

**Derbyshire
Probation Trust**



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**Annual Report and Accounts
2013–2014**

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Vision, Mission & Values

Our mission: Transforming Lives, Reducing Crime

Our aims are to:

- protect the public
- reduce re-offending
- ensure proper punishment of offenders in the community
- ensure that offenders are aware of the effects of crime on the victims and the public
- rehabilitate offenders

Foreword

Derbyshire is a large geographical county with a population of approximately one million comprising both urban and rural communities. Its shared borders both within and outside the East Midlands region mean that the people of Derbyshire often seek their work and entertainment opportunities outside the county boundaries in areas ranging from Sheffield and Manchester in the North, to Nottingham in the East and Staffordshire to the West. According to the 2011 census, Derby was at that time the 18th largest settlement in England, measured by urban area.

Derbyshire's geographical, social and economic contrasts present a range of challenges for delivering probation services. The City of Derby comprises a mixed population with a wide range of ethnic groups making up approximately 14% of the population. The City has areas of significant deprivation but a City centre that has undergone some major regeneration in the last three years. The County has a mix of towns and rural populations. Amidst areas of affluence and the tourist attraction of the Peak District there are a number of ex-mining communities that still show the impact of the closure of pits 25 years ago.

The Peak District National Park, an area of outstanding natural beauty, accounts for more than a third of the County's total land area and stretches beyond Derbyshire.

The County is easily accessible from surrounding areas, with more than 8.4 million people living within 30 kilometres of its boundary.

The Trust holds the following accreditations:

- Matrix – November 2012, Customer Service Excellence – May 2012, Approved Provider Standard – December 2013, Investors in People Bronze – January 2014, European Foundation Quality Model Recognised For Excellence 5* – March 2014, Royal Society for the Prevention of Accidents Gold – April 2014.

All of our costs in 2012–13 (the latest available), according to the national PreView exercise, are at or below the national average for Trusts of our size and rurality.

We had low turnover in 2013–14 of 6.88% providing stability in the workforce. We have a well qualified (e.g. 79% of PSOs are qualified to VQ3 level) and relatively young workforce (60% under the age of 45).

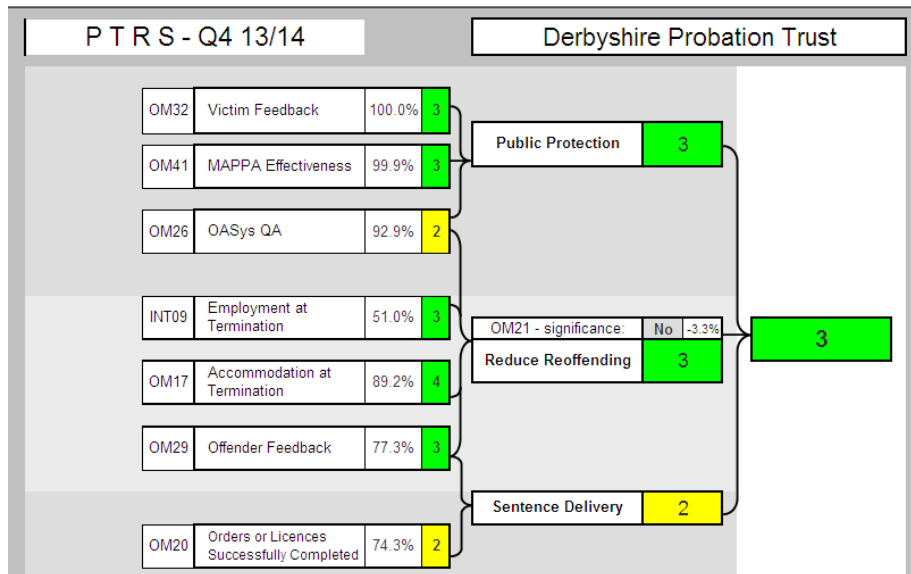
In the 2013–14 Staff Survey, 70% of staff responded and of those 69% agreed or strongly agreed that their motivation was good. This is down from the 81% who agreed or strongly agreed that their motivation was good in 2012–13 and is a clear reflection of the impact of the Transforming Rehabilitation agenda.

We confidently affirm our belief in our abilities to succeed in the future.

Chief Executive Officer
9th June 2014

1. Operational & Performance Review 2013–14

Performance of the Trust for the year 2013–14 was good with 22 strengths and 6 areas for improvement identified. The provisional Probation Trust Rating System (PTRS) up to Q4 published on 29 April 2014 showed the Trust achieved a performance level of 3 despite Sentence Delivery and Offender Assessment System Quality Assurance (OASys QA) slipping to 2. Local reoffending data was published up to September 2013 and showed that the reoffending rate in Derbyshire was below the predicted level.



