Merseyside Probation Trust

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Annual Report and Accounts
2012–2013

HC 418

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Contents

Vision, Mission & Values

Our Vision

Merseyside Probation Trust will be an excellent, innovative provider and commissioner of probation services and an influential voice in Merseyside and on the national scene.

Our Mission

Our purpose is to transform the lives of offenders, deliver the sentences of the courts and to protect the public and the interests of victims. In so doing we contribute to the prevention of offending, the reduction of reoffending, the confidence of people as they go about their everyday lives and to increased community confidence in the criminal justice system.

Our Values

Underpinning all our actions are our beliefs and values:

- in the capacity of people to change for the better;
- that people should be held responsible for their actions;
- in the individual rights of citizens;
- that it is the joint responsibility of all members of the community to combat crime and social breakdown;
- that legal intervention in the lives of individuals should be guided by what works and be the minimum necessary to protect the public, manage risk and reduce reoffending;
- that improper discrimination against individuals and groups takes place and we have a responsibility to do all we can to prevent it ; and
- in openness and integrity in all that we do.

In developing our organisation we also recognise that the Trust:

- must work in partnership with other agencies to achieve its objectives;
- can always improve its performance; and
- can achieve nothing without its staff and we are committed to nurturing their development and potential

Living these values will translate into doing what is best for Merseyside in our work with offenders, victims and the community, and living them in our work with staff will enable us to build an inclusive organisation where people can work with pride. We believe that these values will enable us to create trust and confidence and achieve positive results, retaining our resolve throughout and persevering through challenging times.

Foreword

It has been a pleasure to lead and to serve Merseyside Probation Trust as the Chief Executive Officer since starting in May 2012.

Looking back on the year I would like to reflect on the progress we have made as a Trust and the challenges that lie ahead. In my view it has been a year marked by how well we have engaged with the challenges already upon us but which taken as a whole represent an unprecedented period of change.

Some of the highlights from the year were:

- 'Green performance' on the Probation Trust Rating System, achieved by all staff;
- A unique achievement by a public sector organisation – Merseyside Probation Trust was awarded the British Quality Foundation Award, a testimony of the organisation, all staff and the work we do;
- Winning the Navaho Merseyside Charter Mark Award, demonstrating the Trust's commitment to equality;
- Getting to know the staff and appreciating the 'spirit' within the Trust;
- The Aintree staff conference in which staff demonstrated their creativity, commitment and hopes for the future;
- Working with the University of Glasgow on the desistance model; and
- Time spent with Community Payback witnessing the contributions they make to neglected communities throughout Merseyside.

Over the next two years the landscape in which offender services are delivered will change forever. The change programme being introduced by the Coalition Government is the biggest and most far reaching ever seen in our sector and will provide the Trust with its greatest challenge.

It is the responsibility of all of us in Probation to bring about changes as best we can, whilst continuing to protect the public and rehabilitate offenders.

Annette Hennessy
Chief Executive Officer

1. Operational & Performance Review 2012–13

Operational Review

2012/13 saw the beginnings of what will be a major period of transition for the Trust. The new Chief Executive was appointed in April, just following the publication of the Government's Consultation Documents: Punishment and Reform: 'Effective Probation Services' and 'Effective Community Sentences'. January 2013 saw the publication of a further consultation document entitled "Transforming Rehabilitation: A revolution in the way we manage offenders". This document proposed a different future landscape to the original proposal and called for a rethink in strategy that was reflected in the response, which was drawn up following a series of staff consultation events. Towards the end of the year stronger links were forged with Lancashire and Cumbria Probation Trusts as the basis of a future joint response to the Transforming Rehabilitation agenda. 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.

In terms of operations the year saw a continuation of the work begun in 2011/12 on the implementation of the Building Confidence Strategy, aimed at increasing offender managers' ability in exercising their professional judgement in the management of cases. Following the pilot in St. Helens the NOMS Skills for Effective Engagement and Development (SEED) programme was rolled out across the Trust. There were also developments in offender engagement including working with the University of Glasgow on the desistance model of practice and more importantly, making it become "real" by involving service users in the development of the work. The Practise Development Officers delivered a standard curriculum of quality improvement work across the Local Delivery Unit (LDU), but tailored to the needs of each. The year also saw a major emphasis on how Merseyside Probation Trust (MPT) work with the perpetrators of Domestic Violence, including the Trust hosting a multi-agency Domestic Abuse Conference. Speakers from a range of agencies talked about how we can work together to protect victims and explained the vital role our staff play in challenging abusive behaviour. The conference also heard from offenders who had completed the Community Domestic Violence Programme.

The national inspection in 2011 resulted in the Trust achieving headline and section scores that were better than any other Trust in the North West and in the case of work to reduce the Likelihood of Reoffending equal to the best in England and Wales. There were some recommendations for improvement and the action plan that was subsequently drawn up was delivered in 2012, and signed off by the Board and NOMS.

The Trust made excellent progress during the year against its objectives at both LDU and Trust level, and achieved an overall rating on the Probation Trust Rating System of '3 Green', with ratings of '4' for both the Reducing Reoffending and Sentence Delivery Domains. The level of reoffending has fallen during the year in each of the LDUs, with 3 now having levels below the predicted rate.

Regular budget monitoring during the course of the year allowed the Board to re-invest in part of the continuation of the Resettle project until March 2014 and still be able to return a portion of the budget to NOMS. Towards the end of the year, as part of the preparations for the future landscape, the Trust opened up an opportunity for appropriate staff to apply for Voluntary Early Retirement, this will result in a reduction of 7 in the establishment by the end of March 2014.

The most significant development in organisational infrastructure has seen staff at Headquarters move from office based accommodation spread across 3 areas of Burlington House to open plan accommodation on a single floor. This redevelopment also saw the refurbishment of the conference room facilities.

November 2012 saw the Trust's first ever single 'all staff' conference, which was a great success. The conference was organised by a cross grade staff group. The programme for the day was well received and all who attended demonstrated high levels of creativity, commitment, and hope for the future.

On the 25th October 2012, at the British Quality Foundation (BQF) Awards Evening, the Trust was announced as one of the two winners of the year's UK Excellence Award. MPT are the first public sector organisation ever to receive this accolade. The inspectors review commented:

> "Merseyside Probation Trust has clearly shown that it is an organisation which is very well led by a strong and cohesive senior management team, and which demonstrates a strong commitment to excellence and to the principles of continuous improvement. In terms of the fundamental concepts of excellence, as defined by the Excellence Foundation Quality Mark (EFQM) Model, the Trust is particularly strong in respect of Adding Values for Customers, Nurturing Creativity and Innovation and Building Partnerships."

Operational Performance 2012–13

Merseyside Probation Trust works to a range of performance measures focusing on our processes and outcomes. These measures are determined Nationally by the National Offender Management Service, who set national targets for all Trusts and determine the measurement methodology. In addition, the Trust negotiates further targets, particularly around volumes for achievement and delivery with the Regional Commissioners. These targets are based on local profiles, previously achieved targets and other information that may indicate levels of demand for various services.

These targets are monitored monthly locally and nationally quarterly to ensure that the Trust is on track to meet its goals.

