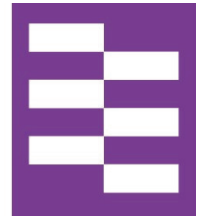


**West Yorkshire  
Probation Trust**

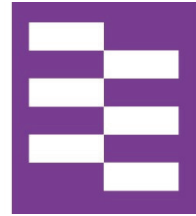


# **West Yorkshire Probation Trust**

**Annual Report and Accounts  
2012–2013**



**West Yorkshire  
Probation Trust**



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

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

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# Vision, Mission & Values

## Changing lives and protecting victims

West Yorkshire Probation Trust is an enterprising, influential and thriving organisation at the heart of the criminal justice system.

We rehabilitate offenders, which reduces reoffending and protects the public preventing harm to future victims.

We are committed to public service, making a positive difference to our local communities. We work together with others to cut crime and are trusted by our courts to make their sentences work.

We draw on more than a century of unrivalled professional experience and have a national reputation for our expertise and excellent results.

## We will

Deliver effective services through efficient use of resources and fair treatment of staff.

Develop innovative services to meet new challenges and opportunities.

Develop and deliver services collaboratively through partnership and strategic alliances.

Remain committed to ensuring that victims and offenders have a voice (or are integral) to our organisation (or services).

Invest in developing the professional expertise and knowledge of our staff.

## Our values are at the heart of everything we do...

We believe strongly in public service values supported by our organisation's core values.

- **Respect** – we believe that people do their best when their differences are valued and they are treated with respect.
- **Integrity** – we believe in keeping our promises and providing transparent explanations for our actions.
- **People can change** – we believe in enabling individuals to achieve their potential.
- **Excellence** – we believe in the pursuit of excellence in all that we do.
- **Working together** – we believe that engaging with individuals, partners and communities is key to our work.
- **Social responsibility** – we believe we have a duty to make a positive difference to our local communities.

## Foreword

We are pleased to present the Annual Report for 2012–2013, it has been a challenging yet a very successful year for West Yorkshire Probation Trust.

At any one time, we are responsible for the management of more than 11,000 adult offenders, approximately 5,700 on Community Orders, 2,300 on licence and 3,000 in custody.

We are again one of the top six Trusts for reducing reoffending and our reoffending rate has declined by 14% since 2005.

Over the past year we have embedded Post Sentence Assessment in our work. This is a unique and innovative approach to the sentencing and rehabilitation of offenders, developed by West Yorkshire Probation. It has already resulted in reduced reoffending, a faster sentencing process, and cost and efficiency savings for the Trust and West Yorkshire Courts Service.

We have also implemented the new approach to national standards – Professional Judgement – and recently received a green rating with no recommendations for further actions following a Ministry of Justice audit.

West Yorkshire Probation strives to be an excellent organisation and we were delighted to be rated ‘good’ in the Probation Trust Rating System and achieve an ‘above average’ score in all categories of the Offender Management Inspection by Her Majesty’s Inspectorate of Probation (OMI2). Our OMI2 report commented that the assessors met ‘enthusiastic offender managers who were keen to develop their skills’ and that ‘good work was being done with offenders to reduce reoffending and protect the public’.

Five staff members and one ex-offender were presented with Butler Trust Awards by the Princess Royal at Buckingham Palace in March 2013. The awards recognise innovation, excellence and collaborative working. Our projects honoured included Positive Futures, an initiative supporting short term prisoners at Leeds Prison both before and after release, and Neighbourhood Resolution Panels (NRPs), a partnership initiative in Bradford providing restorative solutions for low level offences. Bradford NRPs have also been recognised locally through an award from West Yorkshire Police.

Our commitment to training and staff development has helped us achieve the Investors in People Gold Standard and be ranked in the top 3% of organisations in the country. Our dedication to diversity has resulted in us being the only Probation Trust in the Stonewall Top 100 Employers’ Index.

All the successes we have consistently delivered for our communities have been achieved against a backdrop of national changes which leave the future of West Yorkshire Probation Trust and probation services nationally uncertain.

As you will read in this report, our staff have shown professionalism and resilience in successfully delivering our strategic priorities and national targets.

In light of the fluid national picture, we are deepening our strategic alliance with Northumbria Probation Trust to ensure we are in the best position to respond positively to the government’s payment by results proposals. In the meantime our priority will remain reducing reoffending and protecting our communities.

Stan Hardy  
Chair of the Trust Board

Sue Hall  
Chief Executive

# 1. Operational & Performance Review 2012–13

## Review of Business Plan priorities – 2012–2013

### Strategic Priority No 1

#### Reducing reoffending and protecting the public

**Aim:** Reducing reoffending and increasing public safety are our top priorities. Through our innovative model of service delivery, we will actively support and promote desistance from crime, and will continue to seek the highest possible standards for our assessment and management of risk. We will work in active partnership with other agencies and local communities.

#### Review

Throughout 2012–13 the Trust continued to deliver statistically significant reductions in reoffending. It was one of a handful of Trusts to do so, and was one of only two large Metropolitan Trusts to achieve such a result.

Similarly, the Trust achieved a minimum overall rating of “good” in the national Probation Trust Rating System.

Following a major inspection of all its work by HM Inspectorate of Probation, the Trust achieved high scores for its work to reduce the likelihood of reoffending, reduce the risk of harm, and deliver quality interventions.

During 2012–13 a unique and innovative model of service delivery was implemented across West Yorkshire, with a view to increasing effectiveness and efficiency. Initial evaluations are indicating a range of positive outcomes, not least the continuation of reduced reoffending rates.

### Strategic Priority No 2

#### Strengthening organisational capability

**Aim:** We operate within a competitive environment and are confident of our capability to retain and continue to deliver a full range of services. We aim to strengthen West Yorkshire Probation Trust’s reputation as a modern, flexible and resilient organisation which is fit for purpose and delivers continuous improvement and innovation.

#### Review

The strategic environment in which Trusts operate has changed significantly over the last 12 months. In March 2012 the consultation ‘Punishment and Reform: Effective Probation Services’ proposed creating separate commissioning trusts and delivery trusts. This was replaced by a new set of proposals in ‘Transforming Rehabilitation’ published in January 2013 to compete the bulk of probation services and restructure the public sector probation service. By 2015 it is anticipated that the work currently done by Probation Trusts will be carried out by both National Public Probation Service and by new companies that have been awarded contracts for competed services.

It is therefore no longer relevant to develop a 3 year strategy. West Yorkshire Probation has formed an alliance with Northumbria Probation Trust and we are using our combined capability to explore options for creating an alternative delivery vehicle.

Recommendations to strengthen capability have been implemented following the performance; Information and IT review with newly formed teams, objectives and the introduction of new skills and specialisms.



The national competition for Community Payback Services and the development of a credible bid formed a key objective in 2012. This process was halted in the autumn however the preparatory work provided invaluable experience in scoping potential organisational forms and the re-modelling of the delivery of Community Payback within West Yorkshire.

We made a clear commitment to making West Yorkshire Probation Trust a pioneering and innovative place to work. A series of workshops were held to develop creative thinking and remove barriers to innovation. We committed a total of £159,662 to new projects to improve and develop our service delivery and service user engagement.

2012–13 was a highly successful year in the achievement of key awards.

We were placed 88th in the 2013 Stonewall Top 100 Employers, the only Probation Trust to achieve such a ranking.

### Strategic Priority No 3

#### Develop an effective, resilient and effective workforce

**Aim:** Our people are at the heart of everything we do. A flexible, capable, effective and empowered workforce is essential for achieving our vision for West Yorkshire Probation Trust.

#### Review

We implemented the Leadership Development programme to support our Managers which included the delivery of the Skills for Effective Engagement, Development and Supervision training (SEEDS) training and continued to provide all our employees with a range of Training opportunities and coaching support.

As part of our continued support to employees during a period of significant change we are continuing with the recognised organisational tool “Appreciative Inquiry” into colleague’s experience of change to inform a strategy and model for managing change.

Our successful Organisational Development programme was recognised in January 2013 with the Investors in People Gold Award.

### Strategic Priority No 4

#### Maximise the use of resources and achieve financial sustainability

**Aim:** We recognise that financial sustainability is essential in order to continue to deliver quality services with a decreasing budget. We aim to achieve competitive advantage and win competitive tenders through driving down our costs and developing new approaches to effective budget management.