PTRS is intended to provide Probation Trusts, Contract Managers and the NOMS Agency with a picture of performance built on the general principles of:

- Rounded picture of performance
- Fair and robust assessment
- Encourage on-going improvement
- Timely and accurate
- Multiple customers
- Interactive and user friendly product
- Uses trusted data
- Streamlined production

PTRS has been developed from the 2010–11 PTRS, which was based on the 2009–10 Integrated Probation Performance Framework (IPPF). These frameworks have been updated over a number of annual cycles, with stakeholders reviewing the framework each year to provide advice and requirements for further development for the succeeding year.

Notable strengths included:

- INT 03 Accredited Offending Behaviour Programme completions finished above target;
- INT 02 Domestic Violence Programmes completions finished above target;
- OM17 Accommodation at Termination finished above target at 89.2%.

The notable Areas For Improvement included:

- OM20 Orders or Licences Successfully Completed was just below the contract target at 74.3%;
- OM39 OASys Final Reviews, performance did not meet the target of 90%;
- INT 08 Sustained Employment finished below target;
- ETE specified activity commencements and completions finished below target.

Demand Management

Description		Current Year	Previous Year	% Year on Year Difference (Long Term)	Short Term Change (compared to Previous Period)
Volume (Apr – Dec 13)	All Crime	40,140	39,170	2.5%	
	Burglary (Domestic and Other)	5,800	5,136	12.9%	
	Robbery	407	359	13.4%	
	Vehicle Crime	4,330	3,842	12.7%	
	Violence against the person (excl sexual)	7,033	7,545	-6.8%	
	Anti Social Behaviour	36,803	38,699	-4.9%	
Caseload snapshot	Caseload (Q4)	3,460	3,591	-3.6%	↓
	CO Caseload (Q4)	1,213	1,228	-1.2%	↓
	SSO Caseload (Q4)	651	665	-2.1%	↓
	Community Licenses (Q4)	577	668	-13.6%	↓
	Custody Licenses (Q4)	999	1,023	-2.3%	↑
Commencements (Rolling 12 month comparison)	Supervision Reqt Commencements	1,909	1,743	9.5%	↑
	DTTO/DRR Reqt Commencements	334	270	23.7%	↔
	CP/UPW Reqt Commencements	1,504	1,745	-13.8%	↑
	Accredited Prog. Reqt Commencements	767	463	65.7%	↑
	Alcohol Treatment Reqt Commencements	225	207	8.7%	↑
	Curfew Reqt Commencements	697	855	-18.5%	↑
	ETE Reqt Commencements	275	309	-11.0%	↓
	Community Order Commencements	1,848	2,188	-15.5%	↑
	SSO Commencements	1,002	1,042	-3.8%	↑
	Pre Release Custody Commencements	643	625	2.9%	↑
	Post Release Custody Commencements	693	913	-24.1%	↓
	Total Commencements (CO, SSO, Pre)	3,493	3,855	-9.4%	↑
	SDR	709	1,357	-47.8%	↓
	FDR	1,508	1,137	32.6%	↑
	Oral Reports	976	817	19.5%	↑
Total Reports	3,336	3,512	-5.0%	↑	

Sources: Items 1–6, reproduced by kind permission of Derbyshire Constabulary;¹ All other items, nDelius (DPT).

Chief Executive Officer
9th June 2014

¹ These figures are produced as management information only and may not exactly match officially published Home Office crime statistics.

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 Derbyshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 53, issued by the Secretary of State under the OM Act.

Principal activities

Derbyshire Probation Trust covers the Derbyshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of 1,024,100. During the year, the Trust employed some 306 staff who worked from 7 buildings, 2 Prisons and 1 hostel across the area.

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

The discharge of policies as established by the Ministry of Justice (MoJ) are designed to ensure:

- 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 crime and the public; and
- the rehabilitation of offenders.

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

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 and 5.

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 2013–14 stands at £1,350,000 compared to £855,000 for 2012–13 (revised from £642,000 following pension restatement). The reason for the increase is due to an increase in pension current service costs.

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 liabilities position has decreased from £19,482,000 at 31 March 2013 to £16,014,000 at 31 March 2014. The largest single movement in net liabilities is £3,468,000 due to a reduction in pension liabilities.

Payment of creditors

In the year to 31 March 2014, the Trust paid 2,374 trade invoices with a value of £3,075,000. The percentage of undisputed invoices paid within 30 days by the Trust was 90.7% compared to 91.6% in 2012–13. Target was 90%.

Treatment of Pension Liabilities

Past and present employees of the Trust 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.

On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to the Greater Manchester Pension Fund (GMPF).

