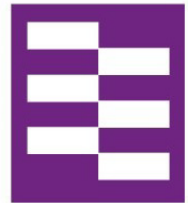


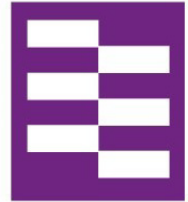
**Leicestershire
& Rutland
Probation Trust**



Leicestershire and Rutland Probation Trust

**Annual Report and Accounts
2012–2013**

**Leicestershire
& Rutland
Probation Trust**



Leicestershire and Rutland Probation Trust
Annual Report and Accounts
2012–2013

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

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Purpose, Mission & Values

The Leicestershire and Rutland Probation Trust (LRPT) is one of 35 Probation Trusts in England and Wales. Our work is directed by the National Offender Management Service (NOMS) and we are commissioned by the Secretary of State to provide probation services on a three year contract.

Our Purpose

To achieve a just, fair and inclusive society.
Improving lives by reducing reoffending and protecting victims.
Enabling people to achieve their full potential.

Our Mission

“To reduce reoffending by those under our supervision, to protect communities from harm and to work actively with offenders to assist them to change”.

Our Values

- Be victim focused
- Strive for the best outcome for every individual
- Believe in the capacity of people to change
- Seek to do the right thing
- Take an uncompromising stance against harm caused by crime
- Treat all people fairly, openly and with respect

There are five corporate priorities which integrate the contractual requirements and the transformational changes which shape this annual business plan. These are to:

- Improve our effectiveness and efficiency
- Invest in our people
- Increase our competitiveness
- Enhance our reputation
- Develop our business

Understanding the National Offender Management Service (NOMS)

The National Offender Management Service (NOMS) is an executive agency of the Ministry of Justice (MoJ), responsible on behalf of the Secretary of State for Justice for commissioning and delivering prison and probation services in England and Wales. The agency was established to join up prison and probation services, to enable offender management to be delivered more effectively, and to strengthen and streamline commissioning to improve efficiency and effectiveness. For further information go to www.justice.gov.uk

Foreword

This year has seen LRPT rise to the challenges presented by a reduced budget and the anticipated changes that have been outlined in the Government's consultation paper 'Transforming Rehabilitation.'

During the last 12 months we have been developing a new business model that will see the Trust change its organisational structure to create a clear internal separation between different service functions. LRPT has also been accepted as one of seven Trusts where staff will receive guidance as part of the Cabinet Office's Mutual Support Programme.

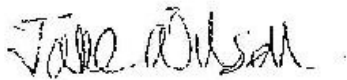
Whilst we have been planning for change, LRPT has sought to maintain its current performance to reduce re-offending. We have achieved a successful completion figure of 75%, against a target of 72%, in regard to community orders and post-custody licences.

LRPT continues to be innovative in its working practices, which is evident in the further development of the peer mentoring programme for current and ex-offenders. LRPT is a national leader in terms of service user engagement. Our trained peer mentors are now undertaking volunteering roles in all aspects of service delivery across the Trust.

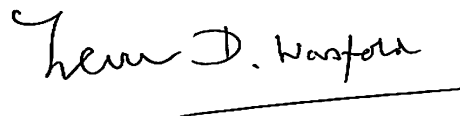
During the year we were successful in winning the new contract that enables the Trust to continue its delivery of the criminal justice pathway that provides drug and alcohol services to offenders in the city and counties.

LRPT is one of the few Trusts in England and Wales that has generated up to 30% of its budget from outside sources. We intend to build on this impressive record.

A large part of the planned new approach has been inspired and directed by Helen West, the Chief Executive Officer. Helen's vision, with the support of the Senior Management Team and the Trust Board, has further enhanced our reputation for innovation and strong performance. Helen has been unable to undertake her role due to serious illness since February 2013 and so Trevor Worsfold has been appointed as Acting Chief Executive during this period.



Jane Wilson
Board Chair



Trevor Worsfold
Acting Chief Executive Officer

1. Operational & Performance Review

Directing the Vision and Values of LRPT

The Chief Executive Officer (CEO) with the Senior Management Team, and the Trust's Board have been planning to change LRPT's organisational structure in preparation for the anticipated reforms that will be introduced as part of the Government's proposals outlined in the 'Transforming Rehabilitation' programme.

The agreed plans include changing its organisational structure to create a clear internal separation between the three functions of:

- Corporate Services
- Offender Management
- Contracted Services.

The Trust has a history of competing for contracts to provide drug and alcohol treatments, women's services, educational and job search training and a special project to offer a service for men and women with substance abuse issues, who are not involved with the Criminal Justice System.

LRPT has sought to evolve its role by winning additional contracts to provide services within Leicestershire and Rutland, as well as across the East Midlands region. 30% of the Trust's budget is now generated from outside contracts, which is in excess of £5 million a year.

At the end of this financial year, LRPT was successful in winning the new multi million pound contract that enables the Trust to continue its delivery of the criminal justice pathway that provides drug and alcohol services to offenders sentenced by the courts. Approximately 25% of offenders based in Leicester are drug misusers and 24% are alcohol misusers.

The new three year contract is worth £2.6 million per annum. The retention of this important work has enabled LRPT's Criminal Justice Drugs Team to expand their services into police stations at the point of arrest, HMP Leicester and in the work involved in bail assessments at court.

LRPT has also been accepted as one of seven Trusts where staff will receive support and guidance as part of the Cabinet Office's Mutual Support Programme to consider the most appropriate business model for staff to continue to use their expertise alongside potential partners.

National Recognition

During the year the innovative approach of LRPT was recognised by the Howard League for Penal Reform after the Trust's specialist team that deals with Learning, Accommodation, Education and Finance – the LEAF Team – won the education and training category in the League's 2012 community awards. The Community Payback Unit was runner up in the unpaid work category.

LRPT recognises that employment, financial inclusion and settled accommodation are key factors in achieving the key aim of reducing reoffending and protecting the public. Published by the Ministry of Justice, recent statistics show that for prisoners serving a sentence lasting 12 months or more, the one year re-offending rate was 5.6 percentage points lower for those who found employment than for the matched comparison group.

In March the Howard League staged a special conference event in Leicester that highlighted the LEAF Team's approach to delegates from around the country, including specialists in criminal justice agencies and community partnerships.

Guest speakers at the event were Sir Clive Loader, Leicestershire's Police and Crime Commissioner, Frances Crook, Howard League Chief Executive and Carrie Peters, LRPT Director.

New Partnerships

To further develop a more effective working relationship with the local Police and Crime Commissioner, a seconded Senior Probation Officer is based for two days every week with Sir Clive's performance and planning team.

Performance and Resources

LRPT has always sought to achieve outside accreditation to endorse its performance and working practices. LRPT was one of the first Trusts to have achieved Charter Mark success, now replaced by the Cabinet Office Customer Service Excellence Award, which was awarded again in 2012 for a further two years.

Developing a New Approach

The 'See Change' project is LRPT's response to the emerging desistance agenda that supports the work of the probation service to reduce re-offending. Desistance theory is based on a large body of evidence about why people stop offending. This is in direct contrast to most criminogenic theory which concentrates on why people start committing crimes. This initiative demonstrates the Trust's commitment to change, improvement and innovation as pathways to excellence.

The implementation group, convened to take the issues forward, consisted of service users, peer mentors, offender managers, Directors and Board members. Having the full range of stakeholders, including offenders and peer mentors, is an essential component of desistance development. The project group considered the work of the probation service such as offender management, supervision requirements, unpaid work etc in light of the key desistance principles.

These principles allowed the staff involved to be uninhibited and untrammelled by previous practice, thereby promoting innovation and new ways of thinking.

Restorative Justice

In February LRPT launched its Restorative Justice programme, which is available in both the city and county Magistrates' Courts.

LRPT's new initiative, Restorative Justice Conferencing, will give victims of crime an opportunity to voice their personal feelings of anger and pain, which in more established projects, has produced real change in the attitudes and behaviour of offenders.

The Trust, together with Leicester Prison, has designed a model that brings together offenders and their victims where there has been personal harm from burglary or violent offences. The Restorative Justice programme does not work with domestic violence perpetrators or sex offenders.

In England and Wales there have been a number of pilots and randomised controlled trials during the past 25 years.

For situations where there has been personal harm, there is national evidence which shows that Restorative Justice schemes has generated victim satisfaction levels of 85%. The national figures also show a 55% reduction in total offending for those on Community Orders, who have taken part in Restorative Justice.

LRPT can now propose a Specific Activity requirement with Restorative Justice Conferencing.

Improved Court Services

LRPT has redesigned its court service and now one team provides cover for all local courts including Magistrates and the Crown Courts.

The rationale behind the unification process was to use the closure of the other county-based courts to enhance service delivery to all remaining courts. The new unified team has addressed any inconsistencies in service.

Unpaid Work in 2012

Unlike other Probation Trusts that have seen a decrease in unpaid work requirements, the local courts are maintaining the same number of cases in regard to this type of punishment.

- There were 1,067 successful completions in 2012 compared to a target of 1,000.
- The completion rate for 2012 was 76.6% compared to a target of 75%.
- The total number of beneficiaries for 2012 was 176.

The majority of service users start on outdoor programmes of work, although indoor projects are available to provide for particular individual needs. There is now an expectation that all unemployed service users, on stand-alone Unpaid Work Requirements, should attend four times a week.

