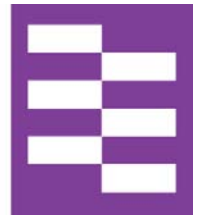


**Bedfordshire
Probation Trust**



Bedfordshire Probation Trust

**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
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Vision, Mission & Values

Vision

To be a continually evolving and improving organisation which is recognised for providing high quality evidence based services to offenders and victims.

Mission

To make sure that the Trust contributes each day to the delivery of services to the courts, victims and the community which aim to change behaviour, reduce reoffending and the harm offending causes.

Values

- Strive for best practice and innovate to improve
- To use resources effectively
- To be accountable for decisions
- Treat people with respect; be firm, fair and transparent
- Deliver in partnership
- To listen openly and communicate clearly

The priorities that follow from these goals are taken forward in the contract which the Trust negotiates and signs with National Offender Management Service (NOMS).

Foreword

Bedfordshire Probation Trust

Bedfordshire Probation Trust (BPT) is situated within the East of England, and provides services for offenders and victims across Bedfordshire, including Luton. At 31 March 2013 BPT employed 182 full time equivalent staff and 17 casuals in various roles over 11 locations, including offices in Bedford and Luton, plus Luton Approved Premises, Bedford Approved Premises, Magistrates' Courts in Bedford and Luton and Crown Court in Luton and co-located Multi-Agency Public Protection Arrangements (MAPPA) teams in Bedford Police station. The figure also includes staff working in the Youth Offending Teams (YOTs). Bedfordshire currently has a caseload of approximately 2,500 offenders, including 460 high risk MAPPA offenders and supports over 480 victims in our internal victim liaison scheme.

BPT operates as lead for Integrated Offender Management (IOM) within Bedfordshire, hosting and managing two multi-agency teams comprising around 25 non Probation staff, operating out of BPT offices in Bedford and Luton. The team manages around 250 offenders at any one point including 94 voluntary cases as at 31 March 2013.

The following section, Operational and Performance Review, demonstrates the good performance of the Trust in achieving its targets.

1. Operational & Performance Review 2012–13

Review of the Annual Plan

In 2012–13 BPT has concentrated on developing a coherent response to the Government's competition strategy, including the payment by results agenda and to delivering the savings required as part of our cost improvement plan.

Ministerial changes and a significant refinement of the plans initially outlined in 'Punishment and Reform: Effective Community Sentences' and 'Punishment Reform: Effective Community Services' published in October 2012 have had a profound impact on our strategic thinking. New plans and a further period of consultation following the publication of 'Transforming Rehabilitation: A revolution in the way we manage Offenders' published in January 2013 have led to further reflection and the need to significantly re-think how we prepare for business next year given the radical nature of the change now proposed.

The review of progress in our last business year needs to be understood against this backdrop of significant changes in strategic thinking within Government and by considering how well BPT has adapted to these changes.

Leadership and Strategic Planning

Business planning in 2012–13 showed a marked emphasis on diversification of service delivery, on income generation and on improving the evidence base of the service we delivered.

The Board and Senior Management Team (SMT) ran a series of strategic workshops inviting representatives from neighbouring Trusts to examine the work needed to meet the demands of the new strategic environment, which envisaged a role for larger commissioning Trusts. As a result of these deliberations, Bedfordshire entered into formal agreements with Hertfordshire, Cambridgeshire and Peterborough and Northamptonshire Probation Trusts with a view to contemplating a merger of the four neighbouring Trusts.

This work was in its early stages but has been put on hold until a clearer picture emerges concerning the future of the Trust.

The Trust has also adapted its approach to training and development in line with the requirements of the national qualification framework and emphasis on quality of practice. The approach has been rolled out alongside a continual emphasis on maintaining the highest standards of operational performance.

The Trust has finished the year achieving green status on the NOMS performance framework and green delivery status against our contractual obligations.

The ambition and commitment to growth and development was explicit within the Business Plan Strategic Priorities:

- To improve the quality, evidence base and outcome focus of the services we provide to reduce re-offending and protect the public.
- To develop and diversify the range of services we offer to victims and offenders.
- To manage our resources efficiently; maximising investment in service delivery.
- To transform the ambition and the capability of the organisation to meet the challenges of competition

The Business Plan itself is underpinned by a series of key Strategic Plans. Specifically the Finance Plan, the Organisational and Business Development Plan, the Local Delivery Unit Plan and the Partnership Plan. These plans have delivered a range of business objectives described in greater detail below.

Resource Management

The need to deliver efficient services and to provide value for the public purse remains irrespective of strategic changes in thinking and we have successfully delivered year three of our cost improvement plan, a saving of £172k in 2012–13, and continue to review the allocation and use of resources going forward.

Our Finance Plan provides a comprehensive and clear strategy to ensure sustainable financial viability, sound financial controls and decision making in accordance with BPT's Business Plan objectives as well as those of external stakeholders. This plan details how BPT is going to build upon the extensive financial achievements and improvements it has already made, and provides a clear vision of how it will continue to make better use of available resources in the coming years.¹ This year we have reviewed and rewritten the Finance Plan to incorporate key improvements to our budget management and other finance processes. PREview² data has been used to drive our approach to efficiency savings with specific cost improvement activity taking place within approved premises to save £30k p.a. from 2013–14, the victims unit to save £40k p.a. from 2012–13 and in terms of our offender management arrangements at tier 3 and 4. We have delivered year 3 of the cost improvement plan and engaged in a very successful income generation activity which has enabled BPT to expand the range of services offered to offenders. This includes the financing of a nurse to support delivery of mental health services to our offenders accommodated in Approved Premises, additional administration support, decorative improvements to our offices and the expansion of the number of delivery sites used for our accredited programmes to support those accommodated in more rural parts of the county.

We have continued to pay close attention to the sentencing proposals made by staff, and their take up by the Court, ensuring that interventions are correctly targeted in order to achieve the best outcomes. The Trust places emphasis on the design and implementation of Cost Improvement Plans and reviewed working practices to improve efficiency and cut costs including measures identified in our Estates Strategy as far as possible within national policy constraints.

Partnerships

The Chief Executive continues as chair of the Local Criminal Justice Board (LCJB) and the Luton Community Safety Partnership Executive. This year has seen the election of the first Police and Crime Commissioner (PCC) which heralds an important change to our partnership landscape. As part of the SMT restructure in 2011, a specific Partnership Lead role was established to give a stronger focus to effective and efficient development of partnerships which support BPT's strategic objectives. This role pulls together and brings synergy to activity previously carried out by a number of separate Assistant Chief Officers (ACOs).

This approach has borne fruit this year with specific service improvement activity undertaken to improve offenders' access to health and accommodation services and to develop more robust care pathways into existing drug and alcohol services across the county.

Specific improvements in how we gather and analyse data has led to greater sensitivity in the development of services and has enabled a flexible and responsive approach to NOMS data segmentation and commissioning intentions document. The Trust has been largely successful in bidding for funds to develop or deliver new services in partnership and the personality disorder bid and the on-going work on IOM offender accommodation projects are both examples of this.

The IOM Team goes from strength to strength and a comprehensive review of the performance of the scheme demonstrated a range of outcomes including a demonstrable reduction in both re-offending rates and volumes within the target group.

¹ Resources subject to Government decisions, see the Going Concern section of the Operational and Performance Review.

² PREview is a benchmarking tool designed by NOMS for use by all Probation Trusts.

An IOM operational model has been agreed and codified amongst partners and continues to dynamically develop with learning. Similarly we continue to review and develop the programmes and interventions offered to ensure we remain pace with changes in local crime profiles and partnership arrangements. This work includes exploring domestic abuse perpetrator management opportunities, and strengthening our management of youth transitions. The development of the PPO Intensive programme³ continues and next year will see a more formal review of the impact of this pilot element of IOM.