The Trust is no longer required to pay employer contributions to the fund.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS transferred with the employee to the new employer the Community Rehabilitation Company (CRC) or the National Probation Service (NPS). The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRCs' participation in the GMPF for pension liabilities that transfer to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS transferred to the NPS under the Secretary of State for Justice.

Further information can be found in **Note 4** to the Accounts.

Sickness absence data

The average levels of absence due to staff sickness were 9.5 days across the Trust (2012–13 8.0 days).

Personal data related incidents

There were no personal data related incidents reported to the Information Commissioner's Office.

Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. Refer to **Note 27** of the Accounts for further details.

The proportion of staff transferring to the CRC/NPS is approximately 55:45.

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 55 to 58.

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. The results of these consultations, that ended on 13 February 2013, were published in “Transforming Rehabilitation: A strategy for Reform”, on 9 May 2013 by the Secretary of State for Justice. This outlined plans to contract out probation services more widely and increase the use of Payment by Results.

As part of the transformation all Probation Trusts ceased trading from 1 June 2014. A Statutory Instrument to dissolve the Probation Trust, under section 5(1)(c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

On 1 June 2014, a National Probation Service (NPS) was created to protect the public from the most dangerous offenders and manage the provision of probation services across England and Wales. The NPS remains part of the public sector.

The remaining services are divided in to 21 contract areas, which align closely with local authorities and Police and Crime Commissioner Areas. They are served by 21 new Community Rehabilitation Companies (CRCs). They are fully owned by the Secretary of State for Justice on behalf of the Ministry of Justice.

On 1 June 2014 a Transfer Order effected the transfer of the existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

MoJ/NOMS has committed to fund and ensure all current services will continue under the new structure, including the CRC in private ownership, using the same assets and resources, for the foreseeable future.

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will influence the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. 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 £38,000. The audit fees for 2013–14 are made up of:

- External Audit Fees £24,000 and
- Internal Audit fees £14,000

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

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

The Derbyshire Probation Trust Management Board

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 10 and 11.

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

Position	Name
Chief Executive	Jo Mead
Chair	Gillian Wilmot
Board Member	Dennis Gammage
Board Member	Adrian Evans
Board Member	Eric Galvin
Board Member	Patricia Coleman
Board Member	Isabella Stone

No members of the Management Team had any conflicts of interest in 2013–14.

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.

Accountable Officer
9th June 2014

3. Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State in line with the Commissioner for Public Appointments' "Guidance on Appointments to Public Bodies". The emoluments of these persons are paid for through Ministry of Justice funds.

The salary and pension entitlements of the senior managers and non-executive directors of the Derbyshire 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.

Officials	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Jo Mead	80–85	70–75	0–5	0–5	0	0	20–25	15–20	105–110	95–100
Gillian Wilmot	15–20	15–20	0	0	0	0	0	0	15–20	15–20
Dennis Gammage	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Adrian Evans	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Eric Galvin	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Patricia Coleman	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Isabella Stone	0–5	0–5	0	0	0	0	0	0	0–5	0–5

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour, with the exception of the Chief Executive and the Chair. The Trust at its 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	
	2013–14 (£000)	2012–13 (£000)
Highest paid Director (pay band)	£85–£90	£75–£80
Median for other staff	£25,043	£23,382
Pay multiple ratio	3.4:1	3.3:1

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; overtime.

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 2014 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2014 £000s	CETV at 31 March 2013 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Jo Mead	20–25 Lump Sum = 41	0–5 Lump Sum = 3	309 0	262 0	47 0

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.

Accountable Officer
9th June 2014

4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1)(b) of the Offender Management Act 2007, the Secretary of State has directed the Derbyshire 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 accruals basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

5. Governance Statement

Introduction

As Accountable Officer, I have responsibility for maintaining the sound system of internal governance that supports the achievement of the Derbyshire Probation Trust's policies, aims and objectives, set by the Ministry of Justice Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. I came into post on 1 January 2012. I attended nationally arranged Accountable Officer training on 21 February 2012 organised by the National School of Government and a Fundamentals of Risk Management course in June 2013.

The Purpose of the System of Internal Governance

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the National Offender Management Service and the Derbyshire Probation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Derbyshire Probation Trust for all of the financial year ended 31 March 2014 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Structure and the Capacity to Handle Risk

I work with the Trust Board, Audit Committee, Treasurer and internal and external auditors to lead the risk management process. The Director of Business Services works directly day to day with other senior and middle managers at divisional and functional level to assess risks and track their management. This is a dynamic process requiring constant vigilance and during 2013–14 we implemented the PAM business management software which has improved our approach to both business planning and risk management. There are monthly reports to the Senior Management Team, quarterly reports to the Audit Committee and a report to the full Board as part of the Business Plan for the forthcoming financial year. This Statement reports on the outcomes of the risk management actions during the year.