Developing Working Practice

LRPT implemented the new national standards and practice framework for the supervision of offenders in February. The guidance has introduced a significant loosening in the regulations and rules governing when and how often offenders are seen.

LRPT's focus moved to achieving outcomes, rather than simply concentrating on the process of supervision; in other words what is achieved rather than when and where.

The outcomes that the Trust is tracking, and is held to account for, are:

1. Reduction in harm from offenders
2. Reduction in re-offending
3. Delivery of and compliance with the sentence of the Courts.

Probation staff members now have more discretion in planning the pattern of supervision to achieve these outcomes. When risk is high or increasing, offenders will be seen more frequently and more resources will be applied to reduce the risk.

Conversely when risk is low and offenders are complying, and engaged with a range of community resources, contact will reduce.

All offenders are seen at an intensive level to start with to ensure that they are effectively engaged in the supervision process, and to ensure that their offender manager fully understands the risks they pose and the best ways of working with them.

Peer Mentoring

LRPT has led the field in its development of the innovative peer mentoring programme that sees ex-offenders working alongside probation staff as part of the induction process and other support work.

Peer Mentors must meet the following criteria:

- Free of illicit drug use
- No problematic use of alcohol
- Ceased offending
- Stable lifestyle and positive attitude and in a position to help and support others.

The training is delivered by ex-peer mentors and probation practitioners demonstrating the progression routes and peer learning.

A scheme now operates within HMP Leicester's Substance Misuse Wing to recruit prisoners, who are stable in their recovery, to act as peer mentors to other prisoners.

There are approximately 40 peer mentors actively engaged across LRPT's peer mentor scheme at present. Within the Criminal Justice Drugs Team (CJDT) and Quality of Life (QoL) approximately 25 peer mentors completed their training during the year.

To further promote the programme to the wider local community and other agencies, peer mentors have been involved in:

- training all new Magistrates and new police volunteer recruits as part of their induction
- promotional presentation work with schools, the Youth Offending Service and Young People's Substance Misuse Service as part of the preventative programme
- outreach work in hostels around the city and delivering services within other organisations such as Leicestershire Partnership's NHS Trust Substance Misuse Services and New Dawn New Day Women's Centre.

New Courts Protocol

The new local Pre Sentence Report Protocol has been introduced, which is expected to reduce the number of adjournments for Magistrates.

The protocol specifies that the probation service determines which report format is presented to the court. As a result, the most extensive report, which takes 15 days to complete, is reserved for the most serious offenders and requires probation staff to undertake comprehensive risk assessments including liaising with other agencies if there are mental health issues or concerns surrounding the safeguarding of children or vulnerable adults.

Working in Partnership

A new development has been the Trust's new Preferred Partner Network to encourage new and existing providers to propose projects. The framework allows the Community Payback Team to look at each project's individual merits and score them in terms of how they meet the requirements of LRPT. It is hoped that Organisations, which have not felt they could access resources before, can be encouraged to propose new and exciting projects to work on in the years ahead.

Inroads into hard to reach communities

LRPT has been working with Leicestershire Police on several joint initiatives in high crime areas as well as referrals to combat the effects of anti-social behaviour. These areas are referred to as wards with low confidence in the Criminal Justice System. Local area police officers bring referrals directly from residents concerning a problem in the neighbourhood that is having a negative impact on their everyday lives.

In 2012 a total of 2,665 hours of community payback were completed in these low confidence wards, an increase on the previous year. This is an effective way of working in these communities that are directly affected by crime.

The Senior Probation Officer managing the Community Payback unit attends the meetings of the local Community Safety Partnerships (CSPs) to keep updated on issues and to highlight the reparation work undertaken in the local communities. The CSPs are local statutory partnerships to coordinate action on crime and disorder and meetings are attended by the Senior Probation Officers in the various areas covered by LRPT.

Health Trainer Success

LRPT has developed a partnership project with the local public health agencies to run the Health Trainer Scheme to improve the wellbeing of service users.

The Health Trainer Team consists of five members, all of whom have previous criminal convictions, and have been trained to deliver health advice to men and women being supervised by the Trust. Each Health Trainer, as part of their, work openly shares their previous life experiences to be viewed as a credible and positive role model for change.

The first level of engagement is to help service users, without a doctor or dentist, to register with a health professional. The second level involves the health trainers devising a tailored health plan for an individual offender to enable the participant to develop better eating habits, take more exercise and stop or reduce smoking.

During the year a total of 3,020 people attended groups, drop in events, health and wellbeing sessions.

This engagement resulted in:

- 167 service users signposted to GPs, dentists, and other health professionals
- 77 individuals accompanied and supported to medical/mental health appointments
- 133 individuals working on a Personal Health Plan with an average of 4–6 health related goals set per person.

To support the campaign for continued funding, the project's manager, Jan Pearce has researched and used a variety of recognised assessment tools to predict savings. For example in this year the Health Trainer Team saved the NHS in the region of £418k.

The assessment process calculates the savings of individuals going to a doctor or dentist rather than a hospital A&E Department, as well as reductions in missed appointments, improved health through smoking cessation etc. For example when one drug misuser registers with a GP the average yearly saving to the NHS is £4,800.

Further funding has been achieved for the next financial year of 2013–2014. For her development of the project Jan Pearce was awarded a Butler Trust commendation that was presented by HRH The Princess Royal, who is patron of the national charity. The Butler Trust recognises the outstanding practice of people working in probation, prisons, youth justice and social work throughout the UK.

The Just Women Project

The Just Women Project is a partnership project between LRPT and the Leicester-based charity New Dawn, New Day that aims to reduce women's offending behaviour by proving a credible alternative to short term custodial sentences. This has been a truly groundbreaking project that has seen its participants begin to believe that change is possible, there are alternatives and, with the right amount of supervision and support, they are empowered to make positive choices.

LRPT is one of the few Probation Trusts that has co-located a probation officer and a probation service officer at a women only centre. The Trust's psychologist runs the Women's Anger Management course at the facility and a substance abuse worker from LRPT's drug and alcohol team visits every week to work with women who have misuse issues.

The Just Women Project (JWP) delivers Specified Activity Requirements (SARs), unpaid work placements, as well as operating an additional in-reach service at HMP Peterborough and a 'through the gate provision'. As part of the 'through the gate provision,' a release plan is developed in conjunction with the women and the JWP support team, to enable participants to resettle back into the Leicester area and address debt, finances, accommodation and substance misuse.

From April 2012 to March 2013, the JWP received 102 referrals, with 70 having been given a Specified Activity Requirement. The target for the year was 37 and a total of 70 participants successfully completed their order.

Staff Development and Support

LRPT employs 497 people, the largest percentage (71%) are women. There are 352 female staff; 251 are fulltime and 101 are part-time. The Trust employs 145 male staff; 111 are fulltime workers and 34 are part-time employees.

There are 23 staff working in prisons, 9 in the Youth Offending Service, and 87 staff currently based in the specialist drug and alcohol team. A total of 72% of staff are employed in front-line roles.

Staff surveys reveal that 16.6% of staff members have identified themselves as from Black and Minority Ethnic communities (BME). In Leicester the BME population is 39% and 9% in Leicestershire. Rutland has a very tiny BME representation.

The annual turnover of staff during 2012/13 was 8.5 %.

National Recognition

The 2012 National Probation Champion is LRPT Staff Member Nathalie Allard, who was nominated for her work in identifying a family's paedophile network stretching over four generations.

Nathalie won the Public Protection Category for her work with potentially high risk offenders, before being chosen as the national champion. Nathalie joined LRPT in August 2007 and currently works in a City-based team in Leicester.

Griffins Fellowship Award for LRPT Senior

SPO Sue Jordan was awarded the 2012 Griffins Fellowship. This national award provides opportunities for staff working in the criminal justice sector to study a particular aspect concerning the treatment or circumstances affecting women offenders.

The aim of Sue Jordan's research is to identify the factors that contribute to women being given custodial sentences for breaching Community Orders. In the past Sue has been secondment to the NOMS Women's Team.

The objectives of her research will be to:

- verify if women are being breached primarily for re-offending or for non-compliance
- to explore if, and at what point, proactive probation intervention could have diverted women from custody
- identify good examples of how flexible offender management has successfully maintained a woman on her community order
- assess the needs and difficulties faced by women who do not comply with their order.

Developing knowledge

Each year LRPT selects a theme that can be explored as part of the annual LRPT Diversity Week to inform the expertise and working practice of staff members. The theme for 2012 was supervision with service users aged 25 years and under. This age group is more likely to be returned to court or prison for non-compliance.

The daytime diversity workshops for staff looked at how to improve the transition process as young service users move from engagement with the Youth Offending staff to being supervised by the Trust.

The invited speakers were from the city's Youth Offending Service and the county's Youth Offending Team.