#### Review

We have achieved a balanced outturn to budget for 2012–13 which provides a robust baseline for the 2013–14 financial strategy to underpin the Trust Strategic plan. Our financial modelling of the impact of the Transforming Rehabilitation proposals on the Trust has been assisted by the national PREview unit costing exercise, and enhanced by the Trust’s Costing and Pricing Strategy.

The Estates and Environment agenda has progressed – with some locally funded estate improvements aimed at enhancing the office accommodation for both service users and staff. Ten “green days” were held across the Trust aimed at raising awareness about recycling, energy, reduction in travel and fair-trade. Over 95% of our Community Payback projects are providing a benefit to the community.

Various ICT projects have been invested in and are underway to enhance service delivery and security including the implementation of a new telephony system implemented at eight sites.

New software was implemented in Quarter 4 which manages the Trust's procurement, contract management and contract database functions. The software will assist to ensure commissioned goods and services are lawful, high quality and value for money.

## Probation Trust Rating System (PTRS) 2012–13

Overall PTRS metric	3
Public Protection	3
Reduce Reoffending	3
Sentence Delivery	4

## Performance Results 2012–13

Domain	Metric	Performance	Grade
<b>Reduce Reoffending (30%)</b>	Reduce Reoffending	-10%	
	OMI 2 Likelihood of Reoffending	78%	3
	Employment at Termination	42%	3
	Accommodation at Termination	86%	3
	OMI 2 Interventions	80%	4
<b>Public Protection (40%)</b>	OMI 2 Risk of Harm	76%	3
	Victim Feedback	95%	3
	OASys Quality	90%	3
	MAPPA Effectiveness – WYPT Attendance at MAPPA SMB	82%	3
	MAPPA Effectiveness – WYPT Attendance at MAPPA Level 2/3 Meetings	100%	3
	Cases Appropriately recorded on ViSOR	100%	3
<b>Sentence Delivery (30%)</b>	Orders or Licences Successfully Completed	74%	3
	OMI 2 Enforcement & Compliance	83%	4
	Offender Feedback	74%	3
	OMI 2 Assessment & Sentence Planning	79%	4

## Performance Key

Exceptional Performance	4
Good Performance	3
Requiring Development	2
Serious Concerns	1

The 10% performance against reducing reoffending is an excellent result and means that our reoffending rate was 10% lower than predicted, and means the Trust is a top performer against this key measure.

## Glossary

OMI	–	Offender Management Inspection
OASys	–	Offender Assessment Systems
MAPPA	–	Multi-Agency Public Protection Arrangements
ViSOR	–	Violent and Sex Offender Register
SMB	–	Strategic Management Board

## 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 2010 (following transition from West Yorkshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 48, by the Secretary of State under the OM Act.

### Principal activities

West Yorkshire Probation Trust covers the West Yorkshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of around 2.1 million. During the year, the Trust employed some 900 full time staff that worked from 17 buildings and 4 approved premises across the area.

The Chief Executive, as the Accounting Officer for West Yorkshire Probation Trust is personally responsible for safeguarding the public funds for which she has charge; for ensuring propriety and regularity in the handling of those public funds and for the day to day operations and management of the organisation.

In accordance with the provisions of Section 2 of the Offender Management Act 2007 it is the function of the Secretary of State to ensure that sufficient provision is made throughout England and Wales for 'the probation purposes'. The Secretary of State must have regard to the following aims in the exercise of his functions as far as they may be exercised for any of the probation purposes:

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

In accordance with Section 1 of the Offender Management Act 2007, 'the probation purposes' means the purposes of providing for:

- Courts to be given assistance in determining the appropriate sentences to pass, and making other decisions, in respect of persons charged with or convicted of offences;
- The giving of assistance to persons determining whether conditional cautions should be given and which conditions to attach to conditional cautions;
- The supervision and rehabilitation of persons charged with or convicted of offences including in particular:
  - giving effect to community orders and suspended sentence orders
  - assisting in the rehabilitation of offenders who are being held in prison
  - supervising persons from prison on licence
  - providing accommodation in approved premises
- The giving of assistance to persons remanded on bail;
- The supervision and rehabilitation of persons to whom conditional cautions are given;
- The giving of information to victims of persons charged with or convicted of offences.

These aims are therefore the basis on which the Secretary of State will contract with any provider for the provision of probation services. West Yorkshire Probation Trust has a contract with the Secretary of State for the provision of probation services for West Yorkshire. In providing the services the Trust is required to work collaboratively with the Secretary of State having regard to the aims set out above.

## Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 7.

### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 23. The Statement of Changes in Taxpayers' Equity is shown on page 26.

### Operating costs

The net operating cost before tax for 2012–13 stands at £518k compared to the £640k net operating income for 2011–12. The main reasons for the increase are due to a reduction in contract income and the effects of pension accounting adjustments.

### Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 24 and 25.

The net liability position has increased from £47.02m at March 2012 to £48.59m at March 2013. The largest single movement in net liability is £1.59m in pension liability.

### Payment of creditors

In the year to 31 March 2013, the Trust paid 4,892 trade invoices with a value of £12.04m. The percentage of undisputed invoices paid within 30 days by the Trust was 95.2% compared to 92.6% in 2011–12.

### Treatment of Pension Liabilities

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

### Sickness absence data

The average levels of absence per member of staff due to staff sickness were 11.1 days across the Trust (2011–12 – 8.1 days). The difference between years is being analysed to understand the underlying trends.

### Personal data related incidents

No personal data related incidents were reported to the Information Commissioner's Office (ICO). However there were five single data related incidents in 2012–13, resulting in four minor personal data losses.

When an incident arises, a risk assessment is carried out to assess who, if anyone, should be notified and to ensure measures are in place to mitigate risk to individuals and prevent recurrence of the incident. All staff undertake a compulsory Information Assurance training course when joining the Trust and an annual refresher course.

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

### 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 50 to 53.

## Going concern

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

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

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

## Future developments

Our 2013–14 Strategic Business Plan has been prepared against a backdrop of the Government’s ‘Transforming Rehabilitation’ agenda, which aims to open up the majority of Probation services to competition and the introduction of Payment by Results.

A primary strategic aim for 2013–14 is the development of a Special Purpose Vehicle (SPV) for rehabilitation services. This is being developed in partnership with Northumbria Probation Trust and we are engaging with the Cabinet Office Mutual’s team to support the development process. We will be presenting our model for delivery to them in late May.

The Trust will remain committed to innovation and has developed a clear process to support innovation. We will continue to provide support and continuous development for employees with workshops covering creative thinking and ways to explore the key behaviours needed to create a culture where innovation thrives.

An innovation fund has been introduced to financially support a range of activities and initiatives to encourage colleagues to look for better ways of working which deliver improved outcomes for staff, offenders and our communities.

Our Business Development Team function continues to source and evaluate opportunities for new income streams to develop quality services that reduce reoffending and protect our communities.

## Communications and employee involvement

The development of a communication and engagement plan has ensured that a schedule of activity and communications has been completed and our employees receive accuracy and consistency in the communications they receive.

Our intranet is a vital source of information and the inclusion of a “Talking Wall” where employees can post discussion points has proved invaluable in gauging how our employees are responding to the proposals that have been presented within the Transforming Rehabilitation agenda.

Aside from smaller LDU based regular briefing sessions and visits supported by the Executive Group we held an annual conference which was attended by over 700 employees in March 2013.

We have introduced a social media pilot and appointed Twitter champions across the Trust to increase our use of available communication channels. To date we have 561 followers on Twitter and are looking to develop our use of social media through a more marketing led approach to our business.

The forthcoming months will see a period transformation for employees of the Trust and we are committed to ensuring that our employees remain fully engaged on the process and supported in their roles to make certain that we continue to reduce reoffending and protect the communities of West Yorkshire.

## Staff diversity

The Trust operates an Equality and Diversity Policy which reflects our responsibilities in relation to the Equality Act 2010. This gives us particular duties in relation to people and groups with the protected characteristics of age, disability, marriage and civil partnership, maternity and pregnancy, race, religion and belief, sex (formerly known as gender) and sexual orientation. This includes a requirement to publish equalities information (via the Trust website) and develop equality objectives, to enable the elimination of discrimination and harassment, the advancement of equality of opportunity and fostering of good relations.

## Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a Department for Communities and Local Government (DCLG) decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 21.

Total audit fees reported in the Accounts are £29,300. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 relate to the statutory accounts only.