BPT continues to work in partnership with Criminal Justice partners and in the last year has further developed its use of Oral and Fast Delivery Reports in line with national specifications and in response to the needs of the Courts for the timely and effective assessment of offenders. The ratios and costs of the different types of reports provided to courts are regularly bench-marked against other Probation Trusts so that BPT can be assured that its report service offers value for money.

We continue to prioritise our relationship with the Courts and this is captured within our Courts Communication Strategy. During the past year, a key focus of our communication with the Court has been implementation of Citizenship, a structured one to one programme delivered to offenders subject to a supervision requirement or on post release licence and the development of our approach to working with women offenders.

BPT has engaged with other local Criminal Justice Partners to deliver against the government led Criminal Justice Service Efficiencies Programme, the current focus of this being the increased use of electronic means for exchanging information. We have used this as a platform to begin work on an electronic offender record.

Communications

BPT has a communications strategy in place which outlines both our communication priorities and the variety of communication channels we utilise to communicate with staff, stakeholders and the wider community. Going forward our focus and energy will be on communicating with staff in regard to the anticipated changes.

We have structures in place to consult and communicate with staff side and envisage that the mechanisms will ensure that we are best placed to manage the expected organisational changes.

Policy and Process Development

This year Bedfordshire has concentrated on updating policies which relate to public protection and to human resources. We have updated our policy and practice guidance in relation to risk of harm and have updated and or reviewed the following HR policies: Social Networking, Whistle blowing, Redundancy, Dignity at Work, Recruitment & Selection, Appraisal and Development.

The publication of a number of NOMS specifications for services has required the Trust to compare its delivery against these specifications and to identify areas where processes can be improved and efficiencies made. The operating models that accompany the national specifications are not mandatory but provide a useful point of comparison for the Trust. In addition we have tightened processes to ensure more rigorous Board oversight of our adherence to NOMS specifications and have formal annual review.

Increasingly, BPT has used NOMS service specifications in commissioning activity. For example, the specification for the Drug Rehabilitation Requirement was used with NHS commissioners to inform the design of services for drug misusing offenders.

BPT has taken steps to reduce re-offending and achieve positive outcomes by implementing a structured one to one programme called Citizenship. This programme is targeted at the bulk of offenders under supervision and has required operational processes to be reviewed and amended in order to support the delivery of this intervention. The roll out of IOM has required the development of new operational

³ An intensive community order for non-violent offenders who are predominantly burglars.

processes in support of this multi-agency approach to the management of the most prolific offenders under our supervision.

Organisational Development

During the year, BPT experienced higher levels of sickness absence than in previous years, peaking at c12 days per annum average. This was primarily due to a number of long term cases which have a disproportionate impact on the average in a small organisation. These have all been resolved either by return to work or termination of employment and the trend is now downward.

BPT has held two award ceremonies to acknowledge staff achievement both from its Recognition Scheme and those obtaining external, professional qualifications. In excess of 40 staff members have received recognition. BPT has been impressed with both commitment to personal development and willingness to contribute to team and organisational effectiveness.

The annual Equalities Plan has delivered against its targets in respect of collecting and using accurate monitoring data; developing an approach to the recruitment of more male probation staff to address gender imbalance; establishment of the women only project in Luton outlined below, planning work necessary to deliver a similar service in Bedford commencing in 2013–14; and successfully bidding for additional finance from NHS/NOMS personality disorder project to develop a screening tool sensitive to BME population.

The annual staff survey recorded that c85% of staff feel BPT is a good place to work and a similar percentage agree that training and development assists them; that commitment to diversity is put into practice and that the business plan is read and understood. Change management continues to be a challenge in the current context and will be a future focus.

BPT delivers the Probation Qualifying Framework producing and employing 5 qualified probation officers in year, with a pipeline of 7 candidates aiming for this level of qualification. All existing staff who wished to complete Vocational Qualification Diploma in Probation Practice Level 3 (VQ3) have been offered an opportunity to do so and new recruits for whom the VQ3 is compulsory have completed successfully or are in train to do so. BPT has reviewed the structure of its training team to ensure better integration with continuing professional development and to enable effective delivery of quality and offender engagement activities.

Innovation and income generation

During 2012–13 BPT has worked with local partners in Bedford Borough to establish an IOM accommodation project, which links housing to offender commitment to effective utilisation of wrap around services. This will bring an additional £340k of resource into IOM over a 3 year period from April 2013 and has resulted in a local partnership with Mayday Trust, a registered charity, who will lead the accommodation element of the project, which will commence rollout in early 2013–14. Discussions have been held with social enterprise work projects to ultimately link work placement opportunities to this project. As part of wider IOM projects, BPT have part-funded an innovative accommodation pilot in Central Beds and are working with the Langley House Trust to secure match funding for continuation of a successful IOM private sector leasing scheme in Luton.

BPT has entered into a partnership with East of England Psychology Services and together bid successfully for NOMS/NHS funding targeted at high risk offenders with likely personality disorder. This will ensure a chartered forensic psychologist is available to staff in both LDUs for case consultation and formulation. This will be supported by a staff development approach which will ensure the cascade of specialist knowledge and learning across offender managers.

In 2010 BPT was successful in tendering for the delivery of domestic abuse interventions to men as part of a family court recommendation or requirement through Children and Family Court Advisory and Support Services (CAFCASS). The work covered a large geographical area of Hertfordshire, Bedfordshire and Northampton.

BPT was successful in retendering for this work in 2013 and in addition was successful in winning the tender to deliver the Separated Parenting Information Programme (SPIP) for Milton Keynes, Luton and Bedford, Hemel Hempstead, St Albans and Watford family courts.

BPT also run domestic abuse projects for the local authorities in Bedford and Central Bedfordshire and for the troubled families in Luton, the joint working arrangements have supported domestic abuse partnership strategic planning across the county.

In 2010 BPT was funded by Luton Borough Council to deliver and research the effectiveness of a parenting programme linked to domestic abuse called the Caring Dads programme, the initial 2 year study findings were very successful and supported significant changes in attitudes and beliefs linked to violence in the home, as a result BPT have developed a responsible mums programme to run alongside this intervention, this has been externally funded by the Troubled families initiative as it matched current aims and objectives of this project.

The WomanKind project continues in its development and all Luton Women are now supervised within a women only environment.

The Luton arm of the project now has additional Education, Training and Employment (ETE) provision, counselling services, the freedom programme to support women victims of domestic abuse, debt and finance groups as well as the introduction of the mellow parenting scheme. The project is being translated for delivery within Bedford Borough and Central Bedfordshire this year.

The WomanKind project in its first year has evidenced greater levels of customer satisfaction via a research project supervised by Cambridge University.

Broadly speaking the decision to focus and prioritise senior management time on partnership development and income generation has been successful in securing a broader range of services in kind aimed at offenders and in generating income that we can further reinvest in service improvement for offenders.

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 PCC 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 (FRM), 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*.