Contract Performance Measures and Targets 2012 – 2013

Measure	Target 2012/13	2012/13 Performance achieved
Reducing Re-offending against predicted rate	Reduction	Not statistically significant
Employment at termination	48%	49%
Accommodation at termination	85%	89%
Sustained Employment for 4 Weeks	225	217
Sex Offender Programme Completions	26	33
Domestic Violence Programme Completions	85	87
General Offending Behaviour Programme Completions	190	133
Orders / licences successfully completed	72%	75%
Community Payback Completions	1100	1166
Enforcement in 10 days	90%	99%
Timely licence recalls	90%	98%
Court Report timeliness	90%	99%
Offender feedback / satisfaction	67%	74%
Victim Feedback / Satisfaction	100%	100%
MAPPA Effectiveness – SMB Attendance	75%	100%
MAPPA Effectiveness – Level 2 and Level 3 meeting attendance (Probation)	90%	100%
MAPPA Effectiveness – Visor Completions Level 2 and Level 3 Probation Managed	90%	100%
OASys Quality	90%	95%
Timely Indeterminate Sentence Prisoner Reports	80%	94%
Timely OASys Final Reviews	90%	87%
SAR – ETE Activity Requirement Commencements	120	129
SAR – Domestic Violence 1:1 Commencements	20	28
SAR – Just Women Commencements	37	74
SAR – ETE Activity Requirement Successful Terminations	N/A	82
SAR – Domestic Violence 1:1 Requirement Successful Terminations	N/A	23
SAR – Just Women Requirement Successful Terminations	N/A	70
Bail Interventions (Successful Referrals)	20	44

N/A – Denotes that the measure was not a requirement of the Contract for this financial year.

2. 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 Leicestershire and Rutland Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 56, by the Secretary of State under the OM Act.

Principal activities

These cover:

- Public Protection and Services to Victims
- Community Payback
- Rehabilitation and Reducing reoffending
- Competition, business development and commissioning
- Value for Money and achieving agreed contract performance targets.

There is a rigorous approach to the assessment and management of risk that is reviewed periodically by the Chief Executive, the Directors as well as by the Audit Committee.

Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 10.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 27. The Statement of Changes in Taxpayers' Equity is shown on page 30.

Operating costs

The net operating cost before tax for 2012–13 stands at £1.301m compared to £502k for 2011–12. The main reason for the increase is due to the change in pension costs as specified by the Actuary.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 28 and 29.

The net liabilities position has increased from £17.732m at March 2012 to £23.937m at March 2013. The main reason for the movement in net liabilities of £6.205m is primarily due to pension costs as specified by the Actuary.

Payment of creditors

In 2012/13, the Trust paid 3,586 trade invoices with a value of £7.443m including VAT. The percentage of undisputed invoices paid within 30 days by the Trust was 88% compared to 86% in 2011–12.

Treatment of Pension Liabilities

Past and present employees of the Probation Trusts are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme, and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Further information can be found in Note 4 to the Accounts.

Sickness absence data

The average levels of absence due to staff sickness were 9.8 days across the Trust (2011–12: 7.6 days).

Personal data related incidents

There were no significant personal data related incidents in 2012–13 and so none had to be formally reported to the Information Commissioner's Office (ICO).

A risk assessment would have been carried out, if any had occurred, to assess who should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. Staff undertake, each year, refresher computer training that includes information assurance.

Events after the reporting period

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

As at the date of the Audit Certificate, 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 58 to 62.

Future developments

As reflected in the LRPT Business Plan, the priorities include the development of the new internal business units, the modernisation of the Trust's support service systems and practices and a review of networking arrangements, in particular with regard to the Police and Crime Commissioner's Police and Crime Plan.

Communications and employee involvement

The Trust communicates with staff through a variety of ways that include one to one discussions, team meetings, staff conferences and the use of an Intranet. There are also opportunities for staff to give their feedback and suggestions through the Communications Group and the Customer Service Excellence Group.

Staff diversity

The Board is committed to ensuring equality is embedded in the Trust's work, in access and outcome for all victim and offender groups. It operates an equal opportunities policy and the achievement of externally validated awards such as Investors in People is a measure of success. The Trust has a cross grade Diversity Management Group that meets regularly and the Trust stages an annual diversity week for staff, which explores a different aspect of diversity to improve working practice and knowledge.

Going concern

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

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

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

Audit

These accounts have been prepared in accordance with the FReM as directed by the Secretary of State. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a Department for Communities and Local Government (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 pages 25 to 26.

Total audit fees reported in the Accounts are £56,260. The audit fees for 2011–12 relate to the previous audit arrangements. The audit fees for 2012–13 are made up of:

- Internal Audit £16,400 and
- External Audit £27,417 (re 12–13)
- External Audit £12,443 (re 11–12)

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

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

The Leicestershire and Rutland Probation Trust Management Board

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

- Trust Board
- Audit Committee
- Performance Committee
- Joint Health and Safety Committee

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 15 to 16.

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

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive	Helen West	In Post
Chair	Jane Wilson	In Post
Non Executive	Martin Caple	In Post
Non Executive	Colin Golding	In Post
Non Executive	Ann Height OBE	In Post
Non Executive	Linda Marshall	In Post
Non Executive	Vijay Sharma	Commenced 3 September 2012

His Honour Judge S Hammond is an advisor to the Board and was in post for all of 2012/13.

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.

Trevor Worsfold, Acting Chief Executive
Accountable Officer

17th June 2013

Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State.

The salary and pension entitlements of the Board of the Leicestershire and Rutland Probation Trust are as follows:

A) REMUNERATION – AUDITED

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

Board Members	2012/13			2011/12		
	Salary (as defined below) £000s	Bonus £000s	Benefits in kind £	Salary (as defined below) £000s	Bonus £000s	Benefits in kind £
Chief Executive Officer	80–85	0–5	0	70–75	0–5	0
Chair	15–20	0	0	15–20	0	0
Martin Caple	0–5	0	0	0–5	0	0
Colin Golding	0–5	0	0	0–5	0	0
Ann Height OBE	5–10	0	0	0–5	0	0
Linda Marshall	0–5	0	0	0–5	0	0
Vijay Sharma	0–5	0	0	0–5	0	0

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour 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: the Chief Executive, 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)	£85k–£90k	£75k – £80k
Median for other staff	£25,298	£24,072
Pay multiple ratio	3.5	3.2

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

Salary

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

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2013 £000s	CETV at 31 March 2012 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Chief Executive	Pension 45–50 Lump sum 50–55	Pension (2.5–5) Lump sum (2.5–5)	365	305	53

Note 1 The real increase in CETV has been calculated after only taking account of inflation as no information was available about the appropriate market investment factors.

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.

Trevor Worsfold, Acting Chief Executive
Accountable Officer

17th June 2013

Statement of Accountable Officer's Responsibilities

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

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

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

Trevor Worsfold, Acting Chief Executive
Accountable Officer

17th June 2013

Governance Statement

Introduction

The governance framework comprises the systems and processes, culture and values by which the Trust operates. The system of internal control is a key element of the governance framework and is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to implement policies and achieve its aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of NOMS and LRPT policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework which incorporates the 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 Trust has in place a Business Risk Management Policy that provides assurance to the Trust Board and the Chief Executive that policies and procedures are in place to systematically identify business risks with a view to reducing the impact of identified threats and facilitating the achievement of the Trust's strategies and operational objectives.

The Trust Board has corporate responsibility for the proper discharge of its statutory functions and compliance with any statutory or administrative requirements for the use of public funds. The Board is also responsible for ensuring that high standards of corporate governance are observed at all times and for establishing the overall strategic direction of the Organisation, within the policy and resources framework determined by the Justice Minister.

Within the Ministry of Justice (MOJ), the National Offender Management Service (NOMS) will, among other things, be the primary source of advice to the Justice Minister, on the discharge of their responsibilities in respect of the Trust, and the primary point of contact for the Trust within the MOJ. NOMS is also responsible for determining and monitoring the Trust's performance against its targets and its financial position.

Governance Framework

The Business Risk Management Policy outlines key aspects of the risk management process which includes roles and responsibilities, organisational structure, risk identification and evaluation, recording and monitoring, awareness and training, and the processes that the Board will adopt to evaluate the effectiveness of internal control procedures in relation to the main risks.

This Policy also includes a Risk Estimation table and this sets out an assessment of the impact on the Trust, together with the probability of the risk actually occurring, to determine the overall risk assessment.

The Trust manages the risk of unauthorised disclosure of information by:

- Implementation of national information security policies including physical security of buildings, access control to case management systems, remote working and protective marking;
- Training for all staff in information security; both the nationally mandated awareness raising and local training on induction;
- Requires all staff and partners with access to sensitive information to sign a confidentiality agreement clearly setting out their responsibilities for information security;
- Registration with the Information Commissioner as required by law;
- Implementation of standard processes for appropriately dealing with both Freedom of Information Act and Data Protection Act requests;

- Implementation of the national Incident Management policy where incidents occur which have the potential for release of information, for example, theft of computing equipment.