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

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

## The West Yorkshire Probation Trust Board

The governance arrangements within the Trust for the whole of 2012–13 included the following:

- A Board consisting of six independent members nominated by the Secretary of State and two independent non-voting member and magistrate advisors to set the strategic direction and hold the Chief Executive to account.
- An Audit & Risk Management Committee to provide the Chief Executive with assurance regarding transparent governance, risk management and financial accountability and to challenge decisions where appropriate.
- The Chair and Chief Executive have quarterly meetings with the NOMS Regional Community Services Manager representing the NOMS Commissioner to monitor contractual performance and outcomes.
- An annual audit plan of work related topics scrutinised by the MoJ Internal Audit and Assurance Team.
- An annual audit of our accounts was conducted by the National Audit Office (our external auditors).

The Chair, Chief Executive and the four independent members of the Board were all appointed by the Secretary of State. The Lord Chancellor appointed Her Honour Judge J Kershaw (left November 2012) to the Board from among judges of the Crown Court.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 13 to 15.

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

<b>Position</b>	<b>Name</b>	<b>Date appointment commenced / ended (during 2012–13) where appropriate</b>
Chief Executive	Ms Sue Hall	
Chair	Stan Hardy	
Board Member	Geoffrey Alvy	
Independent Advisor	Ms Anne Beckett JP	
Board Member	Neville Thompson	
Board Member	Peter Mayo-Smith	
Board Member	Alan Caygill	
Independent Advisor	Mrs Jean Stafford JP	
Board Member	HH Judge Jennifer Kershaw	Ended November 2012

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

Accounting Officer

24 June 2013



## 3. Remuneration Report

### Appointments

The Chair, the Chief Executive, and other members of the Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments 'Guidance on Appointments to Public Bodies'.

The Lord Chancellor appointed Her Honour Judge J Kershaw (left November 2012) to the Board from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department.

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

### A) REMUNERATION – AUDITED

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The bonus payable to Sue Hall is in respect of performance, leadership, competence and strategic planning.

	2012–13			2011–12		
	Salary (as defined below)	Bonus	Benefits in kind (rounded to the nearest £100)	Salary (as defined below)	Bonus	Benefits in kind (rounded to the nearest £100)
	£000s	£000s	£	£000s	£000s	£
Ms Sue Hall	100–105	0–5	7,000	95–00	0–5	9,000
Stan Hardy	20–25	0	0	20–25	0	0
Geoffrey Alvy	0–5	0	0	0–5	0	0
Ms Anne Beckett JP	5–10	0	0	5–10	0	0
Neville Thompson	5–10	0	0	5–10	0	0
Peter Mayo-Smith	0–5	0	0	0–5	0	0
Alan Caygill	0–5	0	0	0–5	0	0
Mrs Jean Stafford JP	0–5	0	0	0–5	0	0
Judge Jennifer Kershaw	0	0	0	0	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 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)	£110,000–£115,000	£110,000–£115,000
Median for other staff	£27,102	£27,102
Pay multiple ratio	4.1:1	4.1:1

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

## Salary

'Salary' includes the gross salary (Chair and Chief Executive) and hourly rates (Board Members).

## Benefits in kind

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

## B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Ms Sue Hall	45–50	2.5–5.0	1,086	1,015	49

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.

Accounting Officer

24 June 2013

## 4. Statement of Accounting Officer's Responsibilities

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

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

## 5. Governance Statement

**This Statement sets out for our staff and stakeholders the basis on which the Trust has been established; the way in which it is governed and managed; and how it is accountable for what it does.**

The West Yorkshire Probation Trust was established on 1 April 2010 under the Offender Management Act 2007. The Trust is required to operate within the provisions of the Act and relevant subordinate legislation. It must also comply with any directions given by the Secretary of State for Justice. The Secretary of State is ultimately accountable to Parliament for the activities and performance of the West Yorkshire Probation Trust. The Chief Executive for the National Offender Management Service (NOMS), as Accounting Officer for the whole Service, designates the Chief Executive of the Trust to undertake the role of Accounting Officer for the Trust.

### Robust Corporate Governance

The Trust deploys robust corporate governance that where relevant and practical are in line with the Corporate Governance Code.

It is not considered that there are any significant internal control problems. The Internal Auditor's overall opinion for 2012–13 concluded that he can give a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control. The Internal Auditor's Annual Report included no issues of sufficient importance that would require highlighting in this Statement.

### Governance Framework

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of Ministry of Justice policies, aims and objectives, set by Ministers, whilst safeguarding the public funds and department's assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money and in the Governance Handbook for Probation Trusts.

The Governance Handbook for Probation Trusts was drawn up by NOMS. It sets out the managerial and financial framework within which all Probation Trusts are expected to operate.

The Trust Board agreed a Contract for Offender Management and Interventions with NOMS. This Contract was reviewed formerly with NOMS on a quarterly basis. We were able to demonstrate and evidence good governance, excellent performance against targets and robust financial management.

The Trust has created, with Northumbria Probation Trust, "The Northumbria and West Yorkshire Probation Alliance" which is committed to developing a strategy to use the combined resources of the two Trusts to meet the challenges of the future. The Alliance is governed by a Strategic Board Trust, made up of me, the Northumbria Probation Trust Chief Executive, the two Trust Chairs and a Board member from each of the two Trust Boards.

Governance arrangements are in place around the joint shared HR and Finance service with York and North Yorkshire Probation Trust. This includes me, together with the Chair of the Trust and the York and North Yorkshire Probation Trust Chair and Chief Executive, holding regular accountability meetings with the Directors of Finance & ICT and HR.

As the Trust's Accounting Officer, I as Chief Executive am personally responsible for propriety and regularity in the management of public funds for which I have charge and for the day to day operations and management of the West Yorkshire Probation Trust. I am also personally responsible for this Governance Statement.

**The values that underpin our work are:**

- Respect – we believe that people do their best when their differences are valued and they are treated with respect
- Integrity – we believe in keeping our promises and providing transparent explanations for our actions
- People can change – we believe in enabling individuals to achieve their potential
- Excellence – we believe in the pursuit of excellence in all that we do
- Working together – we believe that engaging with individuals, partners and communities is key to our work
- Social responsibility – we believe we have a duty to make a positive difference to our local communities.

**The Trust Board's Performance and Effectiveness**

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of Her Majesty's Inspection of Probation, the Internal Auditors, the Audit and Risk Management Committee, the Trust Board Members and Executive Managers, who all have a responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their Management Letter and other reports. Letters of Assurance are provided by Senior Managers to attest to the adequacy of the internal controls within their areas of responsibility. The Trust Board also participates in the Audit Commission sponsored National Fraud Initiative which seeks to tackle a broad range of fraud risks faced by public sector bodies.

Using these sources, my assessment is that the system of internal control has been based on the effective operation of processes.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and Audit and Risk Management Committee. In seeking to continuously improve systems the Board has established the following processes:

- The Trust Board meets at least eight times per year to consider the plans and strategic direction of the Trust Board, and the Audit and Risk Management Committee meets at least four times per year. All meetings were quorate. Attendance is detailed below:

**Meeting Attendance 2012–13**

Name	Position	Board Attendance	Audit & Risk Management Committee Attendance
Stan Hardy	Chair	7 out of 8	n/a
Ms Sue Hall	Chief Executive	8 out of 8	2 out of 4
Geoffrey Alvy	Board Member	7 out of 8	4 out of 4
Ms Anne Beckett JP	Board Member	8 out of 8	2 out of 4
Neville Thompson	Board Member	7 out of 8	3 out of 4
Peter Mayo-Smith	Board Member	7 out of 8	3 out of 4
Alan Caygill	Board Member	8 out of 8	4 out of 4
Mrs Jean Stafford JP	Board Member	8 out of 8	4 out of 4

- The Trust Board receives detailed minutes of each meeting of the Audit and Risk Management Committee together with periodic verbal reports on its work, by the Chair of the Audit and Risk Management Committee.
- Regular reports by Internal Audit, to standards defined in the Government Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Trust Board's system of internal control together with recommendations for improvement.
- A comprehensive performance management system is in place based upon publication of monthly local performance reports and quarterly national Probation Trust Rating System (PTRS) reports. Staff and managers' access to performance information is via an on-line performance database on our intranet throughout the year.