Results 2012–13

Customer Results

Ref:	Description of Target/ Measure:	Target	Result
OMO7	Proportion of victims to be contacted within 8 weeks of an offender receiving 12 or more months imprisonment for a serious sexual or violent offence (reported 3 months in Arrears)	90%	99.6% Apr – Dec 2012
OM32	Proportion of Victims satisfied with the service they received from the Victims Liaison Unit	90%	100%
OM29	Percentage of Offenders with overall positive experiences of engagement	67%	75.3%
INT08	Number of unemployed offenders under supervision who sustain employment for 4 weeks	150	163
INT09	The percentage of offenders in employment at termination of their order or licence	44%	52.3%

People Results

Description of Target/ Measure:	Result
Minority Ethnic representation in the workforce (contribution to regional target)	26.75%
Resignation/dismissal by grade and ethnic group (contribution to national target)	
Black or Black British: Caribbean:	14% (1) Probation Service Officer /Operational
Black or Black British: African:	14% (1) Probation Service Officer /Operational
Mixed: Other	11% (1) Probation Officer
White British	100% (2) Administration, 72% (5) Probation Service Officer /Operational, 89% (8) Probation Officer, 100% (1) Senior Practitioner
3 out of 19 leavers were from ethnic minorities – 15.79%	
Career progression by grade and ethnic group	
Asian or Asian British: Pakistani	33% (1) Administration, 17% (1) Probation Service Officer /Operational
Asian or Asian British: Bangladeshi	17% (1) Probation Service Officer /Operational
Mixed: White & Asian	17% (1) Probation Service Officer /Operational
Mixed: Other	17% (1) Probation Service Officer /Operational
White British	67% (2) Administration, 32% (2) Probation Service Officer /Operational, 100% (1) Senior Practitioner
4 out of 10 career progressions were from ethnic minorities (40%)	
Staff sickness not to exceed an average of 9 days per member of staff per year	10.64 days

Key Performance Results

Ref	Description of Target/Measure	Target	Result
OM39	The % of OASys final reviews (terminations) to be completed within the appropriate timescales for all Tier 2, 3, 4 and PPO offenders	90%	90.3%
OM40	The percentage of PSRs completed within the timescales set by the court	90%	99.7%
OM04	Licence recall requests to reach NOMS Post Release Section within 24 hours of the decision by the Offender Manager	90%	97.9%
OM27	Percentage of parole eligible cases in which the Parole Assessment Report is provided within the required timescale	80%	98.3%
OM05	Initiate breach proceedings in accordance with National Standards within 10 working days in 90% of cases	90%	98.7%
Local	30% or less of reports for Court are SDR (Standard Delivery Reports)	30%	28%
OM26	Proportion of OASys assessment sampled which are either Good or Satisfactory	90%	90.8%
OM20	Compliance: the proportion of orders & Licences that terminate successfully	73%	81.5%
INT05	Completions of unpaid work requirements	600	690
INT03	Number of accredited offending behaviour programmes completed by offenders	80	87
INT01	Number of accredited sex offender treatment programmes completed by offenders	12	15
INT02	Number of accredited programmes for domestic violence completed by offenders	35	37
OM17	Offenders living in settled and suitable accommodation at the end of their order or licence (broken down by type of settled accommodation)	80%	89%

Workload and Activity Statistics

Commencements by type of order/licence

Order/Licence	2012–13	2011–12	2010–11	2009–10	2008–09
Community Rehabilitation Order		1	4	5	2
Community Punishment Order		2	7	11	28
Community Punishment and Rehabilitation Order		2	4	15	6
Community Orders	973	1177	1214	1248	1283
Suspended Sentence Order	378	423	470	349	351
Youth Rehabilitation Order	28	44	32	0	0
Throughcare (TC)					
Lifer	8	8	8	6	1
Young Offender TC	95	101	132	99	95
Sex Offender Ex TC	1	1	0	0	3
Return to Prison	1	4	9	7	6
Adult Custody 12 months + formerly Stat aftercare	363	361	447	367	277
Extended Determinate Sentence	2				
Extended Public Protection	1	8	2	9	4
Indeterminate Public Protection		2	11	12	0
Voluntary Supervision	154	86			

Caseload at 31/03/2013 compared to previous years by type of order/licence

Order/Licence	2012–13	2011–12	2010–11	2009–10	2008–09
Community Rehabilitation Order		1	3	6	9
Community Punishment Order		1	2	3	18
CPRO – rehabilitation		1	1	10	7
Community Order	712	825	851	972	931
Suspended Sentence Order	331	342	375	305	332
Youth Rehabilitation Order	20	28	16	0	0
Voluntary Cases		64			
Licences – Pre Release					
Lifer (Including Young Lifer)	108	102	103	98	93
Young Offender TC	65	58	58	61	60
Sex Offender Ex TC	8	9	0	0	8
Adult Custody 12 months + formerly Stat aftercare	621	611	626	579	442
Extended Determinate Sentence	2				
Extended Public Protection	18	22	25	31	25
Indeterminate Public Protection	75	78	67	59	49
Licences – Post Release					
Lifer	16	19	15	14	13
Young Offender TC	46	53	46	44	55
Sex Offender Ex TC	2	2	0	0	15
Return to Prison		2	1	4	2
Discretionary Conditional Release	14	16	22	38	120
Adult Custody 12 months + formerly Stat aftercare	352	377	316	365	202
Extended Public Protection	5	11	10	8	5
Indeterminate Public Protection	8	5	4	2	1

Reports Produced (SDR, FDR, Oral) by court type

	2012–13	2011–12	2010–11	2009–10	2008–09
Reports – all courts	2277	2143	2187	2187	2195
Total FDRs/oral produced	1359	1538	1261	1094	896

Community Punishment/Unpaid Work hours ordered/worked

	2012–13	2011–12	2010–11	2009–10	2008–09
Hours ordered	109,015	128,935	132,614	140,810	126,548
Hours worked	93,072*	102,799*	118,576*	101,839*	94,646*

* Excludes travelling time and stand downs. Includes allowance for Skills for Life Programme.

2. Accounts

Management Commentary

Statutory background

The 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 reports to NOMS. This Trust came into existence on 1 April 2010 (following transition from Bedfordshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRm) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 50, by the Secretary of State under the OM Act.

Principal activities

BPT's principal activities are described under the Annual Report Operational and Performance Review on pages 4 to 12.

Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on pages 10 to 12.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 25. The Statement of Changes in Taxpayers' Equity is shown on page 28.

Operating costs

The net operating cost before tax for 2012–13 stands at £444k compared to £73k for 2011–12. The reason for the increase is due mainly to pension valuation movements, before these adjustments, as seen in **Note 2** Segmental Analysis; there was a £3k deficit for 2012–13 compared with a £71k surplus for 2011–12. Of the £74k movement £38k is accounted for by the effect of the holiday pay accrual and the remainder is due to changes in the way budgets have been managed.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 26 and 27.

The net liability position has increased from £10,802k at March 2012 to £14,013k at March 2013. The largest single movement in net assets is £2,166k due to pension valuations.

Payment of creditors

In the year to 31 March 2013, the Trust paid 1855 trade invoices with a value of £2.9m gross. The percentage of undisputed invoices paid within 30 days by the Trust was 87% compared to 71% 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 average levels of absence due to staff sickness were 10.6 days across the Trust (2011–12: 7.8 days).

Personal data related incidents

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

All staff undertake a compulsory Information Assurance training course when joining the department and an annual refresher course.

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.

Note 27 to the accounts provides the detail of reportable events that have arisen.

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 52 to 56.

Future developments

The Annual Report provides commentary on the future of the probation services in the context of the Government consultation.

Communications and employee involvement

The Annual Report provides commentary on employee involvement under the Organisational Development section and has a Communications section.

Staff diversity

The Annual Report provides commentary on staff diversity under the Organisational Development section.

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 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. The audit certificate on page 23 sets out the opinion of The Comptroller and Auditor General in respect to the financial statements and regularity.

Total audit fees reported in the Accounts are £23k. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 relate solely to the audit of 2012–13 accounts.

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 Bedfordshire Probation Trust Management Board

The governance arrangements within the Trust for the period from April 2012 to the date the accounts are signed are described in the Annual Governance Statement on pages 19 to 22.

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 16 to 17.

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

Position	Name	Date appointment commenced / ended
Chief Executive	Linda Hennigan	Appointed 07/05/07
Chair	Jon Ruddick	Appointed 01/12/09
Board Member	Mike Gibson	Appointed 19/07/10 Resigned 01/04/13
Board Member	Barbara Jones	Appointed 01/02/09
Board Member	Dave Sutton	Appointed 19/07/10
Board Member	Neville White MBE	Appointed 01/04/04
Board Member	Linda Wood	Appointed 01/02/10

At the Annual General Meeting on 11 April 2012 John Atkinson was re-appointed as Trust Secretary for a further year and Deborah Keith was appointed as Trust Treasurer for a year. These appointments were continued at the 10 April 2013 Annual General Meeting for a further year.