The key principles, which provide framework for the risk management processes, are:

- The Chief Executive, as the Trust's Accountable Officer, and the Trust Board have responsibility for overseeing risk management. Risk management is a standing item on the agenda of the Audit Committee that meets quarterly and discusses the risks and progress made with action plans. The Senior Management Team is responsible for implementing this policy as approved by the Board;
- The maintenance of a risk assessment register that is supported by a process for the identification, ranking and analysis of risks, and the assignment of risks to senior managers as risk owners who identify action plans to manage the risks;
- There is in place a system for regular reporting to the Chief Executive and the Trust Board by the Audit Committee of the main risks, and any changes to the risk profile as a result of the steps taken to manage the risks, identified by the Senior Management Team in their review of the action plans;
- The Trust Board has approved policies to promote sound governance and set the standards of operation and ethics against which the Trust operates, for example:
 - Governance Handbook
 - Management statement and Financial Memorandum
 - Standing Financial Instructions including Scheme of Delegation
 - Standing Orders
 - Register of Interests
 - Gifts and hospitality
 - A Counter Fraud and Corruption policy
 - A Whistle Blowing policy
 - An Employee Policy Handbook
 - An Employee Code of Conduct
- An important component of control is the comprehensive performance management system, which is designed to attain and monitor the achievement of key business objectives and targets. As Chief Executive and Accountable Officer I regularly review performance and report to the Performance Committee and the Trust Board quarterly;
- The budget is managed by the Director of Corporate Services on behalf of the Chief Executive, with delegation of responsibility to Directors and senior managers set out in the Trust's Scheme of delegation. Budget monitoring takes place on a regular basis and is reported to the Performance Committee and the Trust Board quarterly.

The Trust manages risks with partner bodies and sub-contracted services by adopting a framework for the standardised management of contracts.

All services are delivered on standard contracts with clear specifications, including outputs and outcomes, quantitative and qualitative measures, to ensure that both parties are clear about the expectations for delivery of the service. The purpose of effective contract management is to monitor, review, evaluate and plan services, ensuring both parties meet their obligations under the contract. The Trust aims to see the contractual relationship as a partnership to deliver and develop quality services for offenders whilst managing and mitigating any associated risks.

Service review meetings are held with providers regularly to maintain relationships, consider monitoring information, and highlight any difficulties and operational issues. These meetings are a basis for identifying and agreeing any actions necessary on either side to achieve changes or improvements to service.

The Trust generates significant external income for activities related to offender management and interventions from Local Authorities, Prisons, Health and the European Social Fund.

The Trust has produced an income generation strategy which contains a risk register with detailed actions for managing and mitigating the risks of external funding streams terminating. This strategy and risk register is overseen by the Performance Committee.

Board and Committee structure

The Board met 7 times during 2012/13 to ensure, through the Chief Executive, that arrangements were in place to meet the Trust's accountabilities to the Director of Probation and Contracted Services, NOMS, the Secretary of State and Parliament. It considered its plans and strategic direction within financial parameters allocated through the National Directorate's funding formula for budget allocation. All Board meetings were quorate. The following table summarises attendance by Board members in 2012/13:

Board member	Number of meetings attended:
Helen West	6
Jane Wilson	7
Martin Caple	6
Colin Golding	7
Ann Height OBE	7
Linda Marshall	5
Vijay Sharma (Apted 13/09/2012)	4 (out of 4)
Total Number of meetings held	7

A number of these meetings were allocated for planning and review with the Chief Executive and Directors. The Board approved the Business Plan and monitored actual performance against this throughout the year. It also received quarterly financial and performance reports that enabled it to ensure that the Trust met its objectives.

The main Committees of the Board that evaluate performance including reviewing the management of organisational risk are the Audit and the Performance Committees. There is, in addition, a Joint Health and Safety Committee. Minutes are taken for all meetings of the Board and Committees and parts of these are available for information and public scrutiny.

Members of the Board during 2012/13 were Jane Wilson (Chair), Helen West (Chief Executive), Colin Golding, Linda Marshall, Martin Caple, Ann Height and Vijay Sharma (from September 2012) all of whom were Non Executives. Staff who also attended the Board as required were Sarah Brookes (Secretary to the Board), Trevor Worsfold, Colin Pinfold, Paul Kennedy, Carrie Peters, Bob Bearne (from October 2012), Karen Pollard (until January 2013), Andrew Claydon (from February 2013) Miriam Harnwell (from April 2012 to October 2012), all Executive Directors, and Ralph Tingle (Interim Treasurer from November 2012 to February 2013).

Audit Committee

This is a statutory Committee of the Board. Its terms of reference are;

External Audit

- To review the external audit plan, agree audit days, costs and scope of work.
- To consider reports of external audits and to receive reports from the external auditor on service responses to recommendations made.
- To receive and consider the draft Audit Completion Report and Management Letter and to recommend a draft Action Plan in response to the recommendations made

Internal Audit

- To scrutinise the annual and medium term internal audit plans and agree resource levels and scope of work.

- To review the performance of Internal Audit ensuring that the required standards and quality are met i.e., that responses made to audit reports are appropriate and meet necessary standards and guidelines.
- To receive and consider internal audit reports and review reports from the Head of Internal Audit on service responses to recommendations made.
- To receive and consider the Head of Internal Audit's Annual Report and to advise the Accountable Officer on the scope and content of their Governance statement.

Financial Statements

- To review the Board's internal and external financial statements and reports ensuring that these reflect good practice.
- To consider the draft Statement of Accounts together with accounting policies underlying the Statement prior to their submission for audit and to make recommendations to the Board on their approval.

Risk Management

- To review the effectiveness of the Trust's Governance arrangements.
- To review the operation of the Board's Code of Practice for members and its Code of Conduct for staff (including any Fraud and Corruption Policies).
- To consider the adequacy of risk management through review of the Risk Assessment Register and assessment and management of risk.

Other

- To receive information about general audit developments and consider the implications for the Probation Trust.
- To consider and undertake such other matters as the Board may require.

The Chair, Colin Golding, is also a member of the Board as are other members of this Committee Martin Caple, Ann Height, Linda Marshall and Vijay Sharma. The Chair and Chief Executive of the Trust are not members of this Committee but do also attend by invitation as observers. In addition representatives from the Ministry of Justice Internal Audit Service and External Audit also attend. The Committee met quarterly and each meeting was quorate. The following table summarises attendance by Committee members in 2012/13;

Committee member	Number of meetings attended:
Martin Caple	4
Colin Golding	4
Ann Height OBE	4
Linda Marshall (Joined Committee 06/08/13)	2 (out of 3)
Vijay Sharma (Apted 13/09/2012)	0 (out of 2)

Internal Audit undertook reviews of all aspects of the internal control system in accordance with the overall plan approved by the Trust's Audit Committee. Specific areas reviewed by Internal Audit during 2012/13 have included the Financial Control Framework, Information Assurance, Contracting arrangements, Integrated Offender Management and Employment Training and Education Specified Activity Requirements. These assessments of the Trust's systems and procedures have all been classified as either well controlled (green) or not requiring significant improvement to manage risks (amber/green).

Performance Committee

This is the other main Committee of the Board although it is advisory rather than mandatory. Its terms of reference are;

Financial Management

- To promote the highest standards of propriety in the use of public funds and encourage proper accountability in the use of those funds.
- To promote a climate of financial discipline and control which will help satisfy the Board that LRPT will deliver its business objectives and targets in a manner which will make the most economic and effective use of the resources available in core business, programmes and contracts.
- To consider budgetary policies, priorities and proposals for expenditure through the Annual Budget setting procedures
- To make recommendations to the LRPT Board in relation to the approval of the Annual Budget
- To monitor expenditure during the financial year against the approved budget and to consider action to be taken by the Trust in the event of significant variance (under /overspend) against forecast expenditure in order to achieve a balanced budget at the end of the financial year.

Performance – Core Business

- To promote expectations of continuous improvement in respect of performance so that the Trust strives to meet both National and internally-set targets
- To review LRPT's strategy for achieving national and local targets and the arrangements for monitoring and assessing performance
- To review quarterly PTRS and Balance Scorecard data, monitor trends in performance delivery and consider remedial action to be taken by the Trust in regard to significant variance against targets and matters causing concern
- To benchmark and consider LRPT's performance position in relation to other Probation Trusts
- To consider performance outcomes against value for money principles in the use of resources
- To consider the impact of performance delivery in terms of customer service and public confidence.
- To consider reports from external bodies such as Her Majesty's Inspectorate of Probation in relation to performance monitoring.

Performance – Programmes and Contracts

- To review bids and delivery plans for external programmes and contracts
- To monitor performance delivery against requirements of programmes and contracts, including financial performance against contract values
- To review variance against targets and any remedial action to be taken by the Trust in order to deliver required outcomes
- To consider outcomes in relation to effective and economic use of resources.

Business Plans

- To scrutinise draft service plans and comment on them prior to consideration by the Trust Board.
- To consider draft plans that support competition, partnership and other joint ventures and report to the Board accordingly.
- To consider progress against business and action plans and report to the Board accordingly.

Diversity

- To consider issues of diversity in relation to all aspects of business planning, performance delivery, financial management and use of resources.

Review

- To reflect on and review the work of the committee on an annual basis and consider its effectiveness
- To review the Terms of Reference on an annual basis to ensure they remain fit for purpose and reflect the priorities of LRPT Board.

The Committee is chaired by Linda Marshall who is a member of the Trust Board as are the other members Martin Caple, Colin Golding, Ann Height and Vijay Sahrma. The Chair and Chief Executive of the Trust are ex officio members of this Committee. The Committee met quarterly and each meeting was quorate. The following table summarises attendance during 2012/13;

Committee member	Number of meetings attended:
Helen West	3
Jane Wilson	4
Martin Caple (Joined Committee 06/08/13)	2 (out of 2)
Colin Golding	4
Ann Height OBE	3
Linda Marshall	3
Vijay Sharma (Apted 13/09/2012)	2 (out of 2)

Compliance with Corporate Governance Code 2011

The Board complies with the key aspects of the Corporate Governance Code of Good Practice 2011. The focus of this code is on ministerial departments but others are encouraged to adopt the practices set out in this. This refers to four aspects of good governance covering leadership (articulating a clear vision), effectiveness (bringing a wide range of relevant experience to bear), accountability (promoting transparency through clear and fair reporting) and sustainability (taking a sensible, long term view about what the organisation is trying to achieve). These define the work and role of the LRPT Board.