- I report the performance results at each Trust Board meeting with a detailed presentation taking place each quarter.
- I review performance on a monthly basis with the Executive Management Team. I also hold six monthly Accountability Meetings with each Director to review performance against their business plans. Performance management is a central part of the role of the Director of Operations, who reviews performance on a monthly basis with the operational Heads of Service at the Operational Strategic Group.
- The Trust was subject to an inspection by HMIP in May 2012, the report being published in September 2012. Overall, the report was positive and evidenced a good, solid result. An action plan is in place to further improve our performance following the inspection.
- The Trust has had in place the following procedures throughout the year in order to maintain a robust internal control mechanism for Corporate Governance:
  - Governance Handbook for Probation Trusts
  - Standing Financial Instructions
  - Standing Orders
  - Register of Interests
- Budget control in West Yorkshire is delegated to a range of budget holders and this is tightly managed by the Director of Finance & ICT on behalf of the Chief Executive and supported by formal documentation for the management of delegated budgets together with associated virement procedures. A Scheme of Delegation is in place.
- The Trust Board maintains a comprehensive suite of policies which is regularly reviewed. This is made available to all staff via its “Online Information” Intranet and includes policies in relation to Anti Fraud, Theft and Corruption and Public Interest Disclosure (The “Whistleblower” Policy).
- The Trust Board deploys the European Excellence Model on an annual basis to identify strengths and areas for improvement in its processes and the results they deliver. The outcomes of the annual exercises are incorporated into the following year Business Plan. In March 2009 we received a four star award for excellence by Recognised for Excellence.
- A Staff Survey is conducted on an annual basis to ascertain the views of staff based on their experience of working for the West Yorkshire Probation Trust. Again outcomes from this are reflected in the Area Business Plan. In January 2013 we received a Gold Investors in People Award.

## Risk Management

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The West Yorkshire Probation Trust Board is committed to an effective process of risk management. The approach taken involves systematically:

- Identifying objectives
- Identifying business risks
- Analysing and Evaluating the risks
- Treating the risk
- Recording, monitoring and reviewing the risks

The Board Members and the Executive Team engaged in a Risk Management Workshop in February 2012 to identify the key business risks facing the organisation. Consideration of the risk of not achieving business plan objectives is a regular agenda item at Management and Audit and Risk Management Committee meetings. This has coincided with the already routine consideration of performance. Changes to risk assessments and necessary actions have been cascaded upwards to relevant Lead Managers and ultimately the Trust Board through the embedded risk management process.

Throughout the year the Risk Register has been routinely reviewed quarterly at Executive Group. The Executive Group challenge risk owners on their ability to manage risks. The Trust Board review the critical few risks on a quarterly basis to coincide with the Trust Board's review of performance. The Risk Register is updated on an ongoing basis and presented to each meeting of the Audit and Risk Management Committee who focus on the adequacy of the internal controls in place and proposed to mitigate those business risks. All reports to Management and Trust Board meetings include a risk assessment paragraph.

Where the Board considers the consequences of the risks may be severe, the counter measure would be incorporated into the Trust Business Plan as an improvement project.

The main risks being managed at the date of this statement were:

- The transition and restructure arrangements relating to the Governments Transforming Rehabilitation strategy.
- The management of staff sickness levels.
- The implementation of a new national case recording system (NDelius).

The Internal and External Audit Plans for 2012–13 were influenced by the Trust Business Plan and the Risk Register, and revised as determined by the dynamic risk environment. Counter measures are monitored through regular performance accountability reviews undertaken by the Executive Group and ultimately the Trust Board.

It is from the robust application of risk management that the Trust Board has been able to maintain both its good performance and performance reporting timeliness during the year.

Controls have been further enhanced to improve information security compliance with specific Government Secure Intranet connection requirements and to incorporate requirements for the processing of confidential data. All staff completed Information Security Awareness Training in 2012.

In 2012–13, there were five single data incidents resulting in four minor personal losses. All incidents were reported in line with our policy and reported to NOMS. For each incident internal controls have been reviewed and improved.

Sue Hall  
Chief Executive  
West Yorkshire Probation Trust  
24 June 2013



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

### Audit Certificate

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

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

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

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

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

#### Opinion on regularity

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

#### Opinion on financial statements

In my opinion:

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

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

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

### **Opinion on other matters**

In my opinion:

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

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**

**Date: 1st July 2013**

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

## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Administration costs</b>			
Staff costs	3(a)	31,089	31,411
Other administration costs	6(a)	11,008	10,677
Income	7(a)	(40,670)	(41,160)
<b>Net administration costs</b>		<b>1,427</b>	<b>928</b>
<b>Programme costs</b>			
Staff costs	3(a)	0	0
Other programme costs	6(b)	0	0
Income	7(b)	0	0
<b>Net programme costs</b>		<b>0</b>	<b>0</b>
<b>Net operating costs</b>		<b>1,427</b>	<b>928</b>
Expected return on pension assets	4(d)	(9,741)	(10,477)
Interest on pension scheme liabilities	4(d)	8,832	8,909
<b>Net operating costs before taxation</b>		<b>518</b>	<b>(640)</b>
Taxation	5	0	40
<b>Net operating costs after taxation</b>		<b>518</b>	<b>(600)</b>

### Other Comprehensive Expenditure

		2012–13	2011–12
	Notes	£000	£000
Net (gain)/loss on revaluation of property, plant and equipment	8	(16)	(3)
Pension actuarial loss	23	1,074	21,942
<b>Total comprehensive expenditure for the year ended 31 March 2013</b>		<b>1,576</b>	<b>21,339</b>

The notes on pages 27 to 47 form part of these accounts.

## Statement of Financial Position

As at 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Non-current assets</b>			
Property plant and equipment	8	294	321
<b>Total non-current assets</b>		<b>294</b>	<b>321</b>
<b>Current assets</b>			
Trade and other receivables	12(a)	3,508	4,617
Cash and cash equivalents	13	2,012	1,552
<b>Total current assets</b>		<b>5,520</b>	<b>6,169</b>
<b>Total assets</b>		<b>5,814</b>	<b>6,490</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(3,386)	(3,585)
Provisions	15	(577)	(967)
Taxation payables	14(a)	(838)	(1,056)
<b>Total current liabilities</b>		<b>(4,801)</b>	<b>(5,608)</b>
<b>Non-current assets plus/less net current assets/(liabilities)</b>		<b>1,013</b>	<b>882</b>
<b>Non-current liabilities</b>			
Trade and other payables	14(a)	(116)	0
Pension liability	4(c)	(49,489)	(47,898)
<b>Total non-current liabilities</b>		<b>(49,605)</b>	<b>(47,898)</b>
<b>Assets less liabilities</b>		<b>(48,592)</b>	<b>(47,016)</b>
<b>Taxpayers' equity</b>			
General fund	23	(48,697)	(47,105)
Revaluation reserve – property, plant and equipment	24(a)	105	89
		<b>(48,592)</b>	<b>(47,016)</b>

The financial statements on pages 23 to 26 were approved by the Board on 12 June 2013 and were signed on its behalf by

Accounting Officer

24 June 2013

The notes on pages 27 to 47 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(518)	600
Adjustments for non-cash transactions	6(a)	43	988
Adjustments for pension cost	4(d)	517	(639)
(Increase)/decrease in receivables	12(a)	1,109	(702)
Increase/(decrease) in payables	14(a)	(301)	(77)
Utilisation of provisions	15	(390)	(302)
Less movements in property, plant and equipment payable	14(a)	0	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	13
<b>Net cash outflow from operating activities</b>		<b>460</b>	<b>(119)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash outflow from investing activities</b>			
		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Payments of amounts due to the Consolidated Fund to NOMS		0	(13)
<b>Net financing</b>		<b>0</b>	<b>(13)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
		<b>460</b>	<b>(132)</b>
Cash and cash equivalents at the beginning of the period	13	1,552	1,684
Cash and cash equivalents at the end of the period	13	2,012	1,552
<b>Increase/(decrease) in cash</b>		<b>460</b>	<b>(132)</b>

The notes on pages 27 to 47 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2011</b>		<b>(25,763)</b>	<b>86</b>	<b>(25,677)</b>
<b>As restated at 1 April 2011</b>		<b>(25,763)</b>	<b>86</b>	<b>(25,677)</b>
<b>Changes in taxpayers' equity for 2011–12</b>				
Net operating cost after taxation	SocNE	600		<b>600</b>
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		3	<b>3</b>
Pension actuarial (loss)	23	(21,942)	0	<b>(21,942)</b>
Net NOMS financing received in year	23	0	0	<b>0</b>
<b>Balance as at 31 March 2012</b>		<b>(47,105)</b>	<b>89</b>	<b>(47,016)</b>
<b>Changes in taxpayers' equity for 2012–13</b>				
Net operating cost after taxation	SocNE	(518)		<b>(518)</b>
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		16	<b>16</b>
Pension actuarial (loss)	23	(1,074)	0	<b>(1,074)</b>
<b>Balance as at 31 March 2013</b>		<b>(48,697)</b>	<b>105</b>	<b>(48,592)</b>

The notes on pages 27 to 47 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 (employee benefits) that will come into force for financial periods beginning on or after 1 January 2013 (IAS 19R). IAS 8 (changes in accounting estimates & errors) requires the disclosure of the impact of the changes to accounting standards which have not yet been adopted. In particular, it requires a disclosure, in the 2013 accounts for those employers with 31 March 2013 year end date, of the expected impact of the future change in accounting standard. The principal changes are as follows:

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

Comprehensive Net Expenditure, but are set out as a separate item.