Contract Measures 2012/13

Measure	Driver (Objective)	Target	Performance
Offender Management			
Reduce Reoffending	Minimise the Seriousness of Reoffending; Reduce the Frequency of Reoffending	Less than predicted rate 9.16%	**8.75%**
Proportion of orders and licences successfully completed	Offender Compliance; Influencing Sentences and Sentencing Patterns	70%	**78.24%**
Proportion of Pre Sentence Reports (PSRs) completed within timescales set by the court (inc Remand In Custody (RICs))	Influencing Sentencers and Sentencing Patterns; Quality and Timeliness of Court Reports	90%	**98.40%**
Proportion of offenders surveyed that have engaged positively with the offender management process	Offender Engagement; Offender Needs Addressed	67%	**79.19%**
Proportion of OASys final reviews (terminations) completed or updated within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 offenders and Prolific Priority Offenders (PPOs)	Quality and Timeliness of Offender Assessment/Review	90%	**86.49%**
Proportion of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	Offender Compliance (Enforcement)	90%	**92.70%**

Measure	Driver (Objective)	Target	Performance
Proportion of licence recall requests to reach National Offender Management Service (NOMS) Post Release Section within 24 hrs of the decision of the Offender Manager	Offender Compliance (Enforcement)	90%	**98.00%**
Proportion of OASys assessments assessed as either "Satisfactory" or "Good" on the OASys Quality Assurance (QA)	Quality and Timeliness of Offender Assessment/Review; Quality and Effectiveness of Sentence Plans	90%	**93.64%**
Proportion of Indeterminate Sentence Prisoner (Indeterminate Public Protection (IPP) and Lifer) assessment reports completed on time	Quality and Timeliness of Offender Assessment/ Review	80%	**96.21%**
Multi Agency Public Protection (MAPPA) EFFECTIVENESS – NEW Creation of appropriate records on VISOR and attendance at meetings	Effectively manage MAPPA process in order to minimise the seriousness of reoffending	90%	**99.74%**
Interventions			
Volume of Sex offender programme completions	Offender Needs Addressed	40	**46**
Volume of Domestic Violence Programme completions	Offender Needs Addressed	138	**142**
Volume of Accredited OBP (exc Sex Offender Treatment Programme (SOTP) and Domestic Violence (DV)) completions	Offender Needs Addressed	239	**255**
Volume of Community Payback completions	Offender Needs Addressed	1,350	**1,424**
Volume of Drug Rehabilitation Requirement (DRR) completions	Offender Needs Addressed	281	**305**
Volume of Alcohol Treatment Requirement (ATR) completions	Offender Needs Addressed	191	**222**
Resettlement			
Proportion of offenders in employment at termination of their order or licence.	Offender Needs Addressed; Effective Partnership Working	35%	**43.68%**
Proportion of offenders in settled and suitable accommodation at the end of their order or licence.	Offender Needs Addressed; Effective Partnership Working	80%	**89.06%**
The number of offenders under supervision who find and sustain employment.	Offender Needs Addressed	250	**315**
Bail, Court and Victim Work			
Proportion of victims responding to survey that are satisfied or very satisfied with service received	Victims risk, need and rights addressed	85%	**100%**

Contract Measures

Management Information Measures 2012/13

Measure	Driver (Objective)	Benchmark	Performance
Offender Management			
Proportion of breaches of community orders resolved within 25 working days of relevant failure to comply (end to end enforcement)	Offender Compliance; Effective Partnership Working	62%	**71.00%**
The proportion of Unpaid Work offender days which are lost because of stand-downs on the day	Value for Money	1%	**0.04%**
Interventions			
Proportion of OASys assessments completed within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders	Quality and Timeliness of Offender Assessment – NOW ONLY MEASURES INITIAL ASSESSMENT (LOCAL MEASURE ONLY)	90% (see note below)	**77.23%**
Proportion of OASys assessments completed within the appropriate timescales for all Tier 4 and PPO offenders	Quality and Timeliness of Offender Assessment – NOW ONLY MEASURES INITIAL ASSESSMENT (LOCAL MEASURE ONLY)	90%	**75.51%**
General Offender Behaviour Programmes (OBP's) successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	60%	**64.44%**
SOTP successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	70%	**80.00%**
DV successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	63%	**63.38%**
Community Payback successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	70%	**72.91%**
DRR successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	52%	**64.48%**
ATR successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	60%	**76.82%**
Resettlement			
The number of referrals to Education provision	Offender Needs Addressed – NOT MEASURED NATIONALLY – MANAGEMENT INFO. ONLY	442	**236**
The number of starts in Education provision	Offender Needs Addressed	No target set	**276**

Measure	Driver (Objective)	Benchmark	Performance
Bail, Court and Victim Work			
Proportion of victims are contacted within 8 weeks of an offender receiving 12 months or more for a serious sexual or violent offences	Victims risk, need and rights addressed	90%	**95.45%**
General			
Staff sickness levels not to exceed an average number of days per annum	Corporate	9 days	13.87

National Standards 2011 were introduced in the course of the year which removed the requirement for OASys assessments for Tier 2 and Tier 3 cases to be completed within a particular time scale.

Workload and Activity Statistics

Activity	2012–13	2011–12	2010–11	2009–10	2008–09
Offender Management					
No Tier Recorded Cases Commencing	298	311	639	448	1,709
Tier 1 Cases Commencing	1,364	1,506	1,645	1,884	2,067
Tier 2 Cases Commencing	995	1,086	1,472	1,737	1,475
Tier 3 Cases Commencing	3,703	3,728	4,088	2,720	3,232
Tier 4 Cases Commencing	1,167	965	1,118	1,094	1,066
Total	**7,527**	**7,596**	**8,962**	**7,883**	**9,549**
No Tier Cases on year end Caseload	1	3	2	3	276
Tier 1 Cases on year end Caseload	793	869	982	1,113	1,150
Tier 2 Cases on year end Caseload	1,619	1,633	1,708	1,876	1,413
Tier 3 Cases on year end Caseload	2,920	3,108	3,355	3,473	3,922
Tier 4 Cases on year end Caseload	2,441	2,216	2,172	1,985	1,746
Total	**7,774**	**7,829**	**8,219**	**8,450**	**8,507**
Pre-Sentence Reports (Standard) Delivered	1,254	2,122	3,968	3,061	4,212
Pre-Sentence Reports (Fast) Delivered	5,432	5,002	3,611	3,093	2,663
Victims Contacted	462	406	444	343	411
Interventions					
Unpaid Work Hours Delivered	187,098	224,000	262,580	278,580	281,869
Approved Premises Bed Spaces Provided		69	69	69	69
ASRO (Addressing Substance Related Offending) Completions and BSR (Building Skills for Recovery)	35	72	117	155	136
CALM (Controlling Anger & Learning to Manage) Completions	32	36	47	40	22
CDVP (Community Domestic Abuse Programme) Completions	142	170	209	197	114
N-SOGP (Northumbria Sex Offender Group Programme) Completions	46	43	30	22	13
Drink Impaired Drivers Programme Completions	63	73	98	140	179
TF (Think First) / TSP (Thinking Skills Programme) Completions	125	145	148	135	177

2. Governance

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 the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2008 (following transition from Merseyside Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued by the Secretary of State under the OM Act, a copy of which is included on page 51.

Principal activities

MPT covers the Merseyside police area as defined in Schedule 1 of the Police Act 1996, serving a population of approximately 1.4 million. During the year the Trust employed approximately 612 full time equivalent staff who worked from 28 buildings, 3 hostels and 3 prisons across the area.

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

The discharge of policies as established by NOMS are designed to ensure:

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

The Chief Executive (CE) is a statutory office holder appointed by the Trust. The CE is the Accounting Officer for the Board and is accountable to the Director General in his position as the Principal Accounting Officer (PAO) for NOMS. The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

Operational Performance during 2012–13

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

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 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 a deficit of £1,264,000 compared to a surplus of £554,000 in 2011–12. The reason for the decrease (and cause of the deficit) is due to changes in the actuarial position of the pension scheme. The deficit in 2012–13 reflects a difference in the pension scheme actuarial cost of operating the pension fund of £545,000 (actual cash cost to the Trust of £2,350,000 compared to an actuarial cost of £2,895,000), together with a deficit on expected returns on pension scheme assets over interest on pension fund liabilities of £745,000. Once adjusting for these items the Trust had a £26,000 surplus for the financial year.

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 decreased from an overall liability of £30,658,000 at March 2012 to an overall liability of £40,662,000 at March 2013. The largest single movement in net liabilities is £10,045,000 due to an increase in the overall pension fund liability.

Payment of creditors

In the year to 31 March 2013, the Trust paid 8,158 trade invoices with a value of £17.2m. The percentage of undisputed invoices paid within 30 days by the Trust was 90.9% compared to 90.4% 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 was 13.87 days across the Trust (2011–12 11.52 days).