The Code highlights five areas that all Boards should advise and supervise on covering strategic clarity, commercial sense regarding clear responsibilities, the requirement for the appropriate skills of people, focus on results and the provision of management information. In addition it highlights that there should be committees responsible for Audit, Risk and Governance. The Board is supported by an Internal Audit Service operating to nationally recognised standards. The Trust is able to demonstrate compliance with all of these requirements with the Board itself taking overall responsibility for governance.

The Code refers to Board members upholding the seven Nolan principles of public life; these are incorporated into the Governance Framework for LRPT. "They will exercise their role through influence and advice, supporting as well as challenging the executive" **Corporate Governance in central government department; Code of Good Practice 2011 (page 7).**

The Trust Board has a range of experience and diversity amongst its Non Executives covering both the private and public sectors and including a mix of men and women.

The Code refers to the role of ministers and departmental accounting officers. The Trust's Accountable Officer is the Chief Executive and is responsible for similar areas to those of Departmental Accounting Officer. These cover;

- Propriety and regularity
- Prudent and economical administration
- Avoidance of waste and extravagance
- Ensuring value for money
- Efficient and effective use of resources
- Organisation, staffing and management of the Trust

The Trust Board's relationship with its Committees is set out in the Governance Handbook including terms of reference and feedback.

The Board is beginning a programme of periodic review of the skills and qualities of Non Executive members to evaluate and improve on its effectiveness. These will be carried out by the Chair in accordance with the Code of Good Practice.

The Board has a Board Secretary who is responsible for developing and agreeing Board and Committee agendas, developing and agreeing Committee Terms of Reference, ensuring the good flow of information between the Board and its Committees based on the quality and timeliness of Board papers, and providing advice on due process including compliance with governance requirements.

The Board and its Committees recorded any declarations of interest in the minutes as a standing item.

Code of Conduct

The Trust has a Code of Conduct that is based on the seven Nolan principles of public service. These cover selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In addition it has policies on whistle-blowing, fraud and corruption and gifts and hospitality that set out clearly what is acceptable and unacceptable behaviour. Any matters that arise from any of the policies is fully investigated. Non Executive members of the Board, together with Directors and other senior management staff are asked to declare each year any information about related party transactions for their family or themselves. The Code, as well as other policies, is brought to the attention of all new staff. They are used by managers and staff, if appropriate, for dealing with particular instances as part of any disciplinary and grievance procedure.

Independent Advice

The Board has access to and receives independent advice from the Secretary and the Treasurer. In addition specialist legal and advice is commissioned by the Trust, if required, for matters such as employment issues.

Complaints

There were 5 formal complaints received during 2012/13 all of which were fully investigated. None of these were referred on to the Prison and Probation Ombudsman.

I have responsibility, as the Accountable Officer, for maintaining a sound system of internal control that supports the achievement of Leicestershire and Rutland Probation Trust's (LRPT) policies, aims and objective, whilst safeguarding public funds and Ministry of Justice assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Statement of Accounting Officer's responsibilities and the Accounts Direction both of which form part of this Annual Report

I am satisfied that the Trust's approach to governance and internal control for 2012/13, as set out in this statement, is robust. It provides the Board and myself with the appropriate level of assurance and this has been confirmed through the work of the Audit Committee during the year. The annual Governance statement has been discussed with and approved by the Board on the 17th June 2013.

The Trust has been given by the external auditor an unqualified opinion on the accounts for 2012/13.

Trevor Worsfold, Acting Chief Executive
Accountable Officer

17th June 2013

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

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Leicestershire and Rutland 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 there under.

Emphasis of Matter – Material uncertainty in respect of going concern

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

5 July 2013

4. Financial Statements including notes to the Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Administration costs			
Staff costs	3(a)	14,297	13,915
Other administration costs	6(a)	4,663	4,401
Income	7(a)	(18,298)	(17,880)
Net administration costs		662	436
Programme costs			
Staff costs	3(a)	534	444
Other programme costs	6(b)	987	908
Income	7(b)	(1,535)	(1,357)
Net programme costs		(14)	(5)
Net operating costs		648	431
Expected return on pension assets	4(d)	(2,214)	(2,841)
Interest on pension scheme liabilities	4(d)	2,867	2,912
Net operating costs before taxation		1,301	502
Taxation	5	0	0
Net operating costs after taxation		1,301	502

Other Comprehensive Expenditure

		2012–13	2011–12
	Notes	£000	£000
Net Operating Costs after taxation		1,301	502
Net gain on revaluation of property, plant and equipment	8	(4)	(4)
Pension actuarial loss	23	4,908	5,405
Total comprehensive expenditure for the year ended 31 March 2013		6,205	5,903

The notes on pages 31 to 55 form part of these accounts.

Statement of Financial Position

As at 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Non-current assets			
Property plant and equipment	8	133	193
Total non-current assets		133	193
Current assets			
Trade and other receivables	12(a)	3,109	5,158
Cash and cash equivalents	13	1,574	1,463
Total current assets		4,683	6,621
Total assets		4,816	6,814
Current liabilities			
Trade and other payables	14(a)	(3,082)	(4,255)
Provisions	15	(13)	(237)
Taxation payables	14(a)	(784)	(1,394)
Total current liabilities		(3,879)	(5,886)
Non-current assets plus net current assets		937	928
Non-current liabilities			
Pension liability	4(c)	(24,874)	(18,660)
Total non-current liabilities		(24,874)	(18,660)
Assets less liabilities		(23,937)	(17,732)
Taxpayers' equity			
General fund	23	(23,977)	(17,768)
Revaluation reserve – property, plant and equipment	24(a)	40	36
Total Taxpayers equity		(23,937)	(17,732)

The financial statements on pages 27 to 30 were approved by the Board on 17 June 2013 and were signed on its behalf by

Trevor Worsfold, Acting Chief Executive
Accountable Officer

17th June 2013

The notes on pages 31 to 55 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(1,301)	(502)
Adjustments for non-cash transactions	6(a)	4	7
Adjustments for pension cost	4(d)	1,306	510
(Increase)/decrease in receivables	12(a)	2,049	(2,270)
Increase/(decrease) in payables	14(a)	(1,783)	2,025
Utilisation of provisions	15	(164)	(492)
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	2
Net cash outflow from operating activities		111	(720)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	0	(87)
Net cash outflow from investing activities		0	(87)
Cash flows from financing activities			
Payments of amounts due to the Consolidated Fund to NOMS		0	(2)
Net financing		0	(2)
Net increase/(decrease) in cash and cash equivalents in the period		111	(809)
Cash and cash equivalents at the beginning of the period	13	1,463	2,272
Cash and cash equivalents at the end of the period	13	1,574	1,463
Increase/(decrease) in cash		111	(809)

The notes on pages 31 to 55 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		(11,861)	32	(11,829)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(502)	0	(502)
Net gain on revaluation of property, plant and equipment	24(a)	0	4	4
Pension actuarial loss	23	(5,405)	0	(5,405)
Balance as at 31 March 2012		(17,768)	36	(17,732)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(1,301)	0	(1,301)
Net gain on revaluation of property, plant and equipment	24(a)	0	4	4
Pension actuarial loss	23	(4,908)	0	(4,908)
Balance as at 31 March 2013		(23,977)	40	(23,937)

The notes on pages 31 to 55 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 (IASB) but have not been adopted will have a material impact on the financial statements, except for the following:

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

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

Changes to IAS 19 come into effect for the financial year to 31 March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS8. The effect of the change to IAS19 on the income statement to 31 March 2013 will be an increase of £253,000. This will be disclosed in the report covering the year to 31 March 2014.

1.1 Accounting convention

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

1.2 Changes in accounting policies and restatement of comparatives

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

1.3 Going concern

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

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

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of

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

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

1.4 Property, plant and equipment

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

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is included within **Note 6(a)**, other administration costs under “accommodation, maintenance &

utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

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

1.6 Inventories

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

1.7 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.

1.8 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 FR&M 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.

1.9 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate (Disclosure of Stakeholder Pensions Schemes is not included in these accounts). Where a central government entity has a share of a local government (or other) pension scheme liability on its statement of financial position, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury. The pension fund actuary has used roll forward estimated asset value figures in producing the IAS 19 pension liability and other disclosures.

1.10 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.

1.11 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.

1.12 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.

1.13 Corporation Tax

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

1.14 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.

1.15 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.

1.16 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**.

1.17 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

In 2009 we successfully met the required criteria to demonstrate our capability to continue as a Trust going forward and negotiated a three year contract with the Regional Director of Offender Management for the provision of probation services to reduce reoffending and protect the public in Leicestershire and Rutland. The contract set some challenging targets to measure performance and outcomes. The Trust has continued to improve in real terms and has maintained the highest level of performance and is rated at 'Green Star'. It is our intention to ensure that we deliver on our new contract and continue to meet National Standards.