Following the Board Member resignation, the Board will be operating with the minimum required membership under the Offender Management Act 2007.

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

Accountable Officer

26 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 Offender Management Act 2007.

The salary and pension entitlements of the Board Members of the BPT were as follows:

A) Remuneration – Audited

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

Name	Role	2012–13			2011–12		
		Salary (as defined below)	Bonus	Benefits in kind (nearest £100)	Salary (as defined below)	Bonus	Benefits in kind (nearest £100)
		£000s	£000s	£	£000s	£000s	£
Linda Hennigan	Chief Executive	75–80	0–5	None	70–75	0–5	None
Jon Ruddick	Chair	15–20	None	None	15–20	None	None
Mike Gibson	Board Member	0–5	None	None	0–5	None	None
Barbara Jones	Board Member	0–5	None	None	0–5	None	None
Dave Sutton	Board Member	0–5	None	None	0–5	None	None
Neville White MBE	Board Member	0–5	None	None	0–5	None	None
Linda Wood	Board Member	0–5	None	None	0–5	None	None

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2010, with the exception of the Chief Executive and the Chair. Trusts at their discretion may pay a travelling allowance and any other 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.

	2012–13	2011–12
Highest paid Director (pay band)	£75,000–£80,000	£75,000–£80,000
Median for other staff	£23,840	£22,910
Pay multiple ratio	3.25:1	3.38:1

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 and car allowance.

Bonus

The bonus paid to the Chief Executive was calculated in accordance with National Terms and Conditions, whereby the Chair assesses achievement against a set of criteria agreed at the start of the financial year. The payment disclosed was authorised by the chair.

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.

B) Pension Benefits – Audited

Name	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
Linda Hennigan	P 20 to 25 LS 50 to 55	P 0 to 2.5 LS -2.5 to 0	340	313	19

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. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Bedfordshire Local Government Pension Scheme arrangements and for which the Scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, 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.

Accountable Officer
26 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 BPT 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 answerable, for keeping proper records and for safeguarding the Trust's assets, are set out in Managing Public Money published by HM Treasury.

Governance Statement

Scope and responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of governance that supports the achievement of BPT's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

BPT negotiates an annual contract with the NOMS, an Executive Agency of the Ministry of Justice, agrees a business plan to deliver the terms of the contract sets a budget to deliver the plan and subsequently scrutinises expenditure and delivery.

The Trust's Board works in line with an annual plan and meets regularly in public and in line with Government recommendations and had a Non-Executive Chair and five (four with effect from 1 April 2013) Non-Executive Board Members in addition to myself. During 2012–13 all planned Board meetings and Committee meetings took place with a quorate attendance.

Name	Role	Board Meetings (11 Held)	Audit Committee (5 Held)
		Attended	Attended
Linda Hennigan	Chief Executive	10	Non-Voting Member 2
Jon Ruddick	Chair	11	Non-Voting Member 3
Mike Gibson	Board Member	4	0
Barbara Jones	Board Member	10	5
Dave Sutton	Board Member	10	5
Neville White MBE	Board Member	10	5
Linda Wood	Board Member	10	Not a Member
Deborah Keith	Trust Treasurer	11	5
John Atkinson	Trust Secretary	4	Not a Member

The Board operates to deliver a contracted set of services and achieve nationally set objectives, against which it is assessed by the NOMS. In addition there is further quarterly accountability to NOMS for the delivery of objectives in the contract. All systems for governance have been established in line with the *Corporate Governance Code*. Annually, at its AGM, the Board reviews its performance against its Terms of Reference.

Accountability for performance and use of public funds is enhanced by the role of an Audit Committee, which receives regular reports from both internal and external auditors. The Audit Committee also has the responsibility to review risk management arrangements and to escalate any matters of particular concern to the NOMS National Audit Committee and or the Trust Board.

In addition the Trust operates a Resources Committee, formerly Finance and Commissioning Committee. This Committee provides strategic guidance and oversight for substantial commissioning and contracting decisions and monitors financial planning and the progress of the efficiency and other cost saving initiatives. The Committee's remit also includes organisational development and human resources. The Committee was established, from its two predecessor Committees, to better respond to the changing strategic agenda. The Audit Committee and Resources Committee are chaired by Non-Executive Board Members.

The purpose of the system of governance

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

The system of governance is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust 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 governance has been in place in BPT 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.

The past year has seen sustained and improved performance by the Trust and a successful programme of audit activity which provides assurance about the effectiveness of the governance structure.

Capacity to handle risk

The SMT has embedded the consideration of risk into its everyday business. A detailed business case which incorporates a risk assessment will be undertaken if required before any significant strategic or operational decision is taken and if appropriate will be reported to the Board. The Team scrutinises and learns from a considerable array of well developed performance monitoring information. Where performance is at odds with expectations, management action plans are developed. The Team has developed a strategic financial plan and a balanced scorecard which incorporates information concerning both performance and financial information.

The risk and control framework

In October 2009 a new Risk Policy was approved by the Board. Subsequently Board Members and SMT undertook specific risk management training. Policy documents and strategic reports to the Probation Trust Board and Audit Committee incorporate a risk assessment to ensure that risk is properly considered and appropriate actions are identified and allocated.

The key elements of the risk policy are:

- adoption of a 5 x 5 risk scoring matrix and identification of risk appetite;
- annual strategic risk review undertaken and scored by the SMT and reported to the Board as an integral part of the Trust's Area planning process and placed in a register;
- risk reviews built into each unit plan and an annual operational risk review scored by middle managers which is then integrated into the risk register;
- regular review of strategic risks by the SMT, including update of risk scores and controls;
- risk reviews on specific topics are undertaken as required;
- The risk register is reviewed regularly and reported to the Audit Committee.

The organisation risk register contained five risks at 31 March 2013. One pertains to the potential for data losses and the other four relate to different aspects of the Government's proposed changes for Probation Trusts.

The roles and responsibilities of the Audit Committee are reviewed annually and its Terms of Reference include the review of risk management arrangements. Throughout 2012–13 the Audit Committee was instrumental in scrutinising new risks and monitoring the management of risks. As Accountable Officer, I monitor the effectiveness of this Committee in ensuring its contribution to the internal control framework. This incorporates the process of agreeing and monitoring the annual audit plans, and the work of internal and external auditors in delivering the plan. Audit reports are received and their

recommendations are regularly discussed by Committee members. Regular monitoring reports are received to update the Committee on the progress made on implementing audit recommendations.

The Ministry of Justice Internal Audit and Assurance Unit have undertaken all planned audits during the year. Five audits were undertaken in 2012–13 all of which received a green rating.

Two minor data losses were reported to NOMS during 2012–13. These were not of a scale to warrant reporting directly to the Information Commissioner.

