 31 March are held at:		
Commercial banks and cash in hand	243	702
<b>Balance at 31 March</b>	<b>243</b>	<b>702</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2012–13	2011–12
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	151	789
Other payables	5	(1)
Accruals	254	0
Deferred income	177	20
Staff payables	86	282
Payables due to NOMS Agency	0	250
Payables due to all other Government departments	68	37
	<b>741</b>	<b>1,377</b>
<b>Tax falling due within one year</b>		
VAT	41	18
Corporation tax	0	(75)
	<b>41</b>	<b>(57)</b>
<b>Total amounts falling due within one year</b>	<b>782</b>	<b>1,320</b>
<b>Amounts falling due after more than one year</b>		
Other payables	0	1
	<b>0</b>	<b>1</b>
<b>Total</b>	<b>782</b>	<b>1,321</b>

### 14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	43	206	0	0
Balances with local authorities	66	17	0	0
Balances with public corporations and trading funds	0	7	0	0
	<b>109</b>	<b>230</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	673	1,090	0	1
<b>Total</b>	<b>782</b>	<b>1,320</b>	<b>0</b>	<b>1</b>

## 15. Provisions for liabilities and charges

	2012–13	2011–12
	£000	£000
Balance at 1 April	90	90
Provided in year	53	0
Provisions not required written back	(53)	0
Provision utilised in the year	(37)	0
<b>Balance as at 31 March</b>	<b>53</b>	<b>90</b>

### Analysis of expected timing of discount flows

Not later than one year

#### Current liability

**Balance as at 31 March**

	2012–13	2011–12
	£000	£000
	53	90
	<b>53</b>	<b>90</b>
	<b>53</b>	<b>90</b>

As part of Kent Probations management of its contract income and operations Kent Probation has made decisions on its establishment resulting in the need to make voluntary early retirements and voluntary redundancy. This provision is in line with our redundancy policy, national terms and conditions and, in accordance with IAS, is for the identified liabilities (redundancy and early retirement costs).

## 16. Capital commitments

There are no commitments for capital expenditure or major maintenance works for which no provision has been made in these accounts.

## 17. Commitments under lease

### 17a. Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

Obligations under operating leases for the following periods comprise:

	2012–13	2011–12
	£000	£000
<b>Other</b>		
Not later than one year	4	0
Later than one year and not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<b>4</b>	<b>0</b>

### 17b. Finance leases

There are no finance leases.



## 18. Other financial commitments

There are no other financial commitments.

## 19. Deferred tax asset

There are no deferred tax assets

## 20. Financial instruments

As the cash requirements of the Trust are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Trust's expected purchase and usage requirements as well as cash, receivables and payables. Therefore it is felt that the Trust is exposed to little credit, liquidity or market risk.

## 21. Contingent liabilities

There are no Contingent Liabilities

## 22. Losses and special payments

### 22a. Losses statement

There have been no losses.

### 22b. Special payments schedule

There have been no special payments made

## 23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(33,824)	(21,778)
<b>Balance restated at 1 April</b>	<b>(33,824)</b>	<b>(21,778)</b>
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,101)	(190)
Transferred from revaluation reserve	2	6
Actuarial gains and losses	(1,245)	(11,862)
<b>Balance at 31 March</b>	<b>(36,168)</b>	<b>(33,824)</b>

## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	2	6
<b>Balance restated at 1 April</b>	<b>2</b>	<b>6</b>
Arising on revaluations of PPE during the year (net)	9	2
Transferred to General Fund	(2)	(6)
<b>Balance at 31 March</b>	<b>9</b>	<b>2</b>

### 24b. Intangibles

There are no intangible assets

## 25. Related party transactions

NOMS and the Ministry of Justice are regarded as a related party. During the year, the Trust had various material transactions with the Ministry of Justice. Additionally, the Trust had transactions with other Trusts, other government bodies and third party organisations.

During the year, none of the members of the Management Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Trust. Whilst there have been no transactions with Break the Cycle (BtC) during 2012/13, BtC was originally set up by Kent Probation to reduce crime and prevent reoffending, Kent Probations' Director of Business Development and a Board Member are also Directors on BtC Board.

## 26. Third-party assets

Kent Probation Amenity Fund – This fund is for small payments (usually under £50) to support offenders funded from public donations.