The Business Plan sets out where we will put our focus in order to sustain our strong track record of performance. The 2010–11 Annual Business Plan identified a commitment to a number of business objectives, one of which was the establishment of Local Delivery Units to drive greater accountability and to improve engagement with customers and stakeholders at a more local level. This enables us to target our resources at those activities that have the greatest impact on reducing reoffending and increase public confidence in the services we deliver. The information disclosed is reported to the Trust Board.

The Trust has implemented a new model for Local Delivery Units in the City of Leicester and the County areas of Leicestershire and Rutland with the aim of improving the delivery of offender services in partnership with other public services, notably Local Authorities, the Police, local Courts and Primary Care Trusts, at the same time improving local accountability for performance. In addition the Trust aims to improve effective interventions for offenders according to local needs and demand through improved commissioning, both internally and in partnership with other agencies.

The Board is the main decision maker and financial and other performance information is presented to them each quarter.

Operating Segments	2012–13 Net	2012–13	2011–12 Net	2011–12
	Expenditure	Total Assets	Expenditure	Total Assets
	£000	£000	£000	£000
Leicester City – Local Delivery Unit	3,412	89	3,485	83
County – Local Delivery Unit	3,255	18	3,271	37
Approved Premises	1,037	3	948	10
Interventions	2,346	19	2,407	51
Employability & Reach	133	0	85	0
Performance, Planning & Partnerships	89	0	91	0
Management	742	0	656	0
NOMS Contract Income	(13,925)	0	(14,020)	0
Corporate Services	1,678	4	1,484	12
Infrastructure – NOMS Premises and IT Recharges	1,941	0	2,075	0
Provision for Restructuring and Redundancy	(60)	0	(51)	0
Net Expenditure	648	133	431	193

Reconciliation of Net Expenditure to Statement of Comprehensive Net Expenditure

	2012–13 Net Expenditure	2012–13 Total Assets	2011–12 Net Expenditure	2011–12 Total Assets
	£000	£000	£000	£000
Total Net Expenditure for Reporting Segments	648		431	
Other Net Expenditure:				
Finance Charge	653		71	
Pension Actuarial Loss	4,908		5,405	
Net gain on revaluation of Property, Plant & Equipment	(4)		(4)	
Total Comprehensive Expenditure for year ended 31 March	6,205		5,903	

	2012–13 Net Expenditure	2012–13 Total Assets	2011–12 Net Expenditure	2011–12 Total Assets
	£000	£000	£000	£000
Reconciliation of Assets				
Total Assets for Reportable Segments		133		193
Other Assets (i.e. cash, receivables)		4,683		6,621
Total Assets per Statement of Financial Position		4,816		6,814

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012-13			2011-12
	Total £000	Permanently- employed staff £000	Others £000	Total £000
Wages and salaries	12,605	12,465	140	12,568
Social security costs	934	934	0	949
Other pension costs	2,238	2,238	0	2,098
Sub-total	15,777	15,637	140	15,615
Less recoveries in respect of outward secondments	(946)	(946)	0	(1,256)
Total staff costs	14,831	14,691	140	14,359
Administration-related staff costs	14,297	14,176	121	13,915
Programme-related staff costs	534	515	19	444
	14,831	14,691	140	14,359

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**.

No individuals (2011-12: No individuals) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2011-12: £nil).

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
	420	418	2	412
	420	418	2	412

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2012–13			2011–12		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	4	4	0	4	4
£10,000–£25,000	0	1	1	0	7	7
£25,000–£50,000	0	1	1	0	6	6
£50,000–£100,000	0	1	1	0	2	2
£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	7	7	0	19	19
Total resource cost £000	0	179	179	0	492	492

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.

In 2012–13, the Trust released 7 people (2011–12: 19 people) under its scheme of voluntary redundancy. Redundancy and other departure costs have been paid in accordance with the provisions of the Local Government Pension Scheme.

4. Pensions costs

Pension benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory, fully funded scheme which provides benefits on a 'final salary' basis at a normal retirement age of 65. A new LGPS was introduced from 1 April 2008. The package of benefits is different to that which previously existed and overall is more beneficial to members and slightly more costly. Members pay contributions within the range of 5.5% to 7.5% of pensionable earnings, with the level of contribution being based on the full time equivalent salary. Pension payments are increased in line with the Consumer Price Index. On death, pensions are payable to the surviving spouse at the rate of half of the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hymans Robertson LLP. For 2012–13, employers' contributions of £2,238,000 were payable to the LGPS (2011–12 £2,098,000). 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 IAS 19.

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

- Employer's contributions for 2012–13 were 16.1% of salaries; and,
- Employer's contributions for 2013–14 will be 16.8% of salaries; and
- Employer's contributions for 2014–15 will not be known until the next actuarial valuation due in November 2013.

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

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

Mortality Assumptions:

Life expectancy is based on the Fund's Vitacurves with improvements from 2010 in line with the Medium Cohort and a 1% p.a. underpin. Based on these assumptions, the average future life expectancies at age 65 are as follows: Current Pensioners: Males 20.9 years, Females 23.3 years, Future Pensioners: Males 23.3 years, Females 25.6 years.

40 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	4.5%	65%	30,554	6.2%	65%	26,344
Government bonds	4.5%	15%	6,878	3.3%	9%	3,644
Other bonds	4.5%	11%	5,343	4.6%	7%	2,840
Property	4.5%	9%	4,230	4.4%	11%	4,458
Other	4.5%	0%	0	3.5%	8%	3,242
Total		100%	47,005		100%	40,528
Present value of scheme liabilities			(71,879)			(59,188)
Deficit of the scheme			(24,874)			(18,660)
Net pension liability			(24,874)			(18,660)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	1,979	1,925
Effect of curtailment	259	173
Total operating charge	2,238	2,098

	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme		
Expected return on pension scheme assets	(2,214)	(2,841)
Interest on pension scheme liabilities	2,867	2,912
Net interest costs	653	71

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial loss	(4,908)	(5,425)
Total shown in other comprehensive expenditure	(4,908)	(5,425)

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

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	59,188	52,460
Current service cost	1,979	1,925
Interest cost	2,867	2,912
Contributions by members	717	744
Actuarial losses on liabilities*	8,710	2,850
Benefits paid	(1,821)	(1,856)
Unfunded benefits paid	(20)	(20)
Curtailments	259	173
Closing present value of liabilities	71,879	59,188

* Includes changes to actuarial assumptions

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

	2012–13	2011–12
	£000	£000
Opening fair value of assets	40,528	39,715
Expected return on assets	2,214	2,841
Actuarial gains/(losses) on assets	3,802	(2,575)
Contributions by the employer	1,585	1,659
Contributions by members	717	744
Benefits paid	(1,821)	(1,856)
Unfunded benefits paid	(20)	0
Closing fair value of assets	47,005	40,528

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	47,005	40,528	39,715	38,802	27,476
Present value of liabilities	71,879	59,188	52,460	65,767	38,401
Deficit	(24,874)	(18,660)	(12,745)	(26,965)	(10,925)
Experience gains/(losses) on scheme assets	3,610	(2,636)	(979)	8,510	(11,629)
Experience gains/(losses) on scheme liabilities	56	(448)	(79)	(27)	10
Percentage experience gains/(losses) on scheme assets	8%	-7%	-2%	22%	-42%
Percentage experience gains/(losses) on scheme liabilities	0%	-1%	0%	0%	0%

4i. Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2013:	Approx. percentage increase Employer Liability	Approx monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	8,233
1 year increase in member life expectancy	3%	2,156
0.5% increase in the Salary Increase Rate	4%	3,186
0.5% increase in the Pension Increase Rate	7%	4,865

5. Taxation

During 2012/13 no Corporation Tax was payable (2011–12 none).

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

6. Other administrative costs and programme costs

6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	15		12	
Accommodation, maintenance and utilities	1,551		1,527	
Travel, subsistence and hospitality	217		243	
Professional services	344		312	
IT services	729		823	
Communications, office supplies and services	216		376	
Other staff related	317		148	
Offender costs	560		576	
Other expenditure	655		328	
External Auditors' remuneration – statutory accounts	27		33	
External Auditor's remuneration – other (see note below)	12		0	
Internal Auditors' remuneration and expenses	16		16	
Sub Total		4,659		4,394
Non-cash items				
Depreciation of tangible non-cash assets	64		58	
Other provisions provided for in year	(60)		(51)	
Sub Total		4		7
Total		4,663		4,401

Note: This relates to work undertaken on the audit of the Accounts for 2011/12

6b. Programme costs

Current expenditure	987	908
Total	987	908
Total other administration and programme costs	5,650	5,309

7. Income

7a. Administration income

Income receivable from the sponsoring department – NOMS

Sub Total

Other income received from Probation Trusts

Other income from NOMS

Other income from rest of MoJ Group

Other income from other Government departments

Miscellaneous income

Sub Total

Interest received:

From bank

Total interest received

Total administration income

2012-13		2011-12	
£000	£000	£000	£000
13,925		14,020	
	13,925		14,020
5		11	
129		175	
2		0	
3,886		3,557	
349		117	
	4,371		3,860
	18,296		17,880
2		0	
	2		0
	18,298		17,880