The Ministry of Justice Internal Audit and Assurance Unit have provided an audit opinion for 2012–13 as follows, concluding that this overall opinion may be used in preparing the annual Governance Statement:

It is in this context that I am able to report that our work only identified low rated findings and we do not consider it necessary for any of these weaknesses to be reported as significant control issues in the annual Governance Statement. Consequently we can give a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance system and its compliance with the *Corporate Governance Code*. My review of the effectiveness of the system of governance is informed by the work of the internal auditors and the executive managers within BPT who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the governance system by the Trust Board and the Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The processes and sources of assurance reviewed to inform the 2012–13 Governance Statement are as follows:

Board and Audit Committee

- a. Regular budget monitoring reports to the Board;
- b. Regular performance reports to the Board;
- c. Well controlled internal audit opinion for Governance;
- d. Programme of work for the Audit Committee;

Risk

- e. Regular review and reporting of strategic risks to SMT and Audit Committee;
- f. Audit Committee Terms of Reference include review of risk management arrangements;
- g. Review of Strategic and Operational Risks for completion of 2012–13 Trust Business Plan;
- h. Review of 2012–13 Trust Plan including risks;
- i. The risk maturity spectrum is risk defined;

Internal Audit

- j. Internal Audit annual report 2012–13;
- k. All five audits received a green rating;
- l. Progress on implementation of Internal Audit recommendations as reported to Audit Committee;
- m. Identification of process/system weaknesses to be targeted in 2013–14 Internal Audit Plan;

External Audit

- n. National Audit Office conclusion on basis of the accounts;

Other Scrutiny

- o. Implementation and monitoring of key areas for improvement as identified in response to Benchmarking and Activity Costing data and or other financial monitoring;
- p. A range of other management Action Plans including operational improvement plan, performance plan, operational development plan, finance plan, local delivery unit plan;
- q. Review of and further development of the Balanced Scorecard;
- r. Segregation of Performance data;
- s. Monitoring of National Standards;
- t. National Performance Measures – PTRS, contract delivery;
- u. Staffing indicators and HR monitoring.

Accountable Officer

26 June 2013

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 Bedfordshire Probation Trust 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 Bedfordshire Probation Trust'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 05 July 2013

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

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Administration costs			
Staff costs	3(a)	6,996	6,672
Other administration costs	6(a)	2,509	2,508
Income	7(a)	(9,608)	(9,443)
Net administration costs/(Income)		(103)	(263)
Net operating costs/(Income)		(103)	(263)
Expected return on pension assets	4(d)	(901)	(1,142)
Interest on pension scheme liabilities	4(d)	1,448	1,478
Net operating costs before taxation		444	73
Taxation	5	0	5
Net operating costs after taxation		444	78

Other Comprehensive Expenditure

		2012–13	2011–12
	Notes	£000	£000
Net gain on revaluation of property, plant and equipment	8	(3)	(1)
Pension actuarial loss	23	2,770	3,036
Total comprehensive expenditure for the year ended 31 March 2013		3,211	3,113

The notes on pages 29 to 49 form part of these accounts.

Statement of Financial Position

As at 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Non-current assets			
Property plant and equipment	8	82	70
Total non-current assets		82	70
Current assets			
Trade and other receivables	12(a)	1,339	1,126
Cash and cash equivalents	13	561	1,142
Total current assets		1,900	2,268
Total assets		1,982	2,338
Current liabilities			
Trade and other payables	14(a)	(1,340)	(866)
Provisions	15	(31)	0
Taxation payables	14(a)	(611)	(427)
Total current liabilities		(1,982)	(1,293)
Non-current assets plus/less net current assets/(liabilities)		0	1,045
Non-current liabilities			
Pension liability	4(c)	(14,013)	(11,847)
Total non-current liabilities		(14,013)	(11,847)
Assets less liabilities		(14,013)	(10,802)
Taxpayers' equity			
General fund	23	(14,029)	(10,815)
Revaluation reserve – property, plant and equipment	24(a)	16	13
		(14,013)	(10,802)

The financial statements on pages 25 to 28 were approved by the Board on 26 June 2013 and were signed on its behalf by

Accountable Officer

26 June 2013

The notes on pages 29 to 49 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(444)	(78)
Adjustments for non-cash transactions	6(a)	47	4
Adjustments for pension cost	4(d)	(604)	144
Increase in receivables	12(a)	(213)	(70)
Increase in payables	14(a)	658	185
Utilisation of provisions	15	0	(47)
Net cash (outflow)/inflow from operating activities		(556)	138
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(25)	0
Net cash outflow from investing activities		(25)	0
Cash flows from financing activities			
Net financing		0	0
Net (decrease)/increase in cash and cash equivalents in the period		(581)	138
Cash and cash equivalents at the beginning of the period	13	1,142	1,004
Cash and cash equivalents at the end of the period	13	561	1,142
(Decrease)/increase in cash		(581)	138

The notes on pages 29 to 49 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
Balance as at 1 April 2011		(7,701)	12	(7,689)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(78)		(78)
Net gain on revaluation of property, plant and equipment	24(a)		1	1
Pension actuarial loss	23	(3,036)	0	(3,036)
Balance as at 31 March 2012		(10,815)	13	(10,802)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(444)		(444)
Net gain on revaluation of property, plant and equipment	24(a)		3	3
Pension actuarial loss	23	(2,770)	0	(2,770)
Balance as at 31 March 2013		(14,029)	16	(14,013)

The notes on pages 29 to 49 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 FReM issued by HMT. 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 a 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 Statement of Comprehensive Expenditure would have been a reduction in Expected Return on Pension Assets of £18,000 and a corresponding increase in the Pension Liability within the Statement of Financial Position.

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 PCC 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 6a**, 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	3 to 5 years depending on individual asset type
Plant & equipment	3 to 5 years depending on individual asset type
Vehicles	5 to 7 years depending on individual asset type
Furniture, fixtures & fittings	3 to 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 an 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. If 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.

Intangible assets (Software and Development) are amortised over 3 to 10 years using the straight-line method, the same amount over each year of the asset's life.

Intangible assets (Software and Development) are restated at each Statement of Financial Position date using ONS IT price indices.

Intangible assets (Licenses) are amortised over the life of the license but are not revalued.

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 reinstated and retrospectively applied to any assets which are subsequently not sold and reclassified 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 retirement 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, Hymans Robertson LLP, has used roll forward estimated asset value figures in producing the IAS 19 pension net 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 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

NOMS has entered into a number of operating lease arrangements on behalf of BPT. Rentals under operating leases are charged to the SoCNE on a straight-line basis as part of a recharge by NOMS.

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

	2012–13	2011–12
	£000	£000
Operating Segments		
Luton LDU	3,310	3,036
Bedford LDU	3,377	2,848
Projects	826	1,227
Operating Expenditure	7,513	7,111
Back Office Costs	2,098	2,260
Total Expenditure	9,611	9,371
Operating Segments		
Luton LDU	(120)	(76)
Bedford LDU	(90)	(89)
Projects	(533)	(290)
Back Office	(22)	(25)
NOMS Contract	(8,843)	(8,962)
Total Income	(9,608)	(9,442)
Net Operating Costs/(Income) before Pension adjustments	3	(71)
Pension Adjustments	(106)	(192)
Net Operating Income after Pension adjustments	(103)	(263)
Expected Return on Pension asset	(901)	(1,142)
Interest on Pension scheme liabilities	1,448	1,478
Net Operating Costs Before Tax	444	73
Taxation	0	5
Net Operating Costs After Taxation	444	78
Net gain on revaluation of Property Plant and Equipment	(3)	(1)
Pension Actuarial Loss	2,770	3,036
Total Comprehensive Expenditure for the year ended 31 March 2013	3,211	3,113

The reporting segments reflect the operational organisation.

IOM operations have been moved into Luton and Bedford LDUs in 2012–13 as they are now business as usual rather than a project. The reduction in project costs has been offset by the new WomanKind Project. The further increase in Bedford LDU has occurred as Next Steps costs have been brought together within Bedford LDU.

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012–13			2011–12
	Total	Permanently-employed staff	Others	Total
				£000
Wages and salaries	5788	5,482	306	5,499
Social security costs	423	423	0	414
Other pension costs	785	785	0	759
Total staff costs	6,996	6,690	306	6,672
Administration-related staff costs	6,996	6,690	306	6,672
	6,996	6,690	306	6,672

There were no outward secondments and no costs attributed to programmes.

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**.

0 persons (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	Total
	189	181	8	176
	189	181	8	176

3c. Reporting of compensation schemes – exit packages

	2012–13		2011–12	
	Number of departures other than compulsory redundancies agreed	Total number of exit packages by cost band	Number of departures other than compulsory redundancies agreed	Total number of exit packages by cost band
Exit packages cost band <£10,000	2	2	2	2
Total number of exit packages by type	2	2	2	2
Total resource cost £000	2	2	10	10

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. Exit costs are accounted for in full in the year of departure. 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. The 2012–13 voluntary redundancy was part of a cost improvement plan within the Approved Premises. The whole scheme will realise £30k of savings per annum from 2013–14 financial year.