Had the Trust adopted the amended IAS 19 for the 2012–13 reporting period the impact on the financial statement would have been to increase net expenditure by £3.28m and reduce Other Comprehensive Expenditure by £3.28m. Therefore there is no impact on net liabilities.

#### 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 £10,000, 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”.

#### 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	5–10 years depending on individual asset type
Furniture, fixtures & fittings	5 years depending on individual asset type

#### 1.6 Impairment

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



### 1.7 Intangible non-current assets

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

The minimum level for capitalisation of a intangible non-current asset is £10,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

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

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

### 1.8 Non-current assets held for sale

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

### 1.9 Inventories

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

### 1.10 Operating income

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

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

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

### 1.11 Administration and programme expenditure

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

### 1.12 Pensions

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

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

### 1.13 Leases

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

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental to ownership of leased non-current assets are transferred from the lessor to the lessee when assessed against the qualitative and quantitative criteria in IAS 17 (leases). 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

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

#### Operating leases – incentives

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

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

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

### 1.14 Provisions

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

### 1.15 Value Added Tax

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

### 1.16 Corporation Tax (CT)

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

### 1.17 Cash and Cash Equivalents

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

### 1.18 Financial instruments

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

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

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

### 1.20 Third party assets

Should the Trust hold, 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

West Yorkshire Probation Trust does not break down income and expenditure by segment when reporting to the Board. We only report at Trust level.

## 3. Staff numbers and related costs

### 3a. Staff costs consist of:

	2012–13			2011–12
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	25,811	25,598	213	26,412
Social security costs	1,927	1,927	0	1,968
Other pension costs	4,699	4,699	0	4,280
<b>Sub-total</b>	<b>32,437</b>	<b>32,224</b>	<b>213</b>	<b>32,660</b>
Less recoveries in respect of outward secondments	(1,348)	(1,348)	0	(1,249)
<b>Total staff costs</b>	<b>31,089</b>	<b>30,876</b>	<b>213</b>	<b>31,411</b>
Administration-related staff costs	31,089	30,876	213	31,411
Programme-related staff costs	0	0	0	0
	<b>31,089</b>	<b>30,876</b>	<b>213</b>	<b>31,411</b>

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

1 person (2011–12: 3 persons) retired early on ill-health grounds. The costs are not itemised here but are included in the pension disclosure figures at **Note 4**.

### 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
	909	900	9	939

### 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	16	16	0	22	22
£10,000–£25,000	0	7	7	0	24	24
£25,000–£50,000	0	1	1	0	12	12
£50,000–£100,000	0	1	1	0	7	7
£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
<b>Total number of exit packages by type</b>	<b>0</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>65</b>	<b>65</b>
<b>Total resource cost £000</b>	<b>0</b>	<b>282</b>	<b>282</b>	<b>0</b>	<b>1,311</b>	<b>1,311</b>

Redundancy and other departure costs have been paid in accordance with the Trust 's compensation scheme. Exit costs for staff leaving in 2012–13 and 2013–14 are accounted for in full where agreements have been reached in 2012–13. The additional cost of any early departures 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.

Future cost efficiencies will accrue from the above Voluntary Early Departures.

## 4. Pensions costs

Pension benefits are provided through the West Yorkshire Local Government Pension Scheme (LGPS). This is a statutory, and intended to be a fully funded, scheme which provides benefits on a “final salary” basis at a normal retirement age of 65, but an employee is eligible to go at 60 under the 85 year rule with no loss of pension entitlement. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service. Members pay contributions ranging from 5.5% to 7.5% dependant upon the level of pensionable earnings. Pension payments are increased in line with the Consumer Prices Index. On death, pensions are payable to the surviving spouse at the rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension, which depends on length of service. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

### 4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hewitts Associates Limited. For 2012–13, employers' contributions of £3,273,489 were payable to the LGPS (2011–12 £3,351,342) at a rate of 13.3% of employees' pensionable pay. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. The Trust also contributed £284,000 in Past Service Costs to fund voluntary redundancy payments (2011–12: £426,000).

Partnership accounts are excluded under IAS19.

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

	2012–13	2011–12
	%	%
Inflation assumption	2.7%	2.5%
Rate of increase in salaries	4.6%	5.0%
Rate of increase for pensions in payment and deferred pensions	2.7%	2.5%
Discount rate	4.4%	4.7%

**Mortality Assumptions:**

For current pensioners aged 65 the life expectancy is assumed to be 22.1 years (male) and 24.3 years (female) as at 31 March 2013. For future pensioners aged 65 in 20 years time the life expectancy assumption is 23.9 years (male) and 26.2 years (female) as at 31 March 2013.

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

	2012–13			2011–12		
	Expected long-term rate of return	Value as a percentage of total scheme assets	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	7.8%	71%	112,938	8.1%	70%	98,192
Government bonds	2.8%	12%	19,752	3.1%	13%	18,910
Other bonds	3.8%	6%	9,558	3.7%	5%	7,284
Property	7.3%	3%	5,257	7.6%	4%	5,323
Other	5.1%	7%	11,787	4.8%	7%	10,366
<b>Total</b>	<b>6.7%</b>	<b>100%</b>	<b>159,292</b>	<b>7.1%</b>	<b>100%</b>	<b>140,075</b>
<b>Present value of scheme liabilities</b>			<b>(208,781)</b>			<b>(187,973)</b>
<b>Deficit of the scheme</b>			<b>(49,489)</b>			<b>(47,898)</b>
<b>Net pension liability</b>			<b>(49,489)</b>			<b>(47,898)</b>

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

	2012–13	2011–12
	£000	£000
<b>Pension cost</b>		
Current service cost	4,699	4,285
Past service cost	284	426
<b>Total operating charge</b>	<b>4,983</b>	<b>4,711</b>

The past service cost in the above table is not included in Staff Cost (**Note 3a**), as it has been accounted for under Other Administrative Costs (**Note 6**) in previous years.

	2012–13	2011–12
	£000	£000
<b>Analysis of interest cost on pension scheme – assets/(liabilities)</b>		
Expected return on pension scheme assets	(9,741)	(10,477)
Interest on pension scheme liabilities	8,832	8,909
<b>Net interest costs</b>	<b>(909)</b>	<b>(1,568)</b>

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

	2012–13 £000	2011–12 £000
Pension actuarial gain/(loss)	(1,074)	(21,942)
<b>Total shown in other comprehensive expenditure</b>	<b>(1,074)</b>	<b>(21,942)</b>

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

	2012–13 £000	2011–12 £000
<b>Opening present value of liabilities</b>	<b>187,973</b>	<b>164,450</b>
Current service cost	4,699	4,285
Interest cost	8,832	8,909
Contributions by members	1,495	1,549
Actuarial losses on liabilities*	11,956	13,645
Benefits paid	(6,204)	(5,048)
Past service cost	284	426
Unfunded benefits paid	(254)	(243)
<b>Closing present value of liabilities</b>	<b>208,781</b>	<b>187,973</b>

\* Includes changes to actuarial assumptions

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

	2012–13 £000	2011–12 £000
<b>Opening fair value of assets</b>	<b>140,075</b>	<b>137,855</b>
Expected return on asset	9,741	10,477
Actuarial gains/(losses) on assets	10,882	(8,297)
Contributions by the employer	3,557	3,782
Contributions by members	1,495	1,549
Benefits paid	(6,204)	(5,048)
Unfunded benefits paid	(254)	(243)
<b>Closing fair value of assets</b>	<b>159,292</b>	<b>140,075</b>