7b. Programme income

EU income from NOMS

Total programme income

Total income

1,535		1,357	
	1,535		1,357
	19,833		19,237

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	17	193	234	198	0	642
Disposals	(17)	(36)	0	(110)	0	(163)
Indexation/revaluation	0	6	12	2	0	20
As at 31 March 2013	0	163	246	90	0	499
Depreciation						
As at 1 April 2012	17	120	201	111	0	449
Charge in year	0	31	15	18	0	64
Disposals	(17)	(36)	0	(110)	0	(163)
Indexation/revaluation	0	4	12	0	0	16
As at 31 March 2013	0	119	228	19	0	366
Carrying value as at 31 March 2013	0	44	18	71	0	133
Carrying value as at 31 March 2012	0	73	33	87	0	193
Asset financing						
Owned	0	44	18	71	0	133
Carrying value as at 31 March 2013	0	44	18	71	0	133

8. (Continued)

	2011-12					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
Cost or valuation						
As at 1 April 2011	17	190	232	108	0	547
Additions	0	0	0	87	0	87
Indexation/revaluation	0	3	2	3	0	8
As at 31 March 2012	17	193	234	198	0	642
Depreciation						
As at 1 April 2011	17	85	180	105	0	387
Charge in year	0	34	20	4	0	58
Indexation/revaluation	0	1	1	2	0	4
As at 31 March 2012	17	120	201	111	0	449
Carrying value as at 31 March 2012	0	73	33	87	0	193
Carrying value as at 31 March 2011	0	105	52	3	0	160
Asset financing						
Owned	0	73	33	87	0	193
Carrying value as at 31 March 2012	0	73	33	87	0	193

9. Intangible assets

The Trust did not have any intangible assets as at 31 March 2013 (none 31 March 2012).

10. Impairments

No impairment expenses were charged to the Statement of Comprehensive Net Expenditure for the year ended 31 March 2013 (none 31 March 2012).

11. Assets held for sale

The Trust had no assets held for sale as at 31 March 2013 (none 31 March 2012).

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year		
Trade receivables	12	19
Receivables due from NOMS agency	2,863	4,495
Receivables due from all other Government departments	116	362
Other receivables	15	4
Prepayments	0	13
Accrued income	103	265
	3,109	5,158
Amounts falling due after more than one year	0	0
Total	3,109	5,158

12b. Intra-Government receivables

	Amounts falling due within one year	
	2012–13	2011–12
	£000	£000
Balances with other central Government bodies (inc. parent department)	2,863	4,495
Balances with local authorities	108	163
Balances with NHS bodies	8	199
Sub total	2,979	4,857
Balances with bodies external to Government	130	301
Total	3,109	5,158

There were no receivables due after more than one year (2011–12 £nil).

13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	1,463	2,272
Net change in cash and cash equivalents	111	(809)
Balance at 31 March	1,574	1,463
The following balances at 31 March are held at:		
Commercial banks and cash in hand	1,574	1,463
Balance at 31 March	1,574	1,463

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	189	452
Accruals	356	484
Deferred income	2,237	2,823
Staff payables	72	45
Payables due to Probation Trusts	54	101
Payables due to NOMS Agency	138	6
Payables due to all other Government departments	34	125
Unpaid pensions contributions due to the pensions scheme	2	219
Sub Total	3,082	4,255
Tax falling due within one year		
VAT	502	1,037
Other taxation and social security	282	357
	784	1,394
Total amounts falling due within one year	3,866	5,649
Amounts falling due after more than one year		
Total	0	0
	3,866	5,649

14b. Intra-Government payables

	Amounts falling due within one year	
	2012–13	2011–12
	£000	£000
Balances with other central Government bodies (inc. parent department)	992	1,501
Balances with local authorities	1,085	38
Balances with NHS bodies	125	87
Sub Total	2,202	1,626
Balances with bodies external to Government	1,664	4,023
Total	3,866	5,649

There are no payables due after more than one year (2011–12 £nil)

15. Provisions for liabilities and charges

	2012–13	2011–12
	£000	£000
Balance at 1 April	237	780
Provided in year	13	0
Provisions not required written back	(73)	(51)
Provision utilised in the year	(164)	(492)
Balance as at 31 March	13	237

	2012–13	2011–12
	£000	£000
Analysis of expected timing of discount flows		
Current liability not later than one year	13	237
Non-current liability	0	0
Balance as at 31 March	13	237

The Provision as at 31 March 2013 is for a legal claim against the Trust.

16. Capital commitments

As at 31 March 2013, the Trust had no capital commitments which would need to be disclosed (31 March 2012 none).

17. Commitments under lease

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2012–13	2011–12
	£000	£000
Other		
Not later than one year	7	12
Later than one year and not later than five years	9	3
Total	16	15

The Trust has entered into a new operating lease for Franking Machines.

17b. Finance leases

As at 31 March 2013, the Trust had not entered into any lease arrangements which may give rise to finance lease commitments (31 March 2012 none).

18. Other financial commitments

As at 31 March 2013, the Trust had not entered into any arrangements, which may give rise to other financial commitments.

19. Deferred tax asset

As at 31 March 2013, there were no deferred tax assets (31 March 2012 none).

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, the Trust did not have any contingent liabilities (31 March 2012 none).

22. Losses and special payments

22a. Losses statement

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Administrative write-offs	0	0	1	5
Total	0	0	1	5

There were no losses over £250k (2011/12 none).

22b. Special payments schedule

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	7	179	19	492
Total	7	179	19	492

Special Payments made during the financial year ended 31 March 2013 relate to redundancy payments. There were 7 cases of voluntary redundancy amounting to £179k in redundancy payments (2011–12 19 cases amounting to £492k). There were no special payments over £250k (2011/12 none).

23. General fund

	2012–13 £000	2011–12 £000
Balance at 1 April	(17,768)	(11,861)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,301)	(502)
Actuarial gains and losses	(4,908)	(5,405)
Balance at 31 March	(23,977)	(17,768)

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	2011–12
	£000	£000
Balance at 1 April	36	32
Arising on revaluations of PPE during the year (net)	4	4
Balance at 31 March	40	36

The Trust believes the disclosures as made above are representative of the revaluation in property, plant and equipment during the period. Therefore no additional disclosures are required.

24b. Intangibles

At 31 March 2013, the Trust did not hold any intangible assets (31 March 2012 none).

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.

The Trust purchases support services from Leicestershire County Council including financial systems, payroll and caretaking. Expenditure to Leicestershire County Council was £93k (£103k in 2011–12).

The Trust has a number of partnership arrangements for the provision of services to other organisations. This income totalled £4,767k (£4,813k in 2011–12) and includes the following:

HM Prison Service	£805k	staff secondments
Leicester City Council	£3,240k	significantly Criminal Justice £2,414k, Quality of Life £506k, Integrated Offender Management £70k
Leicestershire County Council	£277k	significantly Integrated Offender Management £191k
Rutland County Council	£8k	
Leicestershire Police Authority	£160k	significantly IOM £106k, staff secondments £54k
Hinckley & Bosworth Borough Council	£8k	
Leicestershire County & Rutland Primary Care Trust	£16k	
Leicester City PCT	£102k	
Leicestershire Partnership NHS Trust	£53k	
North West Commissioning	£96k	
Groby Parish Council	£2k	

At the year end the following income was outstanding:

Leicestershire County Council	£53k
Leicester City Council	£43k
Hinckley & Bosworth Borough Council	£10k
Groby Parish Council	£2k
Leicestershire Partnership NHS Trust	£8k

None of these amounts are irrecoverable debts, and do not require a bad-debt provision.

The Trust has a contract for services and receives Ministry of Justice (MoJ) funding from the Senior Community Manager. The MoJ is therefore the ultimate controlling party. Members of the Probation Trust Board and its executive Directors have been asked to provide information about possible related party interests. During the year, none of the members of the Trust Board, or the senior management team, or other related parties, have undertaken any material transactions with the Trust.

The Trust employed the Treasurer from Nottinghamshire Probation Trust on a part time interim basis to provide temporary support during a period of changes in staffing.

26. Third-party assets

As at 31 March 2013, the Trust did not hold any third party assets (31 March 2012 none).

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.

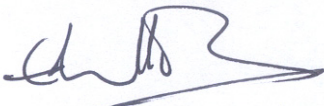
28. Prior period adjustments

There were no prior period adjustments.

Accounts Direction

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

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2013 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual (“the FReM”) issued by HM Treasury and which is in force for the relevant financial year.
3. The accounts shall be prepared so as to:
 - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers’ equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
 - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.
5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.
6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 8 March 2012.



Edward Kirby

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

Appendix 1 List of Probation Trusts

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

Appendix 2 Sustainability report (not subject to audit)

Introduction

This is the second sustainability report for Leicestershire and Rutland Probation Trust (LRPT) and is 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. 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 8 buildings that are used solely by LRPT. 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 and the exclusion of these areas has a little material impact on sustainability reporting for the Trust as a whole.

The MoJ provides the Trust with information about energy, water usage and waste whilst the Trust has its own information about business travel.

Governance, responsibilities and internal assurance

Overall governance and assurance is managed by the Ministry of Justice Sustainable Development Team (MoJ SDT). The probation estate is managed by facilities contractors, acting on behalf of the MoJ, who manage day to day estate operations including voluntary and mandated sustainability reporting. There are some limitations to the accuracy of the financial and non-financial sustainability data and so there is continued effort to improve the quality of 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 Adaptation and Mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

A CMP is a systematic approach to reducing Greenhouse Gas Emissions, integrating technical, financial, corporate governance and communications within an overall strategy. A CMP covers the entire Probation Estate across 35 Trusts and was developed in partnership with the Carbon Trust. The MoJ SDT is working to consolidate all 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.