4. Pensions costs

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Gemma Sefton FFA of Hymans Robertson LLP. For 2012–13, employers' contributions of £891k were payable to the Bedford Borough Local Government Pension Scheme (2011–12 £951k) at a rate of 19.2% (2011–12: 19.2%). 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. During 2012–13 an additional payment of £1,045k was made to the scheme to reduce the liability.

Partnership accounts are excluded under IAS19.

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

	2012–13	2011–12
	%	%
Inflation assumption	2.8%	2.5%
Rate of increase in salaries*	5.1%	4.8%
Rate of increase for pensions in payment and deferred pensions	4.5%	4.9%
Discount rate	4.5%	4.8%

*Salary increases are assumed to be 1% per annum until 31 March 2015 reverting to the long term assumption shown thereafter.

Mortality Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements from 2010 in line with the Medium Cohort and a 1% per annum underpin. These assumptions have not changed from 2011–12. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.6 years	23.2 years
Future Pensioners*	23.6 years	25.6 years

*Figures assume members aged 45 as at the last formal valuation date.

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	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
Equities	4.5%	70%	15,037	6.3%	49%	8,943
Non-Government bonds	4.5%	19%	4,081	3.3%	24%	4,381
Property	4.5%	8%	1,718	4.4%	9%	1,643
Other	4.5%	3%	644	3.5%	18%	3,285
Total		100.0%	21,480		100.0%	18,252

(Present value of scheme liabilities)	(35,493)	(30,099)
Surplus/(deficit) of the scheme	(14,013)	(11,847)
Net pension asset/(liability)	(14,013)	(11,847)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	785	718
Effect of curtailment	0	41
Total operating charge	785	759

	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(901)	(1,142)
Interest on pension scheme liabilities	1,448	1,478
Net interest costs	547	336

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	(2,770)	(3,036)
Total shown in other comprehensive expenditure	(2,770)	(3,036)

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

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	30,099	26,863
Current service cost	785	718
Interest cost	1,448	1,478
Contributions by members	303	287
Actuarial losses on liabilities*	3,816	1,751
Benefits paid	(934)	(1,012)
Past service cost	0	0
Unfunded benefits paid	(24)	(27)
Curtailments	0	41
Settlements	0	0
Closing present value of liabilities	35,493	30,099

* Includes changes to actuarial assumptions

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

	2012–13	2011–12
	£000	£000
Opening fair value of assets	18,252	18,196
Expected return on assets	901	1,142
Actuarial gains/(losses) on assets	1,046	(1,285)
Contributions by the employer	1,936	951
Contributions by members	303	287
Benefits paid	(934)	(1,012)
Net increase from disposals and acquisitions	0	0
Unfunded benefits paid	(24)	(27)
Curtailments	0	0
Settlements	0	0
Closing fair value of assets	21,480	18,252

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	21,480	18,252	18,196	17,996	13,570
Present value of liabilities	35,493	30,099	26,863	33,996	20,030
Deficit	(14,013)	(11,847)	(8,667)	(16,000)	(6,460)
Experience gains/(losses) on scheme assets	1,023	(1,169)	(1,745)	3,163	(4,309)
Experience gains/(losses) on scheme liabilities	80	(404)	1,876	7	(4)
Percentage experience gains/(losses) on scheme assets	5%	-6%	-10%	18%	-32%
Percentage experience gains/(losses) on scheme liabilities	0%	-1%	7%	0%	0%

4i. Sensitivity analysis

Change in assumptions at year ended 31 March 2013	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	3,580
1 year increase in member life expectancy	3%	1,065
0.5% increase in the Salary Increase Rate	2%	919
0.5% increase in the Pension Increase Rate	7%	2,619

5. Taxation

	2012–13 £000	2011–12 £000
UK corporation tax	0	5
Total	0	5

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 Corporation Tax on their profits and 'profit' for this purpose means income and chargeable gains.

BPT was not in surplus and therefore no Corporation Tax was due in 2010–11. Group relief was allowed by HMRC in 2010–11, and as a result a Trust's profit was offset by another Trust's losses. For this Trust, this resulted in the surrender of its loss to the tax group. There was no Corporation Tax due for 2010–11. With effect from 1 April 2011, HMRC has reconsidered whether Group relief is available and has reversed their determination that Group relief can be applied. As a result, Group relief can no longer apply from 1 April 2011. Accordingly no Corporation Tax is payable for 2012–13 (2011–12: £5k).

6. Other administrative costs and programme costs

6a. Administration costs

	2012–13		Restated 2011–12	
	£000	£000	£000	£000
Accommodation, maintenance and utilities	863		992	
Travel, subsistence and hospitality	168		176	
Professional services	166		151	
IT services	346		339	
Communications, office supplies and services	182		144	
Other staff related	184		183	
Offender costs	448		417	
Other expenditure	69		66	
External Auditors' remuneration – statutory accounts	23		22	
Internal Auditors' remuneration and expenses	13		14	
		2,462		2,504
Non-cash items				
Depreciation of tangible non-cash assets	16		19	
Amortisation of intangible non-cash assets	0		3	
Other provisions provided for in year	31		(18)	
		47		4
Total		2,509		2,508

Note 28 explains the restatement of the 2011–12 figures in respect of Professional fees and Internal Auditors' remuneration.

6b. Programme costs

There were no Programme Costs.

7. Income

7a. Administration income

	2012–13		2011–12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	9,035		8,962	
		9,035		8,962
Other income received from Probation Trusts		0		2
Other income from NOMS		23		40
Other income from other Government departments		482		350
Miscellaneous income		67		88
		9,607		9,442
Interest received:				
From bank	1		1	
Total interest received		1		1
Total administration income		9,608		9,443

7b. Programme income

There was no Programme income.

8. Property, plant and equipment

	2012–13		
	Plant and machinery	Transport equipment	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2012	32	98	130
Additions	25	0	25
Indexation/revaluation	1	6	7
As at 31 March 2013	58	104	162
Depreciation			
As at 1 April 2012	29	31	60
Charge in year	2	14	16
Indexation/revaluation	1	3	4
As at 31 March 2013	32	48	80
Carrying value as at 31 March 2013	26	56	82
Carrying value as at 31 March 2012	3	67	70
Asset financing			
Owned	26	56	82
Carrying value as at 31 March 2013	26	56	82

	2011–12		
	Plant and machinery	Transport equipment	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2011	31	98	129
Indexation/revaluation	1	0	1
As at 31 March 2012	32	98	130
Depreciation			
As at 1 April 2011	24	17	41
Charge in year	5	14	19
As at 31 March 2012	29	31	60
Carrying value as at 31 March 2012	3	67	70
Carrying value as at 31 March 2011	7	81	88
Asset financing			
Owned	3	67	70
Carrying value as at 31 March 2012	3	67	70

There were no donated assets (2011–12: nil).

9. Intangible assets

	2012–13	
	Licences	Total
	£000	£000
Cost or valuation		
As at 1 April 2012	11	11
As at 31 March 2013	11	11
Amortisation		
As at 1 April 2012	11	11
As at 31 March 2013	11	11
Carrying value as at 31 March 2013	0	0
Carrying value as at 31 March 2012	0	0
Asset financing		
Carrying value as at 31 March 2013	0	0

	2011–12	
	Licences	Total
	£000	£000
Cost or valuation		
As at 1 April 2011	11	11
As at 31 March 2012	11	11
Amortisation		
As at 1 April 2011	8	8
Charge in year	3	3
As at 31 March 2012	11	11
Carrying value as at 31 March 2012	0	0
Carrying value as at 31 March 2011	3	3
Asset financing		
Carrying value as at 31 March 2012	0	0

10. Impairments

There were no impairments during the year (2011–12: nil).