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2012
	£000	£000	£000	£000
Kent Probation Amenity Fund	1	0	0	1
	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>

## 27. Events occurring after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.


As at the date of the Audit Certificate, the following reportable events had occurred:

The results of the “Transforming Rehabilitation” consultation paper were published on 9 May 2013, by the Secretary of State for Justice, which announced the future requirements for the provision of probation services. The recommendations will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. It is expected that the detail will be finalised over the coming months. None of the Trust’s assets, liabilities or functions had been transferred at the date the accounts were authorised for issue.

## Accounts Direction

### ACCOUNTS OF LOCAL PROBATION TRUSTS IN ENGLAND AND WALES ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 13(1) and 14(2) OF SCHEDULE 1 TO THE OFFENDER MANAGEMENT ACT 2007

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2013 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.
3. The accounts shall be prepared so as to:
  - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers’ equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
  - 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.
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. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.
5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.
6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 8 March 2012.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice  
6 March 2013

## Appendix 1

### 35 Probation Trusts:

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

## 5. Sustainability report

(not subject to audit)

### Introduction

This is the second Sustainability Report for Kent Probation, prepared in accordance with 2011–2012 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at: [www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm). Sustainability focus is on achieving government targets, reducing environmental impact and reducing costs. Priorities include reducing carbon emissions, water consumption and waste to landfill.

This report covers 10 buildings.

Shared occupations are not accounted for due to the limitations of extrapolating reliable sustainability data from service charges supplied by landlords. In addition, HM Courts & Tribunals Service is obliged to supply office space free of charge to probation trusts. As these are modest in size there is little, if any, benefit from isolating their sustainability data. We do not consider that the exclusion of these areas has a material impact on sustainability reporting for the Trust as a whole.

### Governance, responsibilities and internal assurance

Overall governance and assurance is managed by the Ministry of Justice Sustainable Development Team (MoJ SDT). The probation estate is managed by facilities contractors, acting on behalf of MoJ, who manage day to day estate operations including voluntary and mandated sustainability reporting. There are some limitations to the accuracy of our financial and non-financial sustainability data and we continue to improve the quality of our internal controls, for example through internal audit.

### Greening Government Commitments

The Greening Government Commitments launched on 1 April 2011 require Departments, including probation trusts, to take action to significantly reduce environmental impact by 2014–2015 (compared to a 2009–2010 baseline). These commitments can be found at: <http://sd.defra.gov.uk/gov/green-government/commitments/>.

### Climate change adaption and mitigation

The MoJ SDT has drafted a Statement for Climate Change Adaptation and set their built and non-built estate challenging objectives as follows:

- To enable the MoJ estate to evaluate risks to its strategy for programme delivery on vulnerable flood plains and evaluate its baseline for future adaptation of its targets and actions against climate change
- To enable the MoJ estate to prioritise its management of high risk sites and where necessary divert and recalculate important and fragile resources where they are vital to operational delivery
- To identify where stakeholders and central partners need to act to facilitate further or additional actions to protect against climate change
- To establish a strategic process by which MoJ can put in place measures necessary to adapt to future climate change.

### Carbon Reduction Commitment (CRC)

CRC is managed by MoJ and associated carbon allowances are accrued by MoJ Corporate Estates.

### Carbon Management Plan (CMP)

A CMP is a systematic approach to reducing greenhouse gas emissions; integrating technical, financial, corporate governance and communications within an overarching strategy. A CMP covers the entire probation estate across 35 Trusts and was developed in partnership with the Carbon Trust. MoJ SDT is working to consolidate all CMPs, including those in place in the Prison Service and Courts & Tribunals to

deliver a single cohesive approach with costed projects for each unit to provide an overarching framework to tackle climate change.

Our vision is to:

- be a low carbon business in which carbon management and sustainability are embedded within decision making,
- engage stakeholders and demonstrate best practice in meeting corporate sustainability targets.

The plan and statements will be kept under review and open to amendment in order to facilitate a continued improvement in meeting statutory obligations for climate change adaptation and reporting.

### Environmental Management System (EMS)

MoJ SDT has an ongoing EMS implementation programme, and is looking to develop a more streamlined EMS that fully meets the requirements while reducing resource impacts on front line services.