During 2013–14 there were Lead Board members responsible for Business Services, Performance, Finance, Diversity, Health and Safety, Approved Premises, Interventions, County and City Local Delivery Units, Audit Committee, Human Resources and the Local Joint Negotiation and Consultative Committee; they regularly attended meetings with lead managers and/or attended Panels/meetings to exercise their governance and strategic role including their responsibilities in relation to risk to the Trust. The Chair regularly reviews serious further offence reports and as the Trust representative regularly participates in the Probation Association and telephone conferences with NOMS over Transforming Rehabilitation.

All operational staff are trained in risk assessment and management and all our work (with offenders) is subject to ongoing dynamic risk assessment; our core unique skill is risk assessment of offenders. Other professionally qualified managers organise supporting functions. All managers are involved with organisational risk management with functional leads reporting upwardly on risks related to local and team plans; senior managers are actively involved in risk management policy, risk reviews with the auditors and risks related to organisational performance.

Risk management and control in relation to offenders is the core business of the Probation Service and all staff dealing with risk issues as part of their day to day job. Managers are directly involved in operational risk management including all offenders recalls to prison and strategic issues with appropriate escalation and approval requirement depending on the level of risk presented. A rota of

weekend and Bank Holiday cover was maintained in support of the first line of response via the 24/7 Approved Premise.

Risk assessment and management also underpinned the approach to health and safety with a prioritised training plan focussing on key risk assessment work in Community Punishment. The Trust achieved a Gold Award from Royal Society for the Prevention of Accidents for its Occupational Health and Safety in the Awards Programme 2011, 2012, 2013 and 2014. The Lead Board member attended meetings of the Health and Safety Panel.

There is a Service Level Agreement for the provision of internal audit produced nationally and signed locally, which applied to 2013–14. There is a parallel approach with the external auditors who submit an Audit Plan and subsequent reports to the Audit Committee.

The National Audit Office took over responsibility for the external audit of all Probation Trusts in 2012–13 and have appointed PricewaterhouseCoopers to complete the audit in 2013–14.

The Audit Committee comprises a Chair, appointed by the full Trust Board, and two other members, with substitutes from other Board members if required. The Committee meets on a quarterly schedule and its minutes are submitted to the following Board meeting. The Audit Committee met five times in 2013–14 and attendance is recorded in the table below:

Audit Committee Attendance 2013–14

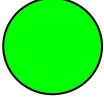
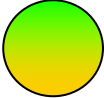

	10/06/2013	16/09/2013	04/11/2013	13/01/2014	24/03/2014
Chair	Attended	Attended	Attended	Attended	Attended
Board Member One	Attended	Attended	Attended	Attended	Attended
Board Member Two	Attended	Attended	Attended	Did not attend	Attended
Chief Executive Officer	Attended	Attended	Did not attend	Did not attend	Did not attend
Director of Business Services	Attended	Attended	Attended	Attended	Did not attend
Treasurer	Attended	Did not attend	Attended	Attended	Attended
Board Secretary	Attended	Attended	Attended	Attended	Attended
External Audit	Attended	Attended	Attended	Attended	Attended
Internal Audit	Attended	Attended	Attended	Attended	Attended

Business comprised principally around the following topics:

1. Approval of the Annual Report and Accounts and public availability of the accounts. The terms of the Audit Committee include approval of the Trust's accounts on behalf of the Board.
2. Determining the topics for coverage by the Internal Audit Team and consideration of their reports back.
3. Planning for External Audit. In consideration of the External Audit Audit Completion Report the Audit Committee noted relatively insignificant errors in the accounts and welcomed the unqualified opinion.
4. Approval of the high level Risk Register for the Trust at each meeting.
5. Considering and agreeing tender waiver recommendations for submission and approval at the full Trust Board.
6. Reviewing the Trust Transforming Rehabilitation Strategy and its management.

The Internal Audit programme was based on the Ministry of Justice centrally determined core audits and the local risk register. For 2013–14 the internal auditor had scheduled 36 days of audit time.

Internal Audit rating reviews were as follows:

Internal Audit Rating	Audit
Green 	Serious Further Offences (There were no recommendations) Financial Control Framework (2 priority 3 recommendations made and accepted) Transition Governance (1 priority 3 recommendation was made and accepted)
Amber/Green 	Specified Activity Requirements (2 priority 3 recommendations were made and accepted. 1 priority 2 recommendation was made but not accepted) Breach Action (4 priority 3 recommendations made and accepted)
Amber/Red 	Information Assurance (6 priority 3 and 3 priority 2 recommendations made and accepted)

Both Internal and External Auditors are aware of their right of direct access at any time to the Committee Chair and Chair of the Board.