11. Assets held for sale

There were no assets held for sale at the year end date (2011–12: nil).

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year		
Trade receivables	25	10
Receivables due from Ministry of Justice – core	1,115	895
Receivables due from all other Government bodies	157	139
Other receivables	16	25
Prepayments	23	47
Accrued income	3	10
Total	1,339	1,126

There were no amounts falling due after more than one year (2011–12: nil).

12b. Intra-Government receivables

	Amounts falling due within one year	
	2012–13	2011–12
	£000	£000
Balances with other central Government bodies (inc. parent department)	1,120	895
Balances with local authorities	148	129
Balances with NHS bodies	6	10
	1,274	1,034
Balances with bodies external to Government	65	92
Total	1,339	1,126

13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	1,142	1,004
Net change in cash and cash equivalents	(581)	138
Balance at 31 March	561	1,142
The following balances at 31 March are held at:		
Commercial banks and cash in hand	561	1,142
Balance at 31 March	561	1,142

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	16	8
Other payables	0	1
Accruals	329	332
Deferred income	461	435
Staff payables	107	90
Payables due to Probation Trusts	36	0
Payables due to all other Government bodies	386	0
Unpaid pensions contributions due to the pensions scheme	5	0
	1,340	866
Tax falling due within one year		
VAT	611	422
Corporation tax	0	5
	611	427
Total amounts falling due within one year	1,951	1,293

There were no amounts falling due after more than one year (2011–12: nil).

14b. Intra-Government payables

	Amounts falling due within one year	
	2012–13	2011–12
	£000	£000
Balances with other central Government bodies (inc. parent department)	647	427
Balances with local authorities	550	0
Balances with NHS bodies	33	0
Balances with public corporations and trading funds	0	0
	1,230	427
Balances with bodies external to Government	721	866
Total	1,951	1,293

15. Provisions for liabilities and charges

	2012–13	2011–12
	£000	£000
Balance at 1 April	0	65
Provided in year	31	0
Provisions not required written back	0	(18)
Provision utilised in the year	0	(47)
Balance as at 31 March	31	0

	2012–13	2011–12
	£000	£000
Analysis of expected timing of discount flows		
Not later than one year	31	0
Current liability	31	0

The Trust has made provision in relation to three personal injury claims outstanding as at 31 March 2013. The provision reflects potential costs adjusted by Management's assessment of their likelihood of success.

The Trust provides for future estimated redundancy and pension capital costs of specific staff, where agreements are in place at 31 March, under the Trust's voluntary redundancy scheme. As at 31 March 2013 no such agreements were in place (2011–12: nil).

16. Capital commitments

There were no commitments for capital expenditure and major maintenance works for which no provision has been made in these accounts at the year end date (2011–12: nil).

17. Commitments under lease

17a. Operating leases

There are no operating leases signed by BPT, rather the offices occupied are either owned or leased by NOMS and the occupation is paid for on a square foot occupied basis across the estate rather than a simple recharge of NOMS costs. BPT does not have the details of any operating leases entered into by NOMS.

17b. Finance leases

There were no finance leases at the year end date.

18. Other financial commitments

The Trust has not entered into any non-cancellable contracts (2011–12: nil).

19. Deferred tax asset

There was no deferred tax asset at the year end date (2011–12: nil).

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.

The Trust does not face significant medium to long-term financial risk.

21. Contingent liabilities

There were no contingent liabilities as at the year end date (2011–12: nil).

22. Losses and special payments

22a. Losses statement

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Claims abandoned	3	0	0	0
Total	3	0	0	0

There were three claims abandoned in relation to payroll matters (2011–12: nil), the total value of these claims was under £500.

22b. Special payments schedule

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	2	1	0	0
Total	2	1	0	0

There were two special payments in relation to Community Payback damage (2011–12: nil).

23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(10,815)	(7,701)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(444)	(78)
Actuarial gains and losses	(2,770)	(3,036)
Balance at 31 March	(14,029)	(10,815)

24. Revaluation reserve

24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	13	12
Arising on revaluations of PPE during the year (net)	3	1
Balance at 31 March	16	13

24b. Intangible assets

There was no revaluation reserve attributable to intangible assets at the year end date (2011–12: nil).

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.

26. Third-party assets

There were no third-party assets at the year end date (2011–12: nil).

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 PCC 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.

28. Prior period adjustments

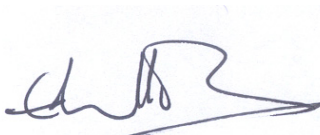
To provide greater transparency **Note 6a** has been expanded to disclose internal auditors’ costs separately. These were previously reported as part of the Professional Fees cost. This restatement represents no change to any of the financial statements. The only change is within **Note 6a** and the affected details are noted below.

	31 March 2012 as per 2011–12 Audited Accounts	31 March 2012 restated comparatives	Differences
	£000	£000	£000
Professional services	165	151	(14)
Internal Auditors’ remuneration	0	14	14
	165	165	0

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

3. Sustainability report (not subject to audit)

Introduction

This is the second sustainability report for BPT, prepared in accordance with 2011–12 guidelines laid down by HMT in 'Public Sector Annual Reports: Sustainability Reporting' published at: 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 six 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 and 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.

Waste cost data is not available at this stage.

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 the 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 2014–15 (compared with 2009–10 as a baseline). These commitments can be found at:

<http://sd.defra.gov.uk/gov/green-government/commitments/>.

Climate Change Adaptation 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

The Carbon Reduction Commitment (CRC) is managed by the 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. The MoJ SDT is working to consolidate all CMP's, 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 are open to amendment in order to facilitate a continued improvement in meeting statutory obligations for climate change adaptation and reporting.

Environmental Management System (EMS)

The 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

The Trusts Procurement Policy includes an objective to deliver sustainable procurement.

Social and environmental awareness

The Trust is involved in a number of social and community partnerships promoting restorative justice, reducing reoffending and support further progress towards UK sustainability targets.

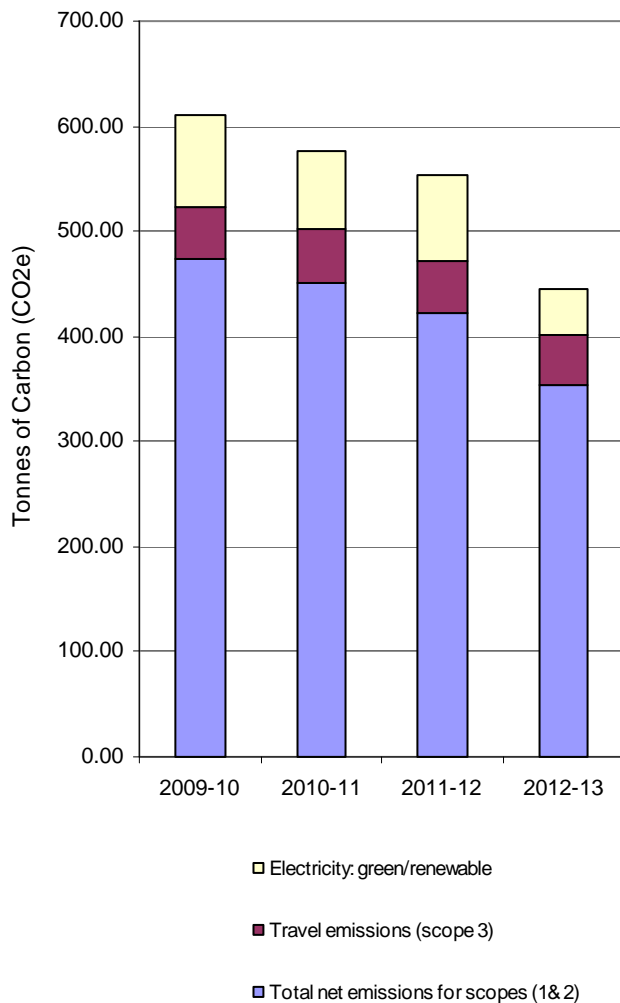
Detailed Performance Data

Due to the time lag in receiving performance data from the contractor, March 2013 figures have been estimated as an average of January and February data. Where other data is missing similar estimation techniques have been employed.