### Sustainable procurement

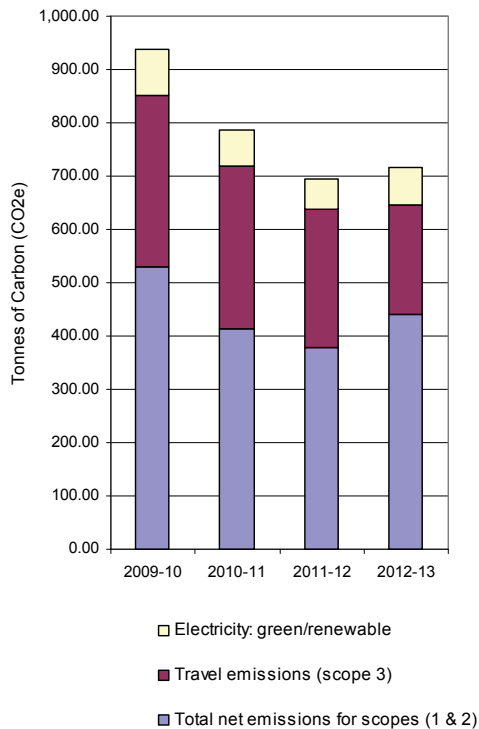
Kent Probation has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

### Performance summary

#### Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO <sub>2</sub> e)	Total gross emissions for scopes 1 & 2	616.4	482.1	438.1	510.1
	Electricity: green/renewable	88.0	68.4	58.9	69.4
	<b>Total net emissions for scopes 1 &amp; 2</b>	<b>528.4</b>	<b>413.7</b>	<b>379.2</b>	<b>440.7</b>
	Travel emissions scope 3	322.1	303.9	257.4	206.4
	<b>Total gross GHG emissions (all scopes)</b>	<b>938.5</b>	<b>786.0</b>	<b>695.5</b>	<b>716.5</b>
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	507,133	394,383	339,852	400,283
	Electricity: renewable	169,044	131,461	113,284	133,427
	Gas	1,173,758	870,892	823,847	1,023,136
	Other energy sources	0	0	0	0
	<b>Total energy</b>	<b>1,849,935</b>	<b>1,396,736</b>	<b>1,276,983</b>	<b>1,556,847</b>
Financial indicators	Expenditure on energy	£96,563	£74,095	£95,308	£95,998
	Expenditure on official business travel	£498,000	£482,000	£396,000	£357,925

GHG Emissions by scope



### Performance commentary (including targets)

In line with the Governments targets Kent Probation aims to reduce its greenhouse gas (GHG) emissions by 25% by 2015, from the 2009/10 baseline. By the end of 2012/13 we have reduced our total GHG emissions by 23.6%. During 2012/13 our GHG emission did increase on the previous year however this was principally due to improved accuracy and reporting of our energy costs, provided to us from NOMS and their facility management (FM) contractors. The poor quality of data was reported in our 2011/12 accounts as an areas to improvement and we, NOMS and their FM contractors have work together to improve this data.

### Controllable impacts commentary

Kent Probation has limited controllable impact on the supply chain for gas and electricity as these and our estate are provided by NOMS and their FM contractors, we have sustainability strategies in place to reduce consumption (i.e. turn of the lights campaigns, etc). The area where we can control our GHG emissions is Travel where we have strategies in place to reduce business mileages by increasing video conferencing, use of public transport, car sharing, we have reduced business travel GHG emissions by 32½% over this period.

### Overview of influenced impacts

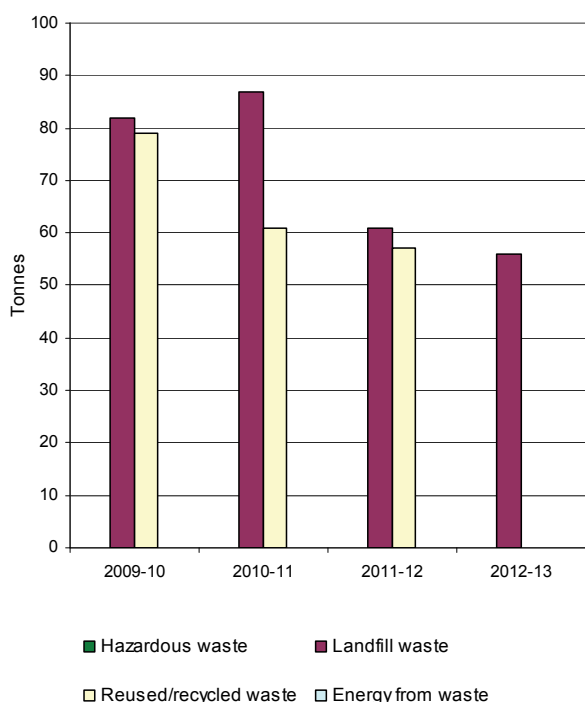
Kent Probation can significantly influence our GHG emissions for travel and has sustainability policies in place to reduce business mileage. We have limited influence on FM costs as sourcing of gas and electricity is commissioned directly from NOMS.