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2012–13, which were formally reported to MoJ.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification of steps
September 2012	Restricted information lost in the post.	Restricted Information	Two	• Investigated Incident • Reported Incident to MoJ • Reviewed Policy & processes
January 2013	Restricted information lost during Prison visit.	Restricted Information	Two	• Investigated Incident • Reported Incident to MoJ • Reviewed Policy & processes

In both cases, a risk assessment was carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. 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 International Audit Standards (IAS) 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

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

The results of the "Transforming Rehabilitation" consultation paper were published on 9 May 2013, by the Secretary of State for Justice, which announced the future requirements for the provision of probation services. The recommendations will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime

Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. It is expected that the detail will be finalised over the coming months. None of the Trust's assets, liabilities or functions had been transferred at the date the accounts were authorised for issue.

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 53 to 57.

Future developments

The Merseyside Trust Board agreed the Trust's Strategic Plan (2013–14 – 2014–15) which includes:

- Service Review and Delivery Plan;
- Business Development Plan;
- Audit and Assurance Plan;
- Staff Development Plan;
- Infrastructure (ICT and Property); and
- Strategic Financial Plan and Budget.

Going Concern

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

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

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

Communications and employee involvement

The Trust provides the following:

- Staff Conference;
- Monthly Team briefing publication;
- Consultation events regarding ‘Transforming Rehabilitation’ Agenda;
- Consultation events regarding Strategic Plan 2013–14 / 2014–15; and
- Regular updates on MPT intranet.

Staff diversity

The Trust laid the foundations for implementation of general duties in the Equality Act 2010 in the development of its Single Equality Scheme. Since that time the Trust has developed processes to monitor protected characteristics (Sex, Race, Disability & Age) for both service delivery and employment practice. The Trust has policies and structures in place to ensure raised awareness and fair treatment within the organisation. The Trust has a Diversity Manager and an HR and Diversity Committee is held on a quarterly basis.

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 & Local Government (DCLG) decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 23.

Total audit fees reported in the Accounts are £19,242. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 are made up of:

- £7,497 payable to the Audit Commission (re closure of 2011–12 accounts).
- £11,745 payable to the National Audit Office (re closure of 2012–13 accounts).

The total audit fee for the 2012–13 accounts is £29,363, of which the balance of £17,618 will be paid in 2013–14.

As Accounting 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 Merseyside Probation Trust Management Board

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

- Probation Standing Orders;
- Governance Handbook; and
- Finance Manual.

The Audit Committee and Trust Board agreed updates to the governance documentation following changes to national policies.

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 page 14.

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

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive	Ms Annette Hennessy	Commenced – April 2012
Chief Executive	Mr John Stafford	Retired – April 2012
Chair	Mrs Liz Barnett	
Board Member	HH Judge Robert Warnock	Commenced – Jan 2013
Board Member	Mr Bill Gaywood	Commenced – August 2012
Board Member	Mrs Lesley Kay	
Board Member	Mr Peter Pattenden	Commenced – August 2012
Board Member	Mr Paul Patterson	
Board Member	Ms Dominique Webb	
Board Member	Mr Ian MacDonald	Resigned – July 2012

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

Annette Hennessy
Accounting Officer
Date: 19th June 2013

Remuneration Report

Appointments

A Probation Trust consists of a Chair and not less than four other members appointed by the Secretary of State; and the Chief Executive. The terms of employment of the appointed members are for the Secretary of State to determine, though the terms of employment of the Chief Executive are for the appointed members to determine, with the approval of the Secretary of State.

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

A) REMUNERATION – AUDITED

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

	2012/13			2011/12		
	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £
Annette Hennessy*	80–85	0	None	0	0	None
John Stafford**	85–90	0–5	None	85–90	0–5	None
Liz Barnett	20–25	0	None	20–25	0	None
Bill Gaywood	0–5	0	None	0–5	0	None
Lesley Kay	0–5	0	None	0–5	0	None
Peter Pattenden	0–5	0	None	0–5	0	None
Paul Patterson	0–5	0	None	0–5	0	None
Dominique Webb	0–5	0	None	0–5	0	None
Judge Robert Warnock	0–5	0	None	0–5	0	None

* Not in post in 2011/12
** Retired May 2012

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2012, 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.

	Total Full-time Equivalent Remuneration	
	2012–13	2011–12
Highest paid Director (pay band)	£80,000–£85,000	£85,000–£90,000
Median for other staff	£27,373	£27,102
Pay multiple ratio	3.1	3.3

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 before ‘on costs’ or enhancements.

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Annette Hennessy*	122	0	720	0	714

* Annette Hennessy joined the Trust / Pension in April 2012

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 Civil Service Pension arrangements and for which the Civil Service Vote 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.

Annette Hennessy
Accounting Officer
Date: 19th June 2013

Statement of Accounting Officer's Responsibilities

Under the Schedule 1, paragraph 13(1)(b) of the Offender Management Act 2007, the Secretary of State has directed the Merseyside Probation Trust 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 Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the 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, unless it is inappropriate to do so.

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

Governance Statement

Introduction

The Governance Statement has the following structure and incorporates the requirements set out in Annex 3.1 of Managing Public Money:

- Governance Framework;
- Internal Control;
- The risk and control framework;
- Corporate Governance;
- Review of economy, efficiency and effectiveness of the resources; and
- Review of effectiveness

Governance Framework

During 2012–13 the work of the Board was supported by 5 Committees, most of which meet on a quarterly basis. There was in addition the statutory Health & Safety Committee:

- Audit;
- Business Development & Commissioning (BDC);
- Human Resources and Diversity (HR&D);
- Joint Negotiating Consultative (JCN); and
- Local Accountability & Community Engagement (LACE).

The attendance records for 2012/13 are shown below. The percentage is calculated on the number of meetings members were scheduled to attend rather than the total number of meetings:

	Board		Audit		BDC		HR&D		JCN		LACE		TOTAL	
Total in 2012–13	8		4		3		5		3		5		**28**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Mrs Liz Barnett	8/8	100	3/4	75	1/3	33	5/5	100	3/3	100	3/5	60	**23**	**82**
Mr Bill Gaywood*	4/5	80	3/3	100	1/1	100	3/3	100	1/1	100			12	92
Mrs Lesley Kay	8/8	100	3/3	100	1/2	50	4/5	80	3/3	100	5/5	100	24	92
Mr Tony Pate*	5/5	100	3/3	100	1/1	100					2/2	100	11	100
Mr Peter Pattenden*	5/5	100			1/1	100	3/3	100	1/1	100	2/2	100	12	100
Mr Paul Patterson	5/8	62	2/4	50	2/3	67							9	60
Ms Dominique Webb	7/8	87	4/4	100	3/3	100	5/5	100	3/3	100	4/5	80	26	93
Mr Ian MacDonald**	1/3	33	1/1	100			0/2	0					2	33
HH Judge Robert Warnock***	0/2	0											0	0

* Commenced August 2012
** Resigned July 2012
*** Commenced January 2013

With the exception of the Audit and the Joint Consultative Negotiating Committees, the work of the Committees was identified in the 2012–13 Business Plan.

As planned, the Board met on eight occasions during 2012–13 The Board meetings have been well attended and have considered major reports on performance, offender management inspection and unqualified reports for 2011–12 in respect of the closure of the accounts and governance.

During 2011–12 the reduced number of Board Members resulted in pressure on the Committee timetable which was evident through some cancellation of meetings due to quoracy issues. This issue was addressed and in August 2012 two new Board Members and a Board Advisor joined the Trust Board.

The HR and Diversity Committees were combined into one Committee in 2012–13.

The Board's performance, including its assessment of its own effectiveness is reviewed annually. The 2013 review concludes that the Trust Board "has more than met the required standard and is operating to a good level, which is reflected in Merseyside Probation Trust winning the UK Excellence Award, the first Public Sector organisation to do so.

Internal Control

As Accounting Officer it is my responsibility to complete the final accounts for the MPT. I have responsibility for maintaining a sound system of internal control that supports the achievement of the MPT'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. Support for these accountability arrangements chiefly surround the employment of a full time Treasurer who also acts as the Corporate Risk Manager.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This system of internal control has been in place for the year ended 31st March 2013 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The 2012–13 Annual Report on Internal Audit Activity gave the Trust 'reasonable assurance' on the adequacy and effectiveness of the system of governance, risk management and internal control.

Leadership is given to the risk management process by an Audit Committee; the direct involvement of the Chief Executive; the Corporate Risk Manager; and relevant levels of employee. Staff are trained/equipped to manage risk through divisional management team meetings and opportunities to discuss key issues with the Board & Audit Committee. This process is subject to internal audit review. The Trust Board seeks to learn from and contribute to good practice eg the development of this statement itself. Information posted on the local intranet facility includes a summary statement from the Executive Management Team.