As a result of the Transforming Rehabilitation Programme (TR Programme), it was decided to commission Internal Audit to carry out a review of Transition Governance. This was achieved with no increase in the number of audit days by adjusting the days allocated to other audits in the plan. It was completed in Quarter 4 2013–14 and resulted in a green rating with Internal Audit finding that organisational structures and governance arrangements had been sufficiently defined and appropriately documented. There was a clear understanding of the distinction between the roles of the Executive and the Board. There was a reliance on the Executive to identify transition issues requiring the attention of the Board, although Board Members interviewed expressed a high level of confidence in the Executive in this regard.

Also in response to the TR Programme, an Integration Programme Board was created. The purpose of the Board is to:

- Ensure the effective and timely delivery of all ‘transition activity’ in relation to the TR Programme, using the European Foundation Quality Model (EFQM) excellence model for continuous improvement.
- Ensure the effective management of the threats and opportunities to the Programme and contractual service delivery activity.
- Identify implications from the proposed changes for contractual service delivery activity, and report to the Chief Executive Officer (CEO).
- Ensure progress against interim and end state operating models and consult with managers and involve staff at all levels.
- Operate at all times according to the mission and values of Derbyshire Probation Trust

The Board meets fortnightly and Members are the Chief Executive Designate, Director of Business Services, Director of Probation (County and Public Protection), Director of Probation (City) and Director of Probation.

PricewaterhouseCoopers, the External Auditor appointed during the year by the National Audit Office, is expected to issue an unqualified audit opinion on the financial statements and remuneration report for 2013–14 and an unqualified audit opinion on regularity.

The Risk and Control Framework

The Trust has a Business Risk Management Policy with a Strategic Risk Register and separate risk registers for each Directorate. There is a clear link between the Strategic and Directorate risk registers. All risk registers sit, and are managed, within the PAM business management software.

To help manage the TR Programme, the Trust created three additional risk registers in 2013–14:

1. Transforming Rehabilitation Arrangements Transitional Risk Register
2. Integration Programme National Probation Service Risk Register
3. Integration Programme Community Rehabilitation Company Risk Register

These risk registers were considered at each meeting of the Audit Committee.

Management of Business Risks 2013–14

In addition to the planned activities, the Trust Business Plan included milestones and a risk assessment of the impact and likelihood of the organisations objectives not being met. The Board agreed the Business Plan and key risks to its achievement prior to the start of the financial year and reviewed progress quarterly. All required objectives were achieved or assessed as ongoing and carried forward to the 2014–15 risk register. The high level generic risk priorities at the start of the year were managed with the following outcomes:

Risk	Outcome
1.1 Government's decisions on Transforming Rehabilitation (TR) disrupts ability to support change.	The Trust created additional risk registers: 1. TR arrangements transitional risk register 2. Integration Programme NPS start up risk register 3. Integration Programme CRC Start up risk register. Since the transition was put back to 1 June 2014, this risk was carried over to the 2014–15 risk register. Progress on TR change is on track.
1.2 Government's decisions on TR disrupts ability to deliver business as usual.	The Trust created additional risk registers: 1. TR arrangements transitional risk register 2. Integration Programme NPS start up risk register 3. Integration Programme CRC Start up risk register. Since the transition was put back to 1 June 2014, this risk was carried over to the 2014–15 risk register. Performance satisfied performance targets.
1.3 Trust Contract deliverables in relation to the Commissioning Intentions Document are not fully achieved.	The Trust worked closely with our Contract Manager to ensure our delivery of the NOMS contract and ensured that our internal performance management framework included monthly exception reporting to the Executive on all contract deliverables.
1.4 HMIP Inspection result requires substantial improvement.	There was no HMIP inspection in 2013–14.
1.5 Information losses requiring reporting to the ICO lead to reputational and financial risk.	No information losses.
1.6 Business Continuity Planning not sufficient in relation to the Derwent Centre, leading to significant operational difficulties in the event of the need to recover from a disaster.	Action plan in place to meet any potential disaster and in principle agreement with Derbyshire Constabulary to utilise space at one of their large operational offices in Derby in the event of a disaster scenario.
1.7 Delius implementation disruptive to risk management, staff morale and performance, including reporting.	A Delius Benefits Realisation Group was established and disruption minimised. The Group continues to meet.