The vision of MoJ is to:

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

The plan and statements will be reviewed 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)

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

Sustainable procurement

The MoJ procures energy, water and waste services on behalf of LRPT although the Trust is able to influence the amount of these by its own actions. It has raised staff awareness of these issues to reduce their usage both for environmental and financial reasons. LRPT has also taken action to manage the level of business travel to ensure that this is only undertaken where it is part of the Trust's core business.

Social and environmental awareness

LRPT has reduced its use of office space during 2012/13 through the closure of a building at Friar Lane in Leicester and the transfer of staff and services to premises at Cobden Street. This has reduced both energy usage and costs. It is also actively looking to vacate the use of its Headquarters in Leicester although progress with this will be affected both by the general economic climate as well as potential national changes in the Probation Service to be announced shortly.

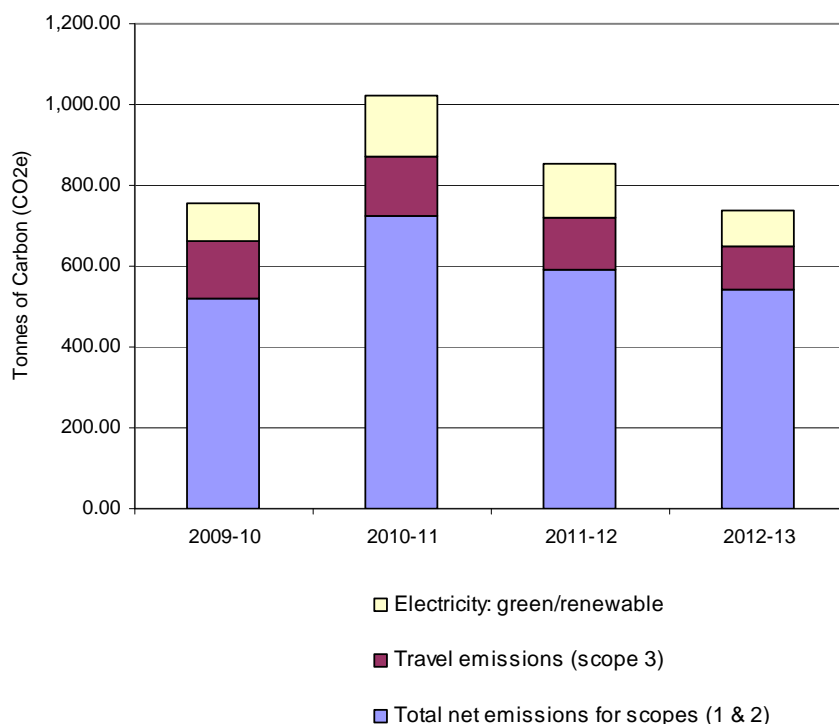
The Sustainability Report and the following three charts have not been subject to audit.

Performance summary

Greenhouse gas (GHG) emissions

		2009-10	2010-11	2011-12	2012-13
Non-financial indicators (tCO2e)	Total gross emissions for scopes 1 & 2	609	878	724	629
	Electricity: green/renewable	91	152	132	88
	Total net emissions for scopes 1 & 2	518	726	592	541
	Travel emissions scope 3	145	144	129	107
	Total gross GHG emissions (all scopes)	754	1021	853	736
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	522,605	874,876	763,031	508,280
	Electricity: renewable	174,202	291,625	254,344	169,427
	Gas	1,094,910	1,338,616	946,385	1,317,359
	Other energy sources	0	0	0	0
	Total energy	1,791,717	2,505,117	1,963,760	1,995,066
Financial indicators	Expenditure on energy	£109,933	£178,971	£145,213	£122,413
	Expenditure on official business travel	£313,534	£297,752	£272,210	£250,907

GHG Emissions by scope



Performance commentary (including targets)

Performance in 2012/13 shows impact of Trust's actions to reduce energy usage and business travel.

Controllable impacts commentary

The Trust has taken action to increase staff awareness of energy usage, closed premises at Friar Lane and ensured that business travel is only undertaken in accordance with core business.

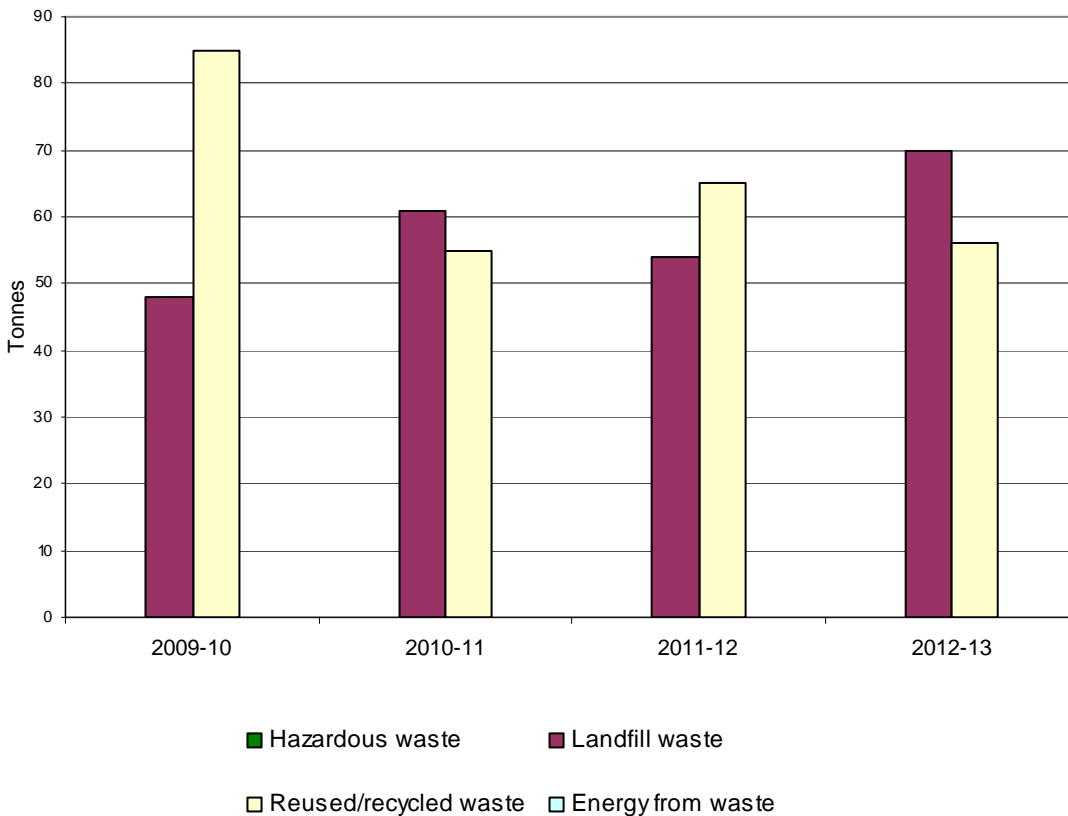
Overview of influenced impacts

Improved quality and timeliness of data from MoJ will help the Trust improve its performance in 2013/14.

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	48	61	54	70
		Reused/recycled waste	85	55	65	56
		Energy from waste	0	0	0	0
		Total waste arising	133	116	119	126
Financial indicators	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	£3,824	£4,869	£4,354	£8,190
		Reused/recycled waste	£12,742	£7,977	£9,602	£6,552
		Energy from waste	0	0	0	0
		Total waste costs (£)	£16,566	£12,846	£13,956	£14,742

Waste by final disposal



Performance commentary (including targets)

The quality of information currently available means that it is difficult to draw meaningful conclusions about performance.

Overview of influenced impacts

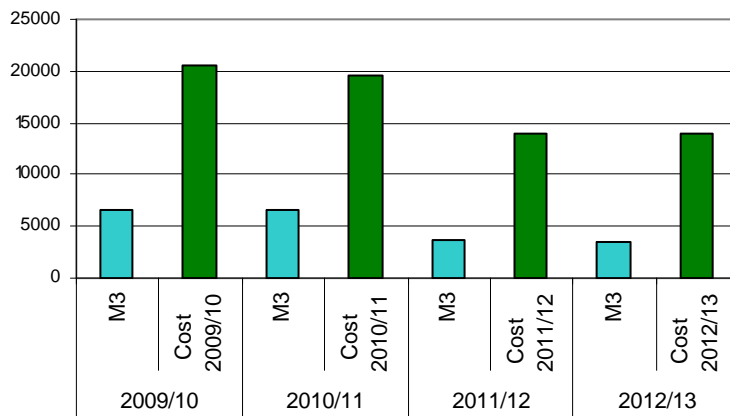
Improved quality and timeliness of data from MoJ will help Trust improve its performance in 2013/14.

Water

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

2009–10	2010–11	2011–12	2012–13
6,585	6,498	3,691	3,438
20,469	19,623	13,950	13,915

Water. Total consumption and costs.



Performance commentary (including targets)

The quality of information currently available means that it is difficult to draw meaningful conclusions about performance.

Overview of influenced impacts

Improved quality and timeliness of data from MoJ will help Trust improve its performance in 2013/14.

Paper

Cost (excluding VAT)

2009–10	2010–11	2011–12	2012–13
£6,039	£5,852	£5,599	£5,071



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