## Waste

			2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	82	87	61	56
		Reused/recycled waste	79	61	57	0
		Energy from waste	0	0	0	0
		<b>Total waste arising</b>	<b>161</b>	<b>148</b>	<b>118</b>	<b>56</b>
Financial indicators	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	6,596	6,928	4,882	4,520
		Reused/recycled waste	12,012	8,060	7,397	0
		Energy from waste	0	0	0	0
		<b>Total waste costs (£)</b>	<b>£18,608</b>	<b>£14,988</b>	<b>£12,279</b>	<b>£4,520</b>

### Waste by final disposal



### Performance commentary (including targets)

In line with the Governments targets Kent Probation aims to reduce its waste by 25% by 2015, from the 2009/10 baseline. By the end of 2012/13 we have reduced our landfill waste by 32%. For reused/recycled waste the 2012/13 figures are not available from NOMS FM contractors however up to the end of the previous year we had reduced our reused/recycled waste by 27%

### Controllable impacts commentary

Kent Probation has control over its waste and we have sustainability policies in place to reduce our waste and to increase our use of recycled materials. All offices now have recycled points.

### Overview of influenced impacts

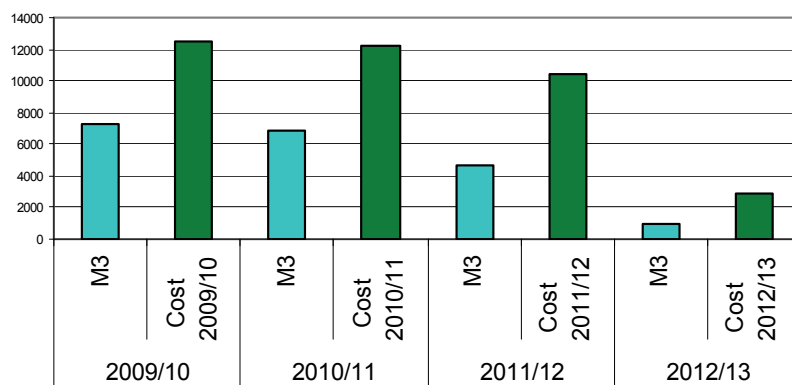
Kent Probation can influence the materials we source to increase the recycled element and we have policies in place to manage this in addition we work with our staff to raise awareness.

## Water

Non-financial indicators **Total water consumption (cubic metres)**  
 Financial indicators **Total water supply costs (£)**

	2009–10	2010–11	2011–12	2012–13
Total water consumption (cubic metres)	7,212	6,874	4,694	1,008
Total water supply costs (£)	£12,476	£12,233	£10,419	£2,843

Water. Total consumption and costs.



### Performance commentary (including targets)

Kent Probation has a target to reduce water consumption by 10% pa. The quality of data on waters consumption, per office, NOMS & their FM contractor is very poor with missing data which stops Kent Probation being able to understand our performance.

### Controllable impacts commentary

Water is used exclusively for washrooms and drinking, our scope to control our impact is through promoting water conservations and ways to save water.

### Overview of influenced impacts

Kent Probation influences user of the water by promoting water conservation.

## Paper

**Cost (excluding VAT)**

	2009–10	2010–11	2011–12	2012–13
Cost (excluding VAT)	Not available	£16,498	£13,129	£7,300

Since 2010–11 our stationary provider provides us detailed analysis and we have significantly reduced our paper consumption and costs through sustainability policies and better use of IT. In addition our sustainability policy requires our staff to use recycled paper where available, in 2012/13 we achieved 85% of our paper purchases being made from recycled materials.



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