Risk	Outcome
1.8 Staff are not appropriately vetted for their role.	This related to staff transferring to the National Probation Service and is included in the NPS start up plan.
1.9 Because of workforce pressures created by the external factors of TR and nDelius, workload may exceed capacity in critical roles.	A Delius Benefits Realisation Group was established and disruption minimised. The Group continues to meet. A Data Realignment group focussed on ensuring that the data in the Workload Management, Workforce Planning and Resource Testing Tools was consistent. A specific Workload Management Tool improvement plan is in place. There were no critical incidents.
1.10 Inaccurate TR sifting report due to Delius data quality, time lag, defects in MIS and defects in the report criteria.	Sifting and staff allocation completed.
1.11 Industrial action as a result of the TR Programme destabilises operations and performance.	There were one and a half days of strike action and a period of work to rule which were both managed locally.
1.12 The Derby CP tool and van store following the move to the Derwent Centre is of an unacceptable quality, especially during winter months.	Improvements were made to the facility during 2013–14 but this is an ongoing issue. It will be reviewed as the implications of the TR Programme become clearer.
1.13 As a result of the timetable for the staff transfer workstream of the TR process and in order to ensure that the NPS payroll service is tested and in place for 1 April 2014, the Trust is required to provide sensitive personal data to NOMS shared services for employees who may not be in the NPS following the sifting process; therefore, will not be fully complying with the Data Protection Act (DPA).	A pragmatic approach was taken to managing this risk, offsetting requirements of the DPA against the risk of NPS not being paid on time and accurately. Data was shared with NOMS Shared Services using the most secure methods possible.
1.14 Inconsistent practice in the administration and handling of petty cash means that we do not have the level of control set out in the Finance Manual.	Action was taken to reinforce the policy and address weaknesses in control. There was an immediate improvement in the position which continues to be monitored.
1.15 If the Payroll Officer leaves or goes on long term sick leave there is no cover available in the Finance Team.	Back up is available in the HR Team and the aim is to train a member of the Finance Team by October 2014. Additional resource is also being put in place in the finance team from May/June 2014.
1.16 Insufficient IT storage capacity.	This will be resolved after the transition to NPS and CRC after 1 June 2014 as each organisation will have new shared drives. Data use was carefully monitored during 2013–14 and plans to increase document scanning and storage were temporarily put on hold.

Management and Control of Information Risk

Reliable and accurate information is critical to proper decision making in Derbyshire Probation Trust. This makes information a vital business asset (i.e. Information Asset) that we need to protect. Information Assurance provides this protection by managing risks to the Confidentiality, Integrity and Availability (CIA) of information so that our business always functions effectively. Information Assurance is the term used to describe the arrangements for ensuring that we have adequate security for our information (whether held electronically or in hard copy). Our Information Asset Register details the Information Asset Owner for all of our information assets and the Trust seeks to conform to all NOMS security policies. In 2013–14 an internal audit of Information Assurance and NOMS reporting was carried out. All issues raised in this audit were reviewed at the Information Governance Steering Group on a quarterly basis, these issues have all been addressed and are now in place; The Trust completed the

annual GSI re-accreditation document set incorporating a review of policy implementation and sign-off of residual risks by the Chief Executive.

During 2012–13 the Probation Instruction 10/2012 on Information Security was implemented with policy changes to reflect the responsibilities spelt out as follows:

- Chief Executive Officer as Senior Information Risk Owner (SIRO)
- Directors as Information Asset Owner
- Middle Managers as Information Asset Custodian

An Information Governance Group chaired by the Chief Executive Designate was established on 23 January 2013 to embed a culture of information risk management and continuous improvement in this area of business. This Group meets quarterly and its activities were reported to the Board.

With effect from 1 April 2014 there was a change to the security classification to be used on all communications created by Government Departments. All staff were instructed to carry out the Government Security Classification (GSC) training available either on-line or via Manager Briefings. Managers were provided with a Powerpoint presentation to conduct the briefings. All staff were provided with flowcharts and reference leaflets regarding the GSC change and relevant documentation was added to the Trust intranet prior to the implementation date of 1 April 2014.

There were no notable information security incidents to report to the Board or to the Information Commissioners Office during the year.

The Board's working definition of a 'significant internal control issue' necessarily relates to the specific business of the Derbyshire Probation Trust and is based on the following factors:

- a) The issue seriously prejudices or prevents achievement of a national target (of which performance link measures are the highest level of importance) or threatens the continuity, stability or reputation/credibility or the ability of the Service to deliver
- b) The issue has resulted in a need to seek additional funding or has resulted in significant diversion of resources from another aspect of the business
- c) The External Auditor regards it as having a material impact on the accounts
- d) The Audit Committee advises it should be considered significant
- e) There is any suggestion of impropriety in relation for example to financial matters, e.g. fraud, legal compliance relating to employment, contracts or statutory duties or obligations or any appearance or perception of corruption of values or practice short of good conduct
- f) The Internal Auditor reports on it as significant in their general view of the whole of risk control and governance
- g) The issue or its impact has attracted significant public interest or has seriously damaged the reputation of the Area

Review of Effectiveness

The ongoing work of the Audit Committee which met quarterly considered that the risk management ratings, controls and approaches in place are sufficiently flexible to adjust the changing profile of dynamic risk factors in 2013–14 into 2014–15. The risk register for 2014–15 has been discussed with the Internal Auditor and has shaped their plan for audit coverage in 2014–15. This Annual Governance Statement has been discussed with and approved by the full Board including the Audit Committee on the 9 June 2014.