The risk and control framework

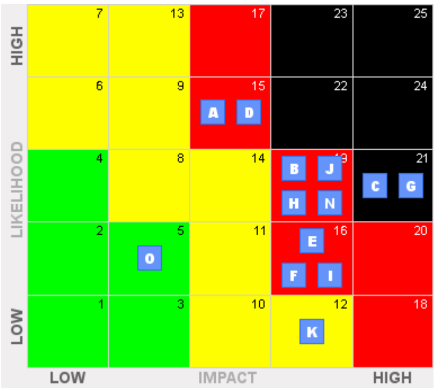
The Audit Committee is responsible for the risk and control framework of MPT, as defined in its terms of reference. The Committee meets on a quarterly basis. The previous Chair of the Committee resigned and left the Trust in July 2012 and a new Chair was in place for the September 2012 meeting. The Audit Committee publishes an Annual Report that highlights key matters in the previous year; compares coverage and timings of strategic items with HM Treasury guidelines. It also measures itself against a National Audit Office Self Assessment checklist. All of this information is prepared and forwarded for the consideration of the Trust Board as background assurance for this report.

The Business Risk Register is reviewed at quarterly intervals, timed to coincide with Audit Committee meetings. Risks are categorised according to likelihood and impact, with this being used as a basis for their priority ranking. Individual risks are allocated to named officers, linked to Divisional Plans and mitigating actions are time based.

In line with other areas of MPT business, it was decided that PAM (IT Software) should be utilised as a hub for the Business Risk Register. The objective was to create an ongoing 'live' document that is updated at source by the risk owners and can be accessed by Senior Management, Board Members and Internal/External Auditors.

Risk management is embedded in the activity of the organisation through Trust Board involvement, a proactive Audit Committee and a rigorous review process. The Chief Executive and Corporate Risk Manager engage senior officers through a variety of means which link risk to business plans and performance targets. Public stakeholders are recognised in the Register.

The Risk Register, last revised on the 5th June 2013 was as follows:



A – Business Development
B – Managing relationships with External Partners
C – Workload Management and Workforce Planning
D – Information Systems
E – Financial Planning
F – PTRS and Probation Trust Contract performance targets
G – Public Protection
H – Business Continuity Planning (BCP)
I – Providing Courts with quality and timely information
J – Assessment of Offenders (OASys)
K – Equality Issues
N – Sickness Absence
O – Transforming Rehabilitation Process
(NB – L and M are Risks that have been removed)

Risk management capability is considered against the MoJ assessment framework on an annual basis. This framework considers leadership, risk strategy and policies, people, partnerships, processes, risk handling and outcomes. The 2013 analysis concludes that there is continued evidence to suggest that "Level 4" has been sustained. This means that "… senior management are proactive in driving and maintaining the embedding and integration of risk management; in setting criteria and arrangements for risk management and in providing top down commitment to well managed risk taking to support and encourage innovation and the seizing of opportunities".

The Business Risk Register was last reviewed on the 5th June 2013. Part of this review was to assess the 'Likelihood' and 'Impact' ratings, remove implemented or redundant tasks and add tasks where necessary.

Likelihood – changes were made by assessing the actual likelihood of a risk happening and marking it according to the proportional probability, e.g. 80% or over would be deemed as 'Very High', while 50% would be 'Medium'.

Impact – the impact of a risk has been assessed to reflect a more 'actual risk of harm' approach, rather that deeming something 'Very High' based just on reputational risk to the Trust. It was felt that some of the ratings were too high as they did not reflect the actual severity of the impact.

As a result of this review, the 6 key business risks were assessed as:

- Public Protection – There was no change to the risk rating as it continues to potentially cause a 'very high' impact should an incident occur;
- Workload Management and Workforce Planning – The rating has changed from 24 to 21. The 'Likelihood' has been downgraded from 'High' to 'Medium'. Although there are a number continuing issues regarding sickness levels, reducing budgets and loss of key staff but we feel that the processes in place mean that the likelihood of issues is reduced;
- Sickness Absence – A new risk was added to the register to address issues with sickness levels. The risk rating was set at 19 to reflect the medium likelihood and high impact;
- Assessment of Offenders (OASys) – The rating remained the same and continues to be one of the key business risks to the Trust.
- Business Continuity Planning (BCP) – The rating has changed from 20 to 19. The 'Likelihood' has been upgraded from 'Low' to 'Medium' and the Impact from 'Very High' to 'High'. The reduction in 'likelihood' follows completion of planned work; and
- Managing relationships with External Partners – The rating has changed from 24 to 19. A major implication of the Probation Review is for Trusts to consider their role in commissioning, providing reserved services and being involved in non-reserved services – and the organisational structures to deliver part or all of these.

No ministerial directions were given in 2012–13.

The Trust Board has adopted the suite of 13 information assurance policies designed by NOMS to assure compliance with GSi protocols. Though these are designed for systems holding offender data, MPT applies them equally and proportionally to all of its information. Compliance is assured using a variety of tools, including a comprehensive programme of site audits, monitoring of staff use of e-mail, centralisation of the management of data protection with specialist staff and formal risk assessment when required. Lack of compliance has in the past resulted in staff being disciplined and dismissed. HQ ICT systems are subject to penetration testing and the preparation of a full RMADS risk assessment and are currently subject to a full MoJ accreditation process. Governance is provided by the Information Assurance Forum, chaired by the Head of Operations on behalf of the SIRO (Senior Information Risk Owner), who is designated as the CEO. Our internal Trust audit programme has been augmented by three internal audits in the past 12 months, the most recent of which returned a RAG status of green.

Corporate Governance

The Code of Good Practice (Corporate Governance in Central Government Departments – HM Treasury, July 2011) covers six key areas on which accounting officers need to be in a position where they can either confirm compliance or explain alternative governance measures as being in place ie the "comply or explain mechanism". The checklist developed by the National Audit Office offers a template with which to measure compliance.

It is my view that although some of the principles in the Code are not directly applicable to Probation Trusts the checklist does give the opportunity to demonstrate where assurances of compliance are in place:

Principle	Assessment
Parliamentary accountability	Not currently applicable but as far as possible the role of Accounting Officer in Section 2 (Internal Control) would suggest compliance
The role of the Board	**Complied** Section 1 – Governance Framework Section 6 – Review of Effectiveness
Board composition	**Complied** Section 1 – Governance Framework Section 6 – Review of Effectiveness, specifically Appendices 2 & 4

Principle	Assessment
Board effectiveness	**Complied** Section 1 – Governance Framework Section 6 – Review of Effectiveness, specifically Appendix 2
Risk Management	**Complied** Section 3 – Risk & Control Framework Appendix 3 – Risk Management Assessment Framework
Arm's Length Bodies	Not currently applicable. However future arrangements around Laurus OD Solutions, the effect of the current Probation Review mean the MPT Board need to be prepared in advance to take the right advice

Review of economy, efficiency and effectiveness of the use of resources

My review of economy, efficiency and effectiveness of the use of resources concludes that the Trust offers "value for money" (vfm). This conclusion is supported by the evidence outlined below:

- Financial planning and financial health – the Trust plans its finances effectively to deliver its strategic priorities and secure sound financial health:
  - Detailed, risk assessed budget;
  - Budget set in a two year timeframe;
  - The budget links to, and is included in the Strategic Plan; and
  - Budget proposals include workforce implications eg secondment pressures; and
  - Property rationalisation.
- Understanding costs and achieving efficiencies – the Trust has a sound understanding of its costs and performance and prioritises its resources with:
  - Budgets split down to Local Delivery / Business Units and teams within these;
  - Budget is produced via ResourceLink (Employees) and input directly to the accounting system so that they are immediately available to responsible officers. Procedure Manual in place;
  - MPT continue to look at benchmarking information eg PREview and aim to investigate all unit costs in the top quartile across the North West;
  - Positive involvement in the PREview unit costing model eg responses to the "outlier" analysis report produced by NOMS;
  - MPT returned £250,000 to NOMS from the 2012/13 budget, with the remaining budget being effectively managed; and
  - MPT has a good track record of achieving efficiencies. PTRS rating in 2012–13 continued to be "Green" despite continued reduction in contract income.
- Financial reporting – the Trust's financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people:
  - Monthly monitoring reports are produced for responsible officers with summary information provided to the senior management team and the Board on monthly and bi-monthly frequency;
  - In consultation of operational colleagues, budget monitoring for 2012–13 has been improved to provide closer analysis of key staffing costs in Approved Premises and Unpaid Work;
  - Incoming Assistant Chief Officers (ACOs) have received guidance and support in budget monitoring;
  - Budget monitoring information is reliable, relevant and understandable; and
  - Monitoring reports are run from a comparison of actuals and budgets, both transparent on the accounting system.
- Workforce planning – the Trust plans, organises and develops its workforce effectively to support the achievement of its strategic priorities:
  - The MPT workforce is organised and developed around strategic objectives;
  - Clear links of the financial plan to workforce projections;
  - ResourceLink system is increasingly been used as the hub of information on which all staffing analyses are based.