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO2e)	Total gross emissions for scopes 1 & 2	560.8	527.0	502.8	396.4
	Electricity: green/renewable	87.7	75.6	81.2	42.7
	Total net emissions for scopes 1 & 2	473.1	451.4	421.6	353.7
	Travel emissions scope 3	50.2	50.2	50.2	48.5
	Total gross GHG emissions (all scopes)	611.0	577.2	553.0	444.9
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	505,817	435,964	467,911	246,440
	Electricity: renewable	168,606	145,321	155,970	82,147
	Gas	1,000,639	1,079,820	829,677	1,116,607
	Total energy	1,675,062	1,661,105	1,453,558	1,445,194
Financial indicators	Expenditure on energy (£)	85,609	67,529	89,995	73,189
	Expenditure on official business travel (£)	170,979	170,785	170,785	174,153

GHG Emissions by scope



Performance commentary (including targets)

Target: to reduce significantly carbon dioxide emissions from the estate and business related transport, compared with the 2009–10 baseline. Reported carbon dioxide emissions demonstrate this has been achieved. Reported figures include estimates for mileage covered by train and taxi journeys.

Controllable impacts commentary

Business travel is generally within the boundaries of Bedfordshire but some travel outside of the boundaries is required for example to London and other NOMS or MoJ locations. Business travel must be approved by line managers.

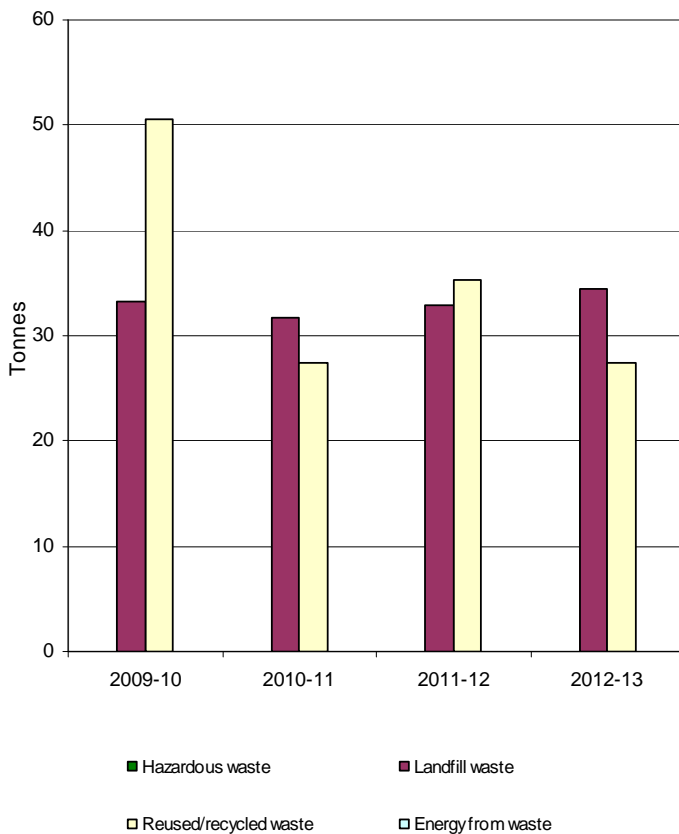
Overview of influenced impacts

The buildings would benefit from modern heating technologies to further reduce emissions, but this is currently cost prohibitive.

Waste

			2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	33	32	33	34
		Reused/recycled waste	51	27	35	28
	Total waste arising		84	59	68	62

Waste by final disposal



Performance commentary (including targets)

Target: To reduce amount of waste generated by 25% from the 2009–10 baseline. The reported figure demonstrates a reduction of 26%, exceeding the target.

Controllable impacts commentary

Whilst the Trust attempts to reduce water consumption staff are consuming more drinking water in line with current healthy living beliefs.

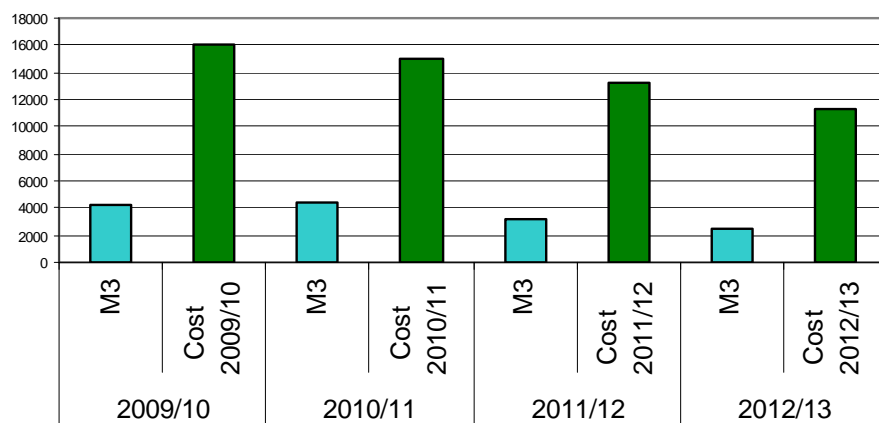
Overview of influenced impacts

During 2012–13 recycling facilities have been introduced to reduce the amount of waste going to landfill. Improved data provision would help to highlight any specific issues.

Water

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators	Total water consumption (cubic metres)	4217	4490	3212	2424
Financial indicators	Total water supply costs (£)	16,092	15,018	13,233	11,331

Water. Total consumption and costs.



Performance commentary (including targets)

Target: To reduce water consumption from a 2009–10 baseline. The figures demonstrate this target has been achieved. However, even with the significant reduction from 22.5m³ per FTE in 2009–10 to the more satisfactory 11.76m³ per FTE achieved this year, more reductions are required to achieve the good practice target of 4m³ to 6m³ per FTE.

Controllable impacts commentary

Water is used mainly for bathrooms, drinking and for washing crockery and cutlery. Some locations use water in the heating and ventilation systems.

Paper

	2009–10	2010–11	2011–12	2012–13
Cost (excluding VAT) (£)	13,082	13,166	13,250	11,408

Target: to reduce paper use by 10%. Reported data shows a reduction of 14%, exceeding the target.

Glossary

ACO	Assistant Chief Officer
AP	Approved Premise
ART	Aggression Replacement Training
ASAR	Alcohol Specified Activity Requirement
BPT	Bedfordshire Probation Trust
B&OD	Business & Organisational Development
CAFCASS	Children and Family Court Advisory and Support Services
CSP	Community Safety Partnerships
DA	Domestic Abuse
ETE	Education, Training and Employment
HMIP	Her Majesty's Inspectorate of Probation
IOM	Integrated Offender Management Scheme
IUP	Intensive Unpaid Work
LCJB	Local Criminal Justice Board
LCSPs	Local Community Safety Partnerships
LDU	Local Delivery Unit
MAPPA	Multi-Agency Public Protection Arrangements
NOMS	National Offender Management Service
OASys-R	Offender Assessment System
OM	Offender Management
PCC	Police & Crime Commissioner
PCMS	Probation Case Management System
PD	Personality Disorder
PP	Public Protection
PTRS	Probation Trust Rating System
PSR	Pre Sentence Report
RRB	Reducing Reoffending Board
SAR	Specified Activity Requirement
SEEDS	Skills for Effective Engagement, Development and Supervision
SFO	Serious Further Offence
SMB	Safeguarding Management Board
SMT	Senior Management Team
TSP	Thinking Skills Programme
YOTs	Youth Offending Teams



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