Corporate Governance

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

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

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

The Trust's Accountable Officer is the Chief Executive and is responsible for:

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

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

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

Board Attendance 2013–14

	29/04/13	17/06/13	22/07/13	02/09/13	22/10/13	09/12/13	13/01/14	24/02/14
Jo Mead	Attended	Attended	Attended	Attended	Attended	Attended	Did not attend	Attended
Gillian Wilmot	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Dennis Gammage	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Adrian Evans	Attended	Attended	Attended	Attended	Attended	Attended	Did not attend	Attended
Eric Galvin	Attended	Attended	Attended	Attended	Attended	Did not attend	Attended	Attended
Patricia Coleman	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Isabella Stone	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Did not attend

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

In November 2013 I was appointed as the Chief Executive Officer of the Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company (DLNR CRC) with effect from April 1 2014 (later postponed to 1 June 2014). With effect from 21 January 2014, the Board approved the temporary, part-time (0.4 fte) promotion of the Director of Interventions as Chief Executive Designate. This appointment expires on 31 May 2014 and is a direct result of the increased workload caused by the TR Programme.

During 2013–14 the Trust maintained its ROSPA Gold Award for Occupational Health and Safety, improved and maintained its Customer Service Excellence status, achieved its highest level of positive responses at 70% to the Trust's 8 Balanced Scorecard questions. IIP Bronze status and EFQM 5 Star rating all of which are testament to the overall Trust governance, cohesion management and staff.

Future Issues

As 2013–14 ends and 2014–15 begins there are some significant issues identified and being treated:

- a) The Government's TR Programme will see the Trust dissolved on the 31 May 2014 and all the staff and services will transfer to either the National Probation Service or the DLNR CRC.
- b) The funding allocation for the CRC from 1 June does not include any funding for posts that were vacant in February 2014; therefore, there is a risk that funding will be insufficient to cover the resources necessary to ensure full business delivery.
- c) New bank accounts are being created for the CRC with Nottinghamshire and Leicestershire and Rutland joining Derbyshire in using Lloyds bank. While the CRC is in public ownership, each former Trust will maintain its own account with a parent main account for the CRC.
- d) There is an ongoing case of an offender convicted in 2011 of a serious further offence to be subject to a Coroner's hearing. There may well be negative publicity about the case which will be managed with support from the Ministry of Justice Press Office.

All of these issues rely heavily on the competence and good will of staff within the Trust, and also on national contracts over which the Trust has no control and little direct influence.

Accountable Officer
9th June 2014

6. 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 Derbyshire Probation Trust for the year ended 31 March 2014 under the Offender Management Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 Derbyshire Probation Trust's affairs as at 31 March 2014 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.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Offender Management Act 2007; and

- the information given in the Operational and Performance Review and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

Without qualifying my opinion, I draw attention to the disclosures in **Note 1.4** to the financial statements regarding going concern. The Trust closed on 31 May 2014 with its functions, assets and liabilities being transferred to new public sector entities. In accordance with the Government Financial Reporting Manual the financial statements have been prepared on a going concern basis.

Sir Amyas C E Morse
Comptroller and Auditor General

2nd July 2014

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 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a)	11,079	10,363
Other expenditure	6	3,367	3,471
Total Expenditure		14,446	13,834
Income	7	(13,971)	(13,735)
Net operating costs		475	99
Net interest cost on pension scheme	4(c)	875	756
Net operating costs before taxation		1,350	855
Taxation	5	0	5
Net operating costs after taxation		1,350	860

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	42	(8)
Remeasurement of post employment benefits	23	(4,817)	4,293
Total comprehensive expenditure for 31 March 2014		(3,425)	5,145

The notes on pages 27 to 52 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	8	85	129
Total non-current assets		85	129
Current assets			
Trade and other receivables	12(a)	1,378	1,814
Cash and cash equivalents	13	369	806
Total current assets		1,747	2,620
Total assets		1,832	2,749
Current liabilities			
Trade and other payables	14(a)	(390)	(761)
Provisions	15	(87)	(249)
Taxation payables	14(a)	(233)	(617)
Total current liabilities		(710)	(1,627)
Non-current assets plus/less net current assets/(liabilities)		1,122	1,122
Non-current liabilities			
Pension liability	4(c)	(17,136)	(20,604)
Total non-current liabilities		(17,136)	(20,604)
Assets less liabilities		(16,014)	(19,482)
Taxpayers' equity			
General fund	23	(16,014)	(19,524)
Revaluation reserve – property, plant and equipment	24(a)	0	42
		(16,014)	(19,482)