- Workforce plans include the strategic assumption that Support Services incur more of a % reduction than front line services;
- Workforce projections and utilisation of staff on the ground is heavily influenced by a capacity model jointly commissioned by metropolitan Trusts; and
- Robust systems of supervision, appraisal and sickness monitoring.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Trust 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. The Audit Committee review their own activities and effectiveness on an annual basis. There were no follow-up actions required from 2011–12. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and consider there are no specific weaknesses which need to be addressed to ensure continuous improvement of the system is in place. My review of the effectiveness of the system of internal control looks at the full range of stakeholders (Trust Board, Audit Committee, Corporate Risk Manager, Internal & External Audit, Managers and staff) and assesses each against criteria such as relationships and communication; business risk and internal control; roles and remit; meetings; financial information & regulatory matters; membership, induction and training.
No significant matters were raised by internal or external audit and management has responded to recommendations for any improvements, including defined and timetabled actions that are reported to, and monitored by, the Audit Committee.

Annette Hennessy
Accounting Officer
Date: 19th June 2013

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

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 Merseyside 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 Accounting 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 Merseyside 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** (page 29) 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 and Management Commentary 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 **3 July 2013**
Comptroller and Auditor General

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

4. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Administration costs			
Staff costs	3(a)	21,813	21,015
Other administration costs	6(a)	8,520	7,926
Income	7(a)	(29,814)	(29,871)
Net administration costs		**519**	**(930)**
Programme costs			
Staff costs	3(a)	500	618
Other programme costs	6(b)	243	2,947
Income	7(b)	(743)	(3,566)
Net programme costs		**0**	**(1)**
Net operating costs		**519**	**(931)**
Expected return on pension assets	4(d)	(5,688)	(6,282)
Interest on pension scheme liabilities	4(d)	6,433	6,659
Net operating costs before taxation		**1,264**	**(554)**
Taxation	5	16	0
Net operating costs after taxation		**1,280**	**(554)**

Other Comprehensive Expenditure

	Notes	2012–13 £000	2011–12 £000
Net gain on revaluation of property, plant and equipment	8	(15)	(10)
Pension actuarial loss	23	8,755	8,133
Total comprehensive expenditure for the year ended 31 March 2013		**10,020**	**7,569**

All activities derived from continuing operations.

The notes on pages 29 to 50 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	271	330
Total non-current assets		**271**	**330**
Current assets			
Trade and other receivables	12(a)	5,746	6,718
Cash and cash equivalents	13	1,986	2,683
Total current assets		**7,732**	**9,401**
Total assets		**8,003**	**9,731**
Current liabilities			
Trade and other payables	14(a)	(5,461)	(6,546)
Taxation payables	14(a)	(357)	(1,025)
Total current liabilities		**(5,818)**	**(7,571)**
Non-current assets plus/less net current assets/(liabilities)		**2,185**	**2,160**
Non-current liabilities			
Pension liability	4(c)	(42,863)	(32,818)
Total non-current liabilities		**(42,863)**	**(32,658)**
Assets less liabilities		**(40,678)**	**(30,658)**
Taxpayers' equity			
General fund	23	(40,811)	(30,776)
Revaluation reserve – property, plant and equipment	24(a)	133	118
		(40,678)	**(30,658)**

The financial statements on pages 25 to 28 were approved by the Board on the 19th June 2013 and were signed on its behalf by:

…………………………………..… Accounting Officer

Date 19th June 2013

The notes on pages 29 to 50 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Cash flows from operating activities			
Net operating costs	23	(1,280)	554
Adjustments for non-cash transactions	6(a)	74	101
Adjustments for pension cost	4(d)	1,290	(547)
Increase in receivables	12(a)	972	(2,857)
Decrease in payables	14(a)	(1,753)	175
Net cash outflow from operating activities		**(697)**	**(2,566)**
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	8	0	8
Net cash outflow from investing activities		**0**	**8**
Cash flows from financing activities		**0**	**0**
Payments of amounts due to the Consolidated Fund to NOMS		0	(8)
Net financing		**0**	**(8)**
Net decrease in cash and cash equivalents in the period		**(697)**	**(2,566)**
Cash and cash equivalents at the beginning of the period	13	2,683	5,249
Cash and cash equivalents at the end of the period	13	1,986	2,683
Decrease in cash		**(697)**	**(2,566)**

The notes on pages 29 to 50 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		**(23,197)**	**108**	**(23,089)**
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	554	0	**554**
Net gain on revaluation of property, plant and equipment	24(a)	0	10	**10**
Pension actuarial loss	23	(8,133)	0	**(8,133)**
Balance as at 31 March 2012		**(30,776)**	**118**	**(30,658)**
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(1,280)	0	**(1,280)**
Net gain on revaluation of property, plant and equipment	24(a)	0	15	**15**
Pension actuarial (loss)/gain	23	(8,755)	0	**(8,755)**
Net NOMS financing received in year	23	0	0	**0**
Balance as at 31 March 2013		**(40,811)**	**133**	**(40,678)**

The notes on pages 29 to 50 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

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

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

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

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

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

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been an increase in the net operating cost after taxation of £799,000. This would be due to a reduction in the expected return on pension assets of £870,000 offset by a reduction in the interest on pension scheme liabilities of £71,000.

1.1 Accounting convention

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

1.2 Changes in accounting policies and restatement of comparatives

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

1.3 Going concern

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

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

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

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

1.4 Property, plant and equipment

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

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

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

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

1.6 Impairment

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

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

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

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

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

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

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

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

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

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

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

Operating income is income that relates directly to the operating activities of the Probation Trust. This comprises income under the Trust's contract with NOMS for the provision of Probation Services, rent receivables, income from EU sources, income from other Trusts, from within the MoJ Group, from other Government Departments and miscellaneous income. Fees and charges for services are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

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

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

1.12 Pensions
Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate

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

1.13 Leases

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

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

Finance leases

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

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

Operating leases

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Probation Trust has a present legal or constructive obligation, as a result of past events, for which it is probable or virtually certain that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

1.15 Value Added Tax

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

1.16 Deferred Tax
Not Applicable

1.17 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 Corporation Tax on their profits and 'profit' for this purpose means income and chargeable gains. These accounts include estimates of corporation tax liabilities.

1.18 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.

1.19 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.

1.20 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**.