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

	2012–13 £000	2011–12 £000	2010–11 £000	2009–10 £000	2008–09 £000
Fair value of assets	159,292	140,075	137,855	126,970	94,794
Present value of liabilities	208,781	187,973	164,450	198,247	118,333
<b>Surplus/(deficit)</b>	<b>(49,489)</b>	<b>(47,898)</b>	<b>(26,595)</b>	<b>(71,277)</b>	<b>(23,539)</b>
Experience gains/(losses) on scheme assets	10,882	(8,297)	2,694	26,007	(29,421)
Experience gains/(losses) on scheme liabilities	214	(1,206)	16,786	71,703	(31,095)
Percentage experience gains/(losses) on scheme assets	<b>7%</b>	<b>(6%)</b>	<b>2%</b>	<b>20%</b>	<b>(31%)</b>
Percentage experience gains/(losses) on scheme liabilities	<b>0%</b>	<b>(1%)</b>	<b>10%</b>	<b>36%</b>	<b>(26%)</b>

#### 4i. Sensitivity analysis

	<b>+0.1%</b> <b>£000</b>	<b>0%</b> <b>£000</b>	<b>-0.1%</b> <b>£000</b>
<b>Adjustment to discount rate</b>			
Present value of total obligation	205,076	208,781	212,555
Projected service cost	5,374	5,522	5,673
	<b>+1yr</b> <b>£000</b>	<b>none</b> <b>£000</b>	<b>-1yr</b> <b>£000</b>
<b>Adjustment to mortality age rate assumption</b>			
Present value of total obligation	204,668	208,781	212,861
Projected service cost	5,391	5,522	5,652
	<b>+0.1%</b> <b>£000</b>	<b>0%</b> <b>£000</b>	<b>-0.1%</b> <b>£000</b>
<b>Adjustment to inflation</b>			
Present value of total obligation	209,723	208,781	207,846
Projected service cost	5,585	5,522	5,460

## 5. Taxation

	<b>2012–13</b> <b>£000</b>	<b>2011–12</b> <b>£000</b>
UK corporation tax	0	40
	0	0
<b>Total</b>	<b>0</b>	<b>40</b>

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



## 6. Other administrative costs and programme costs

### 6a. Administration costs

	2012–13		2011–12	
	£000	£000	£000	£000
Rentals under operating leases	3		13	
Accommodation, maintenance and utilities	3,658		3,420	
Travel, subsistence and hospitality	467		470	
Professional services	435		374	
IT services	1,839		1,378	
Communications, office supplies and services	856		666	
Other staff related	684		461	
Offender costs	2,972		1,924	
Other expenditure	(2)		932	
External Auditors' remuneration – statutory accounts	29		30	
Internal Auditors' remuneration and expenses	24		21	
		<b>10,965</b>		<b>9,689</b>
<b>Non-cash items</b>				
Depreciation of tangible non-cash assets	43		74	
Other provisions provided for in year	0		914	
		43		988
<b>Total</b>		<b>11,008</b>		<b>10,677</b>

In 2012–13 we have improved the accounting categorisation within the Administration Costs total. This mainly affects Other Staff Related Offender Costs, Other Expenditure and Other Provisions provided for in year. The 2011–12 audited figures have not been restated.

### 6b. Programme costs

Current expenditure	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Total other administration and programme costs</b>	<b>11,008</b>	<b>10,677</b>

## 7. Income

### 7a. Administration income

	2012–13		2011–12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	37,502		38,386	
		<b>37,502</b>		<b>38,386</b>
EU income from NOMS		1,280		0
Other income received from Probation Trusts		410		406
Other income from NOMS		183		1,129
Other income from rest of MoJ Group		0		3
Other income from other Government departments		880		990
Miscellaneous income		407		240
		<b>40,662</b>		<b>41,154</b>
Interest received:				
From bank	8		6	
From other sources	0		0	
<b>Total interest received</b>		<b>8</b>		<b>6</b>
<b>Total administration income</b>		<b>40,670</b>		<b>41,160</b>

EU income from NOMS was recorded as 'Other Income from NOMS' in 2011–12.

### 7b. Programme income

Programme Income	0		0	
<b>Total programme income</b>		<b>0</b>		<b>0</b>
<b>Total income</b>		<b>40,670</b>		<b>41,160</b>

## 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
<b>Cost or valuation</b>						
<b>As at 1 April 2012</b>	<b>25</b>	<b>197</b>	<b>421</b>	<b>9</b>	<b>0</b>	<b>652</b>
Disposals	(18)	(125)	(28)	(9)	0	(180)
Indexation/revaluation	1	3	23	0	0	27
<b>As at 31 March 2013</b>	<b>8</b>	<b>75</b>	<b>416</b>	<b>0</b>	<b>0</b>	<b>499</b>
<b>Depreciation</b>						
<b>As at 1 April 2012</b>	<b>25</b>	<b>182</b>	<b>115</b>	<b>9</b>	<b>0</b>	<b>331</b>
Charge in year	0	9	34	0	0	43
Disposals	(18)	(125)	(28)	(9)	0	(180)
Indexation/revaluation	1	2	8	0	0	11
<b>As at 31 March 2013</b>	<b>8</b>	<b>68</b>	<b>129</b>	<b>0</b>	<b>0</b>	<b>205</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>7</b>	<b>287</b>	<b>0</b>	<b>0</b>	<b>294</b>
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>15</b>	<b>306</b>	<b>0</b>	<b>0</b>	<b>321</b>
<b>Asset financing</b>						
Owned	0	7	287	0	0	294
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>7</b>	<b>287</b>	<b>0</b>	<b>0</b>	<b>294</b>

## 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	
<b>Cost or valuation</b>						
<b>As at 1 April 2011</b>	25	196	419	9	0	649
Indexation/revaluation	0	1	2	0	0	3
<b>As at 31 March 2012</b>	25	197	421	9	0	652
<b>Depreciation</b>						
<b>As at 1 April 2011</b>	21	147	80	9	0	257
Charge in year	4	35	35	0	0	74
<b>As at 31 March 2012</b>	25	182	115	9	0	331
<b>Carrying value as at 31 March 2012</b>	0	15	306	0	0	321
<b>Carrying value as at 31 March 2011</b>	4	49	339	0	0	392
<b>Asset financing</b>						
Owned	0	15	306	0	0	321
<b>Carrying value as at 31 March 2012</b>	0	15	306	0	0	321

Existing assets that have been fully depreciated prior to 2012–13, and which also had an original cost lower than our current capital threshold (i.e. £10,000) have been treated as disposals. These total £152,000 in both costs and depreciation.

## 9. Intangible assets

There were no intangible assets.

## 10. Impairments

There were no impairments during the year (2011–12 – £0).

## 11. Assets held for sale

There were no assets held for sale at the reporting date (2011–12 – £0).

## 12. Trade receivables and other current assets

### 12a. Analysis by type

	2012–13 £000	2011–12 £000
<b>Amounts falling due within one year</b>		
Trade receivables	112	126
Deposits and advances	70	78
Receivables due from Probation Trusts	81	161
Receivables due from NOMS agency	2,859	3,805
Receivables due from all other Government Departments	154	223
Other receivables	0	0
Prepayments	232	224
<b>Amounts falling due after more than one year</b>		
<b>Total</b>	<b>3,508</b>	<b>4,617</b>

### 12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	2,944	3,967	0	0
Balances with local authorities	129	204	0	0
Balances with NHS bodies	15	18	0	0
Balances with public corporations and trading funds	6	0	0	0
	<b>3,094</b>	<b>4,189</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	414	428	0	0
<b>Total</b>	<b>3,508</b>	<b>4,617</b>	<b>0</b>	<b>0</b>

## 13. Cash and cash equivalents

	2012–13 £000	2011–12 £000
Balance at 1 April	1,552	1,684
Net change in cash and cash equivalents	460	(132)
<b>Balance at 31 March</b>	<b>2,012</b>	<b>1,552</b>
The following balances at 31 March are held at:		
Commercial banks and cash in hand	2,012	1,552
<b>Balance at 31 March</b>	<b>2,012</b>	<b>1,552</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2012–13	2011–12
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	1,055	1,591
Accruals	980	280
Deferred income	415	0
Staff payables	118	500
Payables due to Probation Trusts	27	43
Payables due to NOMS Agency	514	739
Payables due to all other Government departments	96	353
Unpaid pensions contributions due to the pensions scheme	181	79
	<b>3,386</b>	<b>3,585</b>
<b>Tax falling due within one year</b>		
VAT	796	974
Corporation tax	0	40
Other taxation and social security	42	42
	<b>838</b>	<b>1,056</b>
<b>Total amounts falling due within one year</b>	<b>4,224</b>	<b>4,641</b>
<b>Amounts falling due after more than one year</b>		
Staff payables	116	0
<b>Total</b>	<b>4,340</b>	<b>4,641</b>

In 2012–13 we have improved the accounting categorisation within payables and other liabilities. This mainly affects accruals deferred income and payables due to other Government departments. The 2011–12 audited figures have not been restated.