1.21 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

The following table presents the net cost of operations and total net assets by reportable operating segment for the year end 31 March 2013:

	Main Probation Activities	ESF Project	Laurus OD Solutions	Resettle Project	Total
	£000	£000	£000	£000	£000
Staff Costs	20,494	500	309	465	21,768
Non Staff Costs	7,550	243	681	289	8,763
	28,044	**743**	**990**	**754**	**30,531**
Funding/Income Received	(28,070)	(743)	(990)	(754)	(30,557)
Net Expenditure	(26)	0	0	0	(26)
Total Net Assets	**(44,974)**	**2,394**	**65**	**1,837**	**(40,678)**

The following table provides comparative figures for the year end 31 March 2012:

	Main Probation Activities	ESF Project	Laurus OD Solutions	Resettle Project	Total
	£000	£000	£000	£000	£000
Staff Costs	21,371	1,874	291	613	24,149
Non Staff Costs	8,800	1,691	598	262	11,351
	30,171	**3,565**	**889**	**875**	**35,500**
Funding/Income Received	(30,167)	(3,566)	(897)	(874)	(35,504)
Net Expenditure	4	(1)	(8)	1	(4)
Total Net Assets	**(34,098)**	**1,957**	**67**	**1,416**	**(30,658)**

Notes

1. Treatment of European Social Fund (ESF) Project Costs and Relationship to Net Expenditure Position:
   The figures shown above reflect the financial position reported to the individual Boards responsible for each activity. They differ in total from the figures shown in the Statement of Comprehensive Net Expenditure due to accounting adjustments required for disclosure purposes. In addition note that the analysis of staff costs, non-staff costs and income differ from the analysis in the Statement of Comprehensive Net Expenditure due to the treatment in the accounts of payments to other Probation Trusts in respect to ESF Project costs. Note that expenditure by other Trusts in respect to ESF Projects will be reflected in their local accounts.

2. Relationship of Merseyside Probation Trust to Laurus OD Solutions:
   Merseyside Probation Trust, along with other Trusts in the North West Region, has entered into a Jointly Controlled Operation (JCO). This came into effect on 1st July 2011. The name given to the JCO was “Laurus OD Solutions” and was set up solely as a vehicle for undertaking staff training, learning and development. It aims to improve efficiency (through the pooling of resources/scale economies) and utilise specialist skills. There are no contingent liabilities in relation to the Trust’s role as the accountable body.

3. Reconciliation of Segmental Reporting Total Net Expenditure to Statement of Comprehensive Net Expenditure:

	Total
	£000
Overspend per Statement of Comprehensive Net Expenditure	519
Add back Pension Cost Figure required for disclosure purposes	(2,895)
	(2,376)
Deduct Trusts actual Pension Cost for 2012–13 (included in table above)	(2,350)
Net Expenditure as per summary above	**(26)**

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012–13			2011–12
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	19,485	18,679	806	19,559
Social security costs	1,398	1,398	0	1,422
Other pension costs	2,895	2,895	0	2,719
Sub-total	**23,778**	**22,972**	**806**	**23,700**
Less recoveries in respect of outward secondments	(1,465)	(1,465)	0	(2,067)
Total staff costs	**22,313**	**21,507**	**806**	**21,633**
Administration-related staff costs	21,813	21,007	806	21,015
Programme-related staff costs	500	500	0	618
	22,313	**21,507**	**806**	**21,633**

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**. The change in other pension costs relates primarily to fund deficits on the Pension Fund as part of a three year agreed deficit payment plan.

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
612	587	25	621
612	**587**	**25**	**621**

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2012–13 Number of compulsory redundancies	2012–13 Number of other departures agreed	2012–13 Total number of exit packages by cost band	2011–12 Number of compulsory redundancies	2011–12 Number of other departures agreed	2011–12 Total number of exit packages by cost band
<£10,000	0	2	2	0	0	0
£10,000–£25,000	0	2	2	0	0	0
£25,000–£50,000	0	4	4	0	1	1
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	**0**	**8**	**8**	**0**	**1**	**1**
Total resource cost £000	**0**	**183**	**183**	**0**	**47**	**47**

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 Trust Board approved 8 individuals applications for voluntary early retirement on the 26th March 2013, with departure dates between June 2013 and March 2014. The cost relates to the additional cost of pension contributions into the Trust's pension fund. The departures are estimated to generate financial savings of £58,700 in 2013–14 and £119,800 in 2014–15.

4. Pensions costs

As part of the terms and conditions of employment of its officers and other employees, the Trust offers retirement benefits. Although these are not actually payable until employees retire, the Trust has a commitment to make the payments that need to be disclosed , at the time that employees earn their future entitlements. The provisions of the Local Government pension Scheme (LGPS) cover present and past employees which is statutory and fully funded. The scheme is administered by Merseyside Pension Fund. This is a defined benefit scheme, where 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.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Mercers Ltd. For 2012–13, employers' contributions of £2,533,000 were payable to the LGPS (2011–12 £3,643,000). 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.

Partnership accounts are excluded under IAS19.

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

- Employer's contributions for 2012–13 were 11.3% of salaries;
- Employer's contributions for 2013–14 will be 11.3% of salaries; and
- Employer's contributions for 2014–15 will be 11.3% of salaries.

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

	2012–13	2011–12
	%	%
Inflation assumption	2.4%	2.5%
Rate of increase in salaries	3.9%	4.0%
Rate of increase for pensions in payment and deferred pensions	2.4%	2.5%
Discount rate	4.2%	4.9%

Mortality Assumptions:
Life expectancy of a future pensioner male (female) aged 65 in 20 years time – 23.7(26.6) years. Life expectancy of a current pensioner aged 65 – 21.8 (24.7) years.

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
	%	%	£000	%	%	£000
Equities	7%	61%	67,087	7%	59%	58,413
Government bonds	2.8%	16%	17,381	3.1%	16%	15,518
Other bonds	3.9%	4%	3,985	4.1%	4%	3,954
Property	5.7%	8%	9,198	6%	9%	9,192
Other	7%	12%	13,063	7%	12%	11,761
Total	**0.0%**	**100%**	**110,705**	**0.0%**	**100%**	**98,838**
(Present value of scheme liabilities)			**(153,568)**			**(131,656)**
Surplus/(deficit) of the scheme			**(42,863)**			**(32,818)**
Net pension asset/(liability)			**(42,863)**			**(32,818)**

4d. Analysis of amounts recognised in SoCNE

	2012–13 £000	2011–12 £000
Pension cost		
Current service cost	2,895	2,698
Effect of curtailment	0	21
Total operating charge	**2,895**	**2,719**

	2012–13 £000	2011–12 £000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(5,688)	(6,282)
Interest on pension scheme liabilities	6,433	6,659
Net interest costs	**745**	**377**

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13 £000	2011–12 £000
Pension actuarial loss.	(8,755)	(8,133)
Total shown in other comprehensive expenditure	**(8,755)**	**(8,133)**

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

	2012–13 £000	2011–12 £000
Opening present value of liabilities	**131,656**	**121,480**
Current service cost	2,895	2,698
Interest cost	6,433	6,659
Contributions by members	1,105	1,112
Actuarial losses on liabilities*	16,170	4,326
Benefits paid	(4,691)	(4,640)
Curtailments	0	21
Closing present value of liabilities	**153,568**	**131,656**

* Includes changes to actuarial assumptions

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

	2012–13 £000	2011–12 £000
Opening fair value of assets	**98,838**	**96,248**
Expected return on assets	5,688	6,282
Actuarial gains/(losses) on assets	7,415	(3,807)
Contributions by the employer	2,350	3,643
Contributions by members	1,105	1,112
Benefits paid	(4,691)	(4,640)
Closing fair value of assets	**110,705**	**98,838**

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	110,705	98,838	96,248	90,145	67,740
Present value of liabilities	153,568	131,656	121,480	127,636	93,379
Surplus/(deficit)	**(42,863)**	**(32,818)**	**(25,232)**	**(37,491)**	**(25,639)**
Experience gains/(losses) on scheme assets	7,197	(3,982)	(416)	18,423	(7,961)
Experience gains/(losses) on scheme liabilities	0	0	7,152	0	(741)
Percentage experience gains/(losses) on scheme assets	**7%**	**(4%)**	**0%**	**20%**	**(12%)**
Percentage experience gains/(losses) on scheme liabilities	**0%**	**0%**	**6%**	**0%**	**(1%)**

4i. Sensitivity analysis

	+0.1%	0%
Adjustment to discount rate	**£000**	**£000**
Present value of total obligation	40,325	42,863
Projected service cost	3,534	3,645

	+1yr	none
Adjustment to mortality age rate assumption	**£000**	**£000**
Present value of total obligation	45,941	42,863
Projected service cost	3,729	3,645

	+0.1%	0%
Adjustment to inflation	**£000**	**£000**
Present value of total obligation	45,448	42,863
Projected service cost	3,758	3,645

5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	16	0
Total	**16**	**0**

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.

6. Other administrative costs and programme costs

6a. Administration costs

	2012–13		2011–12	
	£000	£000	£000	£000
Accommodation, maintenance and utilities	3,057		3,261	
Travel, subsistence and hospitality	372		359	
Professional services	46		80	
IT services	1,480		1,634	
Communications, office supplies and services	1,228		776	
Other staff related	694		459	
Offender costs	1,415		1,275	
Other expenditure	108		(56)	
External Auditors' remuneration – statutory accounts	20		37	
Internal Auditors' remuneration and expenses	26		23	
		8,446		**7,825**
Non-cash items				
Depreciation of tangible non-cash assets	74		101	
		74		101
Total		**8,520**		**7,926**

6b. Programme costs

Current expenditure	243		2,947	
Total		**243**		**2,947**
Total other administration and programme costs		**8,763**		**10,873**

7. Income

7a. Administration income

	2012–13		2011–12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	28,425		28,956	
		28,425		**28,956**
Other income received from Probation Trusts		634		458
Other income from NOMS		39		89
Other income from other Government departments		95		12
Miscellaneous income		613		349
		29,806		**29,864**
Interest received:				
From bank	8		7	
Total interest received		**8**		**7**
Total administration income		**29,814**		**29,871**

7b. Programme income

Other EU income	743		3,566	
Other programme income	0		0	
Total programme income		**743**		**3,566**
Total income		**30,557**		**33,437**

8. Property, plant and equipment

	2012–13					
	Information technology	**Plant and machinery**	**Transport equipment**	**Furniture, fixtures and fittings**	**Payments on account and assets under construction**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation						
As at 1 April 2012	**0**	**418**	**477**	**0**	**0**	**895**
Disposals	0	(27)	0	0	0	(27)
Indexation/revaluation	0	12	29	0	0	41
As at 31 March 2013	**0**	**403**	**506**	**0**	**0**	**909**
Depreciation						
As at 1 April 2012	**0**	**373**	**192**	**0**	**0**	**565**
Charge in year	0	26	48	0	0	74
Disposals	0	(27)	0	0	0	(27)
Indexation/revaluation	0	11	15	0	0	26
As at 31 March 2013	**0**	**383**	**255**	**0**	**0**	**638**
Carrying value as at 31 March 2013	**0**	**20**	**251**	**0**	**0**	**271**
Carrying value as at 31 March 2012	**0**	**45**	**285**	**0**	**0**	**330**
Asset financing						
Owned	0	20	251	0	0	271
Carrying value as at 31 March 2013	**0**	**20**	**251**	**0**	**0**	**271**

8. (Continued)

	2011–12					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	**0**	**442**	**537**	**0**	**0**	**979**
Disposals	0	(32)	(62)	0	0	(94)
Indexation/revaluation	0	8	2	0	0	10
As at 31 March 2012	**0**	**418**	**477**	**0**	**0**	**895**
Depreciation						
As at 1 April 2011	**0**	**356**	**194**	**0**	**0**	**550**
Charge in year	0	49	52	0	0	101
Disposals	0	(32)	(54)	0	0	(86)
As at 31 March 2012	**0**	**373**	**192**	**0**	**0**	**565**
Carrying value as at 31 March 2012	**0**	**45**	**285**	**0**	**0**	**330**
Carrying value as at 31 March 2011	**0**	**86**	**343**	**0**	**0**	**429**
Asset financing						
Owned	0	45	285	0	0	330
Carrying value as at 31 March 2012	**0**	**45**	**285**	**0**	**0**	**330**

9. Intangible assets

As at 31 March 2013 there are no Intangible assets

10. Impairments

As at 31 March 2013 there are no impairments.

11. Assets held for sale

As at 31 March 2013 there are no assets held for sale.

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13 £000	2011–12 £000
Amounts falling due within one year		
Trade receivables	56	176
Receivables due from Probation Trusts	24	38
Receivables due from NOMS agency	5,600	6,148
Receivables due from HM Courts & Tribunals Service (HMCTS)	0	99
Receivables due from all other Government departments	66	182
Prepayments	0	75
	5,746	**6,718**
Amounts falling due after more than one year		
	0	**0**
Total	**5,746**	**6,718**

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	5,624	6,285	0	0
Balances with local authorities	60	140	0	0
Balances with NHS bodies	0	30	0	0
Balances with public corporations and trading funds	6	12	0	0
	5,690	**6,467**	**0**	**0**
Balances with bodies external to Government	56	251	0	0
Total	**5,746**	**6,718**	**0**	**0**

13. Cash and cash equivalents

	2012–13 £000	2011–12 £000
Balance at 1 April	2,683	5,249
Net change in cash and cash equivalents	(697)	(2,566)
Balance at 31 March	**1,986**	**2,683**
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	1,986	2,683
Balance at 31 March	**1,986**	**2,683**

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
Amounts falling due within one year (excluding taxation)	**£000**	**£000**
Trade payables	446	963
Accruals	418	1,105
Deferred income	4,395	4,021
Payables due to Probation Trusts	42	212
Payables due to NOMS Agency	125	215
Payables due to all other Government departments	35	30
	5,461	**6,546**
Tax falling due within one year		
VAT	305	549
Corporation tax	52	36
Other taxation and social security	0	440
	357	**1,025**
Total amounts falling due within one year	**5,818**	**7,571**
Amounts falling due after more than one year		
	0	**0**
Total	**5,818**	**7,571**

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	524	1,452	0	0
Balances with local authorities	9	30	0	0
Balances with NHS bodies	15	0	0	0
Balances with public corporations and trading funds	11	0	0	0
	559	**1,482**	**0**	**0**
Balances with bodies external to Government	5,259	6,089	0	0
Total	**5,818**	**7,571**	**0**	**0**

15. Provisions for liabilities and charges

As at 31 March 2013 there are no provisions.

16. Capital commitments

As at 31 March 2013 there are no capital commitments.

17. Commitments under lease

17a. Operating leases
As at 31 March 2013 there are no operating leases.

17b. Finance leases
As at 31 March 2013 there are no finance leases.

18. Other financial commitments

As at 31 March 2013 there are no other financial commitments.

19. Deferred tax asset

As at 31 March 2013 there are no deferred tax assets.

20. Financial instruments

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

21. Contingent liabilities

As at 31 March 2013 there are no contingent liabilities.

22. Losses and special payments

22a. Losses statement
As at 31 March 2013 there are no losses.

22b. Special payments schedule
As at 31 March 2013 there are no special payments.

23. General fund

	2012–13 £000	2011–12 £000
Balance at 1 April	(30,766)	(23,197)
Balance restated at 1 April	**(30,776)**	**(23,197)**
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,280)	554
Actuarial gains and losses	(8,755)	(8,133)
Balance at 31 March	**(40,811)**	**(30,776)**

24. Revaluation reserve

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

24a. Property, plant and equipment

	2012–13 £000	2011–12 £000
Balance at 1 April	118	108
Balance restated at 1 April	**118**	**108**
Arising on revaluations of PPE during the year (net)	15	10
Balance at 31 March	**133**	**118**

24b. Intangibles
As at 31 March 2013 there are no Intangibles.

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

As at 31 March 2013 there are no third-party assets.

27. Events occurring after the reporting period

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

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

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

Accounts Direction

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

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.

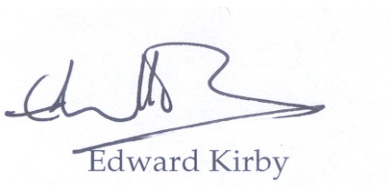
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2013 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM Treasury and which is in force for the relevant financial year.

3. The accounts shall be prepared so as to:
   - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers' equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
   - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.

5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.

6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 8 March 2012.



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

Appendix 1

35 Probation Trusts:

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

5. Sustainability report

Introduction
This is the second Sustainability Report for MPT, prepared in accordance with 2011–2012 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at: **www.hm-treasury.gov.uk/frem_sustainability.htm**. This report is not subject to audit. 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 18 buildings.