### 14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	2,227	1,914	0	0
Balances with local authorities	164	277	0	0
Balances with NHS bodies	12	0	0	0
	<b>2,403</b>	<b>2,191</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	1,821	2,450	116	0
<b>Total</b>	<b>4,224</b>	<b>4,641</b>	<b>116</b>	<b>0</b>

## 15. Provisions for liabilities and charges

	2012-13	2011-12
	£000	£000
Balance at 1 April	967	355
Provided in year	0	967
Provisions not required written back	0	(53)
Provision utilised in the year	(390)	(302)
<b>Balance as at 31 March</b>	<b>577</b>	<b>967</b>

### Analysis of expected timing of discount flows

Not later than one year

#### Current liability

#### Non-current liability

#### Balance as at 31 March

	2012-13	2011-12
	£000	£000
	577	967
	<b>577</b>	<b>967</b>
	<b>0</b>	<b>0</b>
	<b>577</b>	<b>967</b>

Provisions relate to Voluntary Early retirement agreements.

## 16. Capital commitments

There are no capital commitments at the reporting date (2011-12 – £0).

## 17. Commitments under lease

### 17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2012-13	2011-12
	£000	£000
<b>Other</b>		
Not later than one year	1	0
Later than one year and not later than five years	3	6
<b>Total</b>	<b>4</b>	<b>6</b>

Operating lease commitments refer to a vehicle.

### 17b. Finance leases

The Trust has no finance leases during the year (2011-12 – £0)

## 18. Other financial commitments

The Trust has no capital commitments to disclose (2011–12 – £0).

## 19. Deferred tax asset

The Trust has no deferred tax assets to disclose (2011–12 – £0).

## 20. Financial instruments

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

The Trust provides payroll and certain accounting services to two charities which operate in the restorative justice field. Payments on behalf of these organisations are generally funded in advance, but at certain times in the year the Trust may provide short term credit. Any credit risk is managed by regular monitoring of transaction volumes and values and, where necessary, amendments to the monthly standing order payments made by the charity organisations. See also **Note 25** (Related Party transactions).

## 21. Contingent liabilities

There were no contingent liabilities to disclose (2011–12 – £0).



## 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	10	3	7	1
<b>Total</b>	<b>10</b>	<b>3</b>	<b>7</b>	<b>1</b>
Details of cases over £250,000	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

There were no losses in excess of £250,000 in 2012–13 and 2011–12.

### 22b. Special payments schedule

There were no special payments in 2012–13 and 2011–12.

## 23. General fund

	2012–13 £000	2011–12 £000
Balance at 1 April	(47,105)	(25,763)
<b>Balance restated at 1 April</b>	<b>(47,105)</b>	<b>(25,763)</b>
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(518)	600
Actuarial gains and losses	(1,074)	(21,942)
<b>Balance at 31 March</b>	<b>(48,697)</b>	<b>(47,105)</b>

## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2012–13 £000	2011–12 £000
Balance at 1 April	89	86
Arising on revaluations of PPE during the year (net)	16	3
<b>Balance at 31 March</b>	<b>105</b>	<b>89</b>

### 24b. Intangibles

There were no intangible assets in revalued reserves (2011–12 – £0).

## 25. Related party transactions

NOMS and the Ministry of Justice are regarded as related parties. 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 following related party transaction during the period is considered to be significant:

Related Party	Position at Related Party	Income to Trust £	Nature of Transaction
<b>Neville Thompson – WYPT Board Member</b>			
St Johns Approved Premise	Board Member	50,509	WYPT Staff secondment costs reimbursed.

The Trust provides payroll and certain accounting services to two charities (see **Note 20** – Financial Instruments). Total expenditure on behalf of these organisations in 2012–13, the income to the Trust and amounts due to the Trust as at 31 March 2013 was as follows:

Organisation	Expenditure 2012–13 £	Income £	Outstanding Balance 31 March 2013 £
Himmat	1,453,042	1,386,393	81,083
Remedi	932,789	932,789	-

The outstanding balance was settled during May 2013.

## 26. Third-party assets

There are no third party assets to disclose (2011–12 – £0)

## 27. Events occurring after the reporting period

In accordance with the requirements of IAS10, 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.

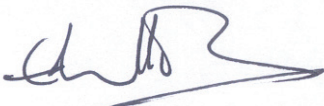
## 28. Prior period adjustments

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

### 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

## 8. Sustainability Report (not subject to audit)

### Introduction

It is mandatory for all central government bodies that produce Annual Reports and Accounts in accordance with the Government Financial Reporting Manual (FReM) to include a discrete section of sustainability information and related costs.

This is the second time we have included a sustainability report as part of our Annual Report and Accounts though we have presented an annual environmental report to our Board since 2008. The report forms part of the Ministry of Justice (MoJ) consolidated report in the Annual Report and Accounts.

The Trust is committed to being environmentally responsible. This includes the environmental impact of our business travel, energy and water use, waste generation, paper usage, recycling and the costs associated with each of these. Our priorities are to reduce our carbon dioxide emissions from both our estate and our business travel and minimise and control any adverse environmental effects arising from our work activities as far as is reasonably practicable.

We consult and work collaboratively with staff, service users and stakeholders to promote good environmental practice.

### Scope and Data Quality

For energy and water use, this report covers all 17 locations occupied by us where the costs for utilities are met through the National Offender Management Service's (NOMS) outsourced Estates and Facilities contract. Utility figures have not been available for our occupancy within four court buildings.

The NOMS' Sustainability Team has provided us with our figures for energy, waste and water which have been obtained from the outsourced facilities and estates contract. There are concerns regarding the accuracy of the financial and non-financial data that we receive and we continue to challenge and request improvements to the system.

The travel data includes journeys by all our staff.

### Probation Service Carbon Management Plan (CMP)

The Probation Service CMP was launched in April 2012 and it supports the Prime Minister's 10% carbon reduction target. The NOMS' Sustainability Team lead on this policy.

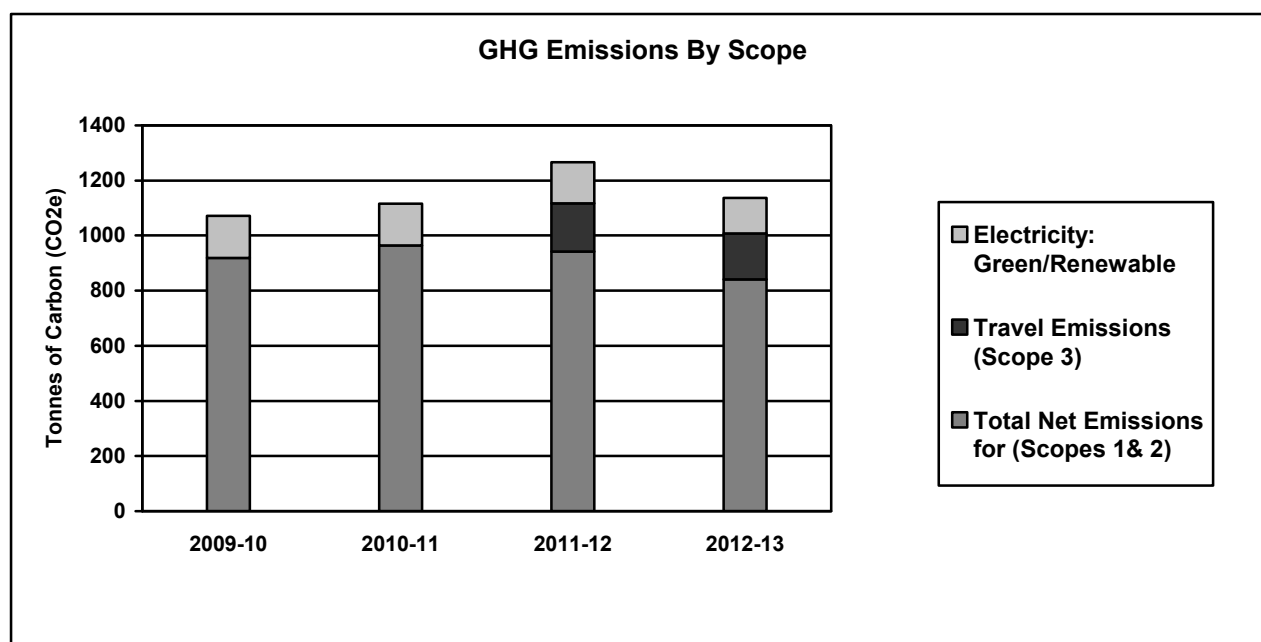
No work has been undertaken this year by NOMS which would support the CMP, however a feasibility report to identify possible projects which could take place in future years has been completed and is in the process of being quality assured before being shared with Probation Trusts.

## Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO <sub>2</sub> e)	Total gross emissions for (scopes 1 & 2)	1072.1	1115.5	1092.1	969.6
	Electricity: green/renewable	153.3	150.8	149.3	129.2
	<b>Total net emissions (scopes 1 &amp; 2)</b>	<b>918.8</b>	<b>964.7</b>	<b>942.8</b>	<b>840.4</b>
	Travel – emissions (scope 3)	0.0	0.0	174.5	167.2
	<b>Total gross GHG emissions (all scopes)</b>	<b>1072.1</b>	<b>1115.5</b>	<b>1266.6</b>	<b>1136.8</b>
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	883,537	869,536	860,968	744,758
	Electricity: renewable	294,512	289,845	286,989	248,253
	Gas	2,478,440	2,765,484	2,382,220	2,105,573
	Other energy sources	0	0	0	0
	<b>Total energy</b>	<b>3,656,489</b>	<b>3,924,865</b>	<b>3,530,177</b>	<b>3,098,584</b>
Financial indicators	Expenditure on energy (£)	£236,669	£243,534	£193,455	£202,956
	Expenditure on official business travel (£)	n/a	n/a	£404,093	£440,003

### Performance commentary (including targets)

We continue to work with MoJ Sustainability Team to agree accurate figures on a timely basis. We aim to reduce electricity usage by increasing staff awareness through poster campaigns.

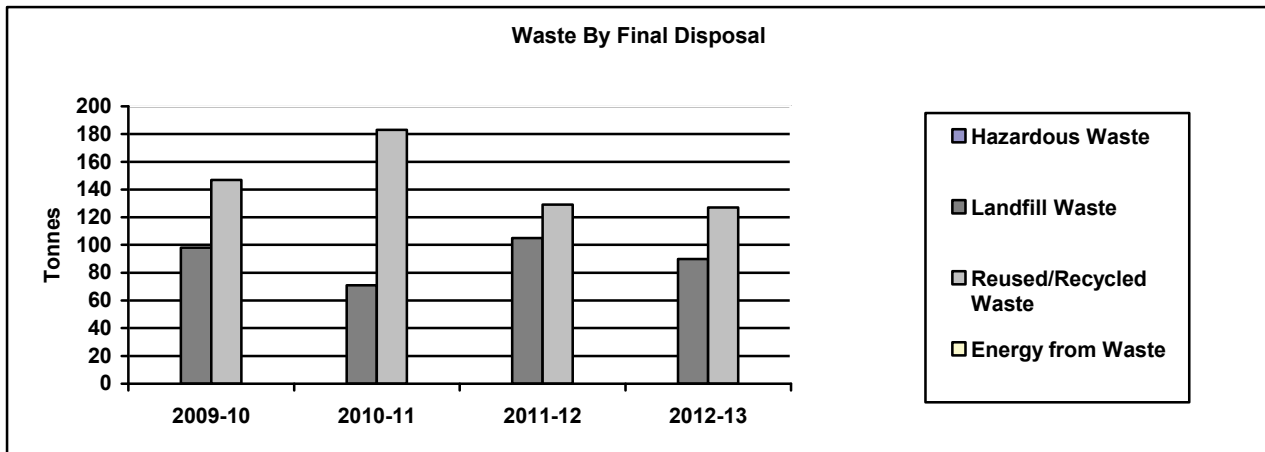


## Waste

			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	98	71	105	90
		Reused/recycled waste	147	183	129	127
		Energy from waste	0	0	0	0
		<b>Total waste arising</b>	<b>245</b>	<b>254</b>	<b>234</b>	<b>217</b>

### Performance commentary (including targets)

We encourage staff to complete dry, mixed recycling through poster and intranet campaigns. All used toner cartridges, IT equipment and mobile phones are recycled through charitable organisations. Financial indicators for waste are not currently available.

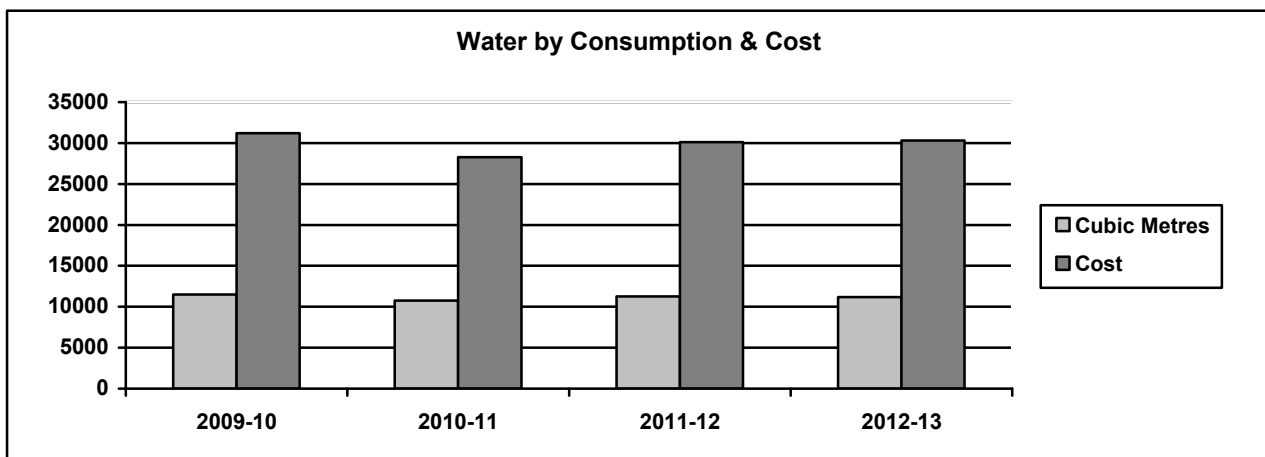


## Water

		2009-10	2010-11	2011-12	2012-13
Non-financial indicators	<b>Total water consumption (cubic metres)</b>	11,494	10,742	11,267	11,202
Financial indicators	<b>Total water supply costs (£)</b>	£31,210	£28,277	£30,096	£30,300

### Performance commentary (including targets)

We continue to work with MoJ Sustainability Team to obtain accurate and timely figures



## Paper

	2009-10	2010-11	2011-12	2012-13
<b>Cost (excluding VAT) (£)</b>	n/a	n/a	n/a	£15,000

### Performance commentary (including targets)

We aim to reduce paper costs in 2013-14 by the introduction of multi function devices which will enable double sided printing and scanning of documents. Figures prior to 2012-13 are not available (n/a).



## Achievements during 2012–13

### Target

#### Deliver “Green Days” across West Yorkshire Probation Trust Offices

Green days (to raise environmental awareness) were delivered across 10 sites during 2012–13 with a different focus at each site. The outcome was an increased awareness by staff of the environmental impacts of recycling, energy usage, reduction in travel and fair-trade.

### Target

#### Reduce Business Mileage Travelled by Car by 10% on the 2011–12 base line

The table below shows an overall reduction in business mileage and this includes all forms of travel.

Business mileage travelled by car (including privately owned and hired cars) reduced by 5.68%.

We continue to promote car sharing and the use of video and telephone conferencing for our meetings, both targeted at reducing our overall mileage figures. We promote the purchase of company metro cards and the Bike to Work Scheme to reduce our effect on the environment.

Description	2011/12 Km	2012/13 Km
Vans owned by the Trust	216,601	254,254
Cars not owned by the Trust	716,999	676,263
<b>Sub Total</b>	<b>933,600</b>	<b>930,517</b>
Taxi travel	13,304	12,323
Bus travel	20,550	25,589
Rail travel	520,336	492,182
<b>Sub Total</b>	<b>1,487,790</b>	<b>1,460,611</b>
Air travel	3,670	20,615
<b>Total Km</b>	<b>1,491,460</b>	<b>1,481,226</b>

### Target

#### Ensure 60% of Community Payback Contracts Provide a Benefit to the Community

Over 95% of our Community Payback projects are providing a benefit to the community.







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