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

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

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

Climate change adaption and mitigation
The MoJ SDT has drafted a Statement for Climate Change Adaptation and set their built and non-built estate challenging objectives as follows:
- To enable the MoJ estate to evaluate risks to its strategy for programme delivery on vulnerable flood plains and evaluate its baseline for future adaptation of its targets and actions against climate change;
- To enable the MoJ estate to prioritise its management of high risk sites and where necessary divert and recalculate important and fragile resources where they are vital to operational delivery;
- To identify where stakeholders and central partners need to act to facilitate further or additional actions to protect against climate change; and
- To establish a strategic process by which MoJ can put in place measures necessary to adapt to future climate change.

Carbon Reduction Commitment (CRC)
CRC is managed by MoJ and associated carbon allowances are accrued by MoJ Corporate Estates.

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

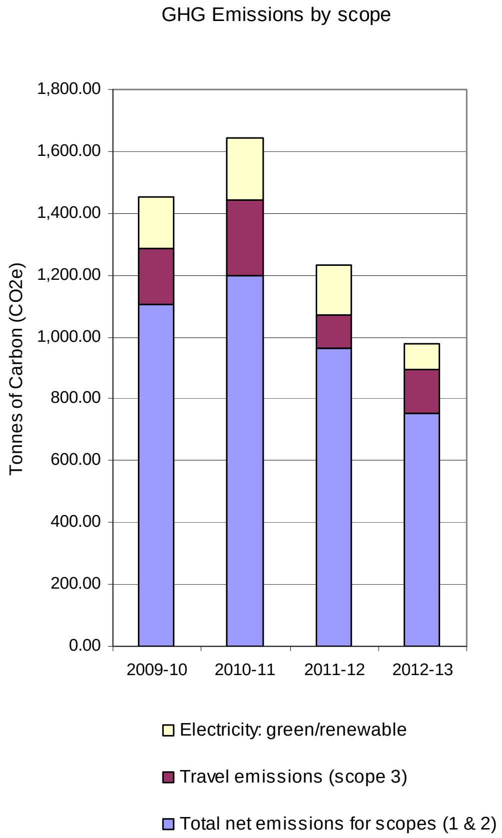
Merseyside Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

Social and environmental awareness

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO_2e)	Total gross emissions for scopes 1 & 2	1,268	1,403	1,125	838
	Electricity: green/renewable	165	204	164	84
	Total net emissions for scopes 1 & 2	**1,103**	**1,199**	**961**	**754**
	Travel emissions scope 3	182	243	107	140
	Total gross GHG emissions (all scopes)	**1,450**	**1,646**	**1,232**	**978**
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	952,533	1,173,909	943,445	481,973
	Electricity: renewable	317,511	391,303	314,481.5	160,657.75
	Gas	2,678,923	2,462,627	1,830,331	1,970,783
	Other energy sources	-	-	-	-
	Total energy	**3,948,967**	**4,027,839**	**3,088,257**	**2,613,414**
Financial indicators	Expenditure on energy	251,419	198,355	213,611	139,241
	Expenditure on official business travel	392,200	447,500	391,900	381,700



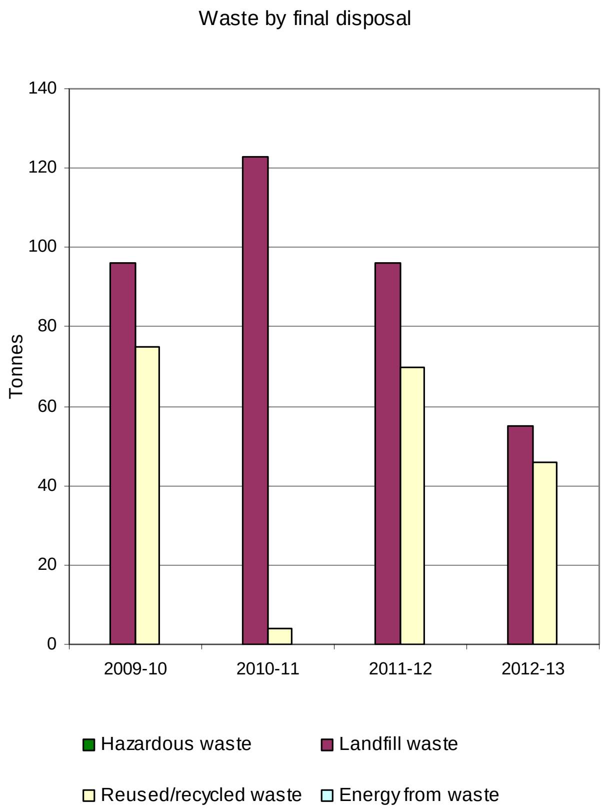
Performance commentary (including targets)
Overall there is a downward trend for scopes 1 & 2 compared with previously years emissions in this category. Good progress has been made to reduce green-gas emissions from the Trust's estate and travel combined. The reduction in emissions from this can be attributed to the Trust's Property rationalisation strategy; reducing the amount of accommodation occupied and replacing poorly performing buildings with more modern open plan properties that are more energy efficient in terms of improvements of lighting and upgraded voice and data cable management. Scope 3 (Travel) also shows an overall reduction in this category compared with 2009–10 and 2010–11 with a slight increase against 2011–12. Enhanced video and telephone-conferencing facilities have lead to a reduction in the Trust's business travel footprint. Where travel is necessary staff are encouraged to shift from road to rail.

Controllable impacts commentary
Includes missions from the Trust's properties and business travel. The Trust has no data on fugitive emissions.

Overview of influenced impacts
The Trust encourages Interserve our facilities management provider to follow up and implement energy reduction projects e.g. boiler optimisation and energy housekeeping programme that would see the assessment and setting of building controls to operate in a more energy efficient manner.

Waste

			2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	96	123	96	55
		Reused/recycled waste	75	4	70	46
		Energy from waste	0	0	0	0
	Total waste arising		171	127	166	101
Financial indicators	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	0	0	0	0
		Reused/recycled waste	0	0	0	0
		Energy from waste	0	0	0	0
	Total waste costs (£)		0	0	0	0



Performance commentary (including targets)
The five-year government target requires the Trust to make a 25 per cent reduction by 2015 in the waste we generate. The fall in the figures for 2012–13 against previous years can be attributed to the reduction in occupied office space. The Trust has a number of initiatives to help us achieve reductions in partnership with Interserve, our facilities management provider and include; dry mixed recyclable scheme for paper, cans and plastic as well as toner cartridges, mobile phones and batteries. The introduction of multi-functional devices that can print (including double sided printing), fax and scan documents thus reducing paper usage.

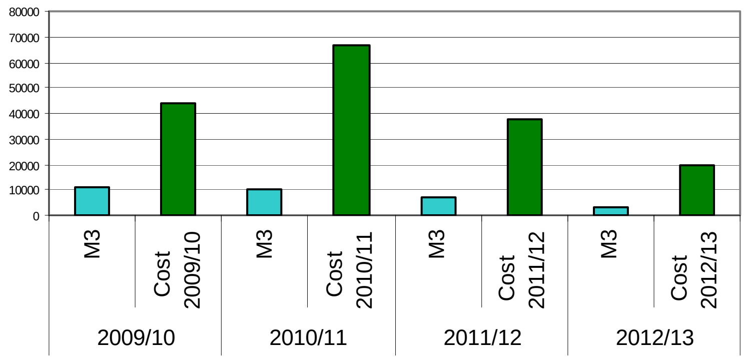
Controllable impacts commentary
We are unable to provide costs for non-hazardous waste. We do not create energy from waste.

Overview of influenced impacts
The Trust works with Interserve in supporting waste management initiatives i.e. dry mixed recyclables and recycling of other consumables.

Water

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators	**Total water consumption (cubic metres)**	10,644	10,286	7,224	3,339
Financial indicators	**Total water supply costs (£)**	44,250	66,736	37,539	19,481

Water. Total consumption and costs.



Performance commentary (including targets)
We have made good progress in reducing water consumption against the 2009–10 baseline.

Controllable impacts commentary
The reduction in water consumption has been achieved through the Trust's property rationalisation projects and through upgrading w.c. facilities.

Overview of influenced impacts
In conjunction with Interserve (FM provider) / MoJ, the Trust continues to help review and assess how water consumption can be reduced.

Paper

	2009–10	2010–11	2011–12	2012–13
Cost (excluding VAT)	21,300	29,400	28,600	25,400

There has been a gradual reduction in paper usage – partly by the use of double sided printing and the electronic transmission of documents.

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