The financial statements on pages 23 to 26 were approved by the Board on 9 June 2014 and were signed on its behalf by

..... Accountable Officer

9th June 2014

The notes on pages 27 to 52 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(1,350)	(860)
Adjustments for non-cash transactions	6	101	240
Adjustments for pension cost	4(c)	1,349	863
Decrease in receivables	12(a)	436	567
Increase/(decrease) in payables	14(a)	(755)	313
Utilisation of provisions	15	(223)	(512)
Net cash outflow from operating activities		(442)	611
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	8	5	0
Net cash outflow from investing activities		5	0
Cash flows from financing activities			
		0	0
Net increase/(decrease) in cash and cash equivalents in the period		(437)	611
Cash and cash equivalents at the beginning of the period	13	806	195
Cash and cash equivalents at the end of the period	13	369	806
Increase/(decrease) in cash		(437)	611

The notes on pages 27 to 52 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(14,371)	34	(14,337)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(860)	0	(860)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	8	8
Remeasurement of post employment benefits	23	(4,293)	0	(4,293)
Balance as at 31 March 2013		(19,524)	42	(19,482)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(1,350)	0	(1,350)
Net gain on revaluation of property, plant and equipment	24(a)	0	1	1
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	0	(43)	(43)
Transferred from revaluation reserve	23	43	0	43
Remeasurement of post employment benefits	23	4,817	0	4,817
Balance as at 31 March 2014		(16,014)	0	(16,014)

The notes on pages 27 to 52 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the 2013–14 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM 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 FRoM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of the Probation Trust for the purpose of giving a true and fair view has been selected. The Probation Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

The functional and presentation currency of the Trust is the British pound sterling (£).

1.2 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.

1.3 Changes in accounting policies and restatement of comparatives

New and amended standards adopted
IAS 1 'Presentation of Financial Statements – Other Comprehensive Income' (effective for accounting periods beginning on or after 1 July 2012).

The impact on the Trust is that items presented in Other Comprehensive Expenditure will be grouped on the basis of whether they may subsequently be reclassified to net operating costs.

IAS 19 'Employee Benefits' was revised in June 2011 (effective for accounting periods beginning on or after 1 January 2013).

The changes have been made retrospectively in line with the transitional provisions of IAS 19 (revised 2011) and in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

Those that impact on the Trust are:

- interest cost and expected return on plan assets are replaced with 'net interest', which is calculated by applying the same discount rate to the net defined benefit liability/(asset); and
- amended disclosures including the presentation of defined benefit costs, plan assets and reconciliation of net pension liability/(asset) as presented in **Note 4**.

The changes to IAS 19 apply retrospectively, giving rise to a prior period adjustment to net operating costs and other comprehensive expenditure. Net pension assets and liabilities are unchanged. The effect of the prior period adjustment on each line in the primary statements is set out in **Note 28**.

1.4 Going concern

The Statement of Financial Position at 31 March 2014 shows negative Taxpayers' Equity, which largely reflects the accumulated movement of the pension liability falling due in future years. MoJ/NOMS has committed to funding the pension liabilities transferred to the CRCs, relating to past service, and the future financing of all other liabilities in the NPS and CRCs falling due past 31 March 2014.

On 1 June 2014, the Trust ceased trading.

On this date the operations of the Trust transferred to the Secretary of State for Justice on behalf of the Ministry of Justice. They are administered by a new National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRCs).

The existing assets, liabilities and staff of the Trust were split between these entities in a practical way that reflects the services that each body provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

A Statutory Instrument to dissolve the Probation Trust, under section 5(1)(c) of the Offender

Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will influence the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FRM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

1.5 Property, plant and equipment

Property, plant and equipment, including subsequent expenditure on existing assets, is initially recognised at cost and is restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project they are treated as a grouped asset.

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**, other expenditure under “accommodation, maintenance & utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

Revaluation

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Gains on revaluation are credited to the revaluation reserve and shown

in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to net operating costs in the SoCNE to the extent of the amount previously expensed, and any excess is credited to the revaluation reverse.

1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

1.7 Impairment

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

1.8 Inventories

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

1.9 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.

1.10 Other Expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed 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. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3, Note 6, Note 7 and Note 28.**

On consolidation into NOMS Agency Accounts, all expenditure and income is classified as programme, except the audit fee which is administration expenditure.

1.11 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme. 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.

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). The last formal actuarial valuation was as at 31 March 2013.

The liability recognised in the SoFP in respect of defined benefit pension plans at the reporting date is the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates as advised by the scheme actuary.

Remeasurement gains and losses are recognised within Other Comprehensive Expenditure in the period in which they arise.

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.

1.12 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.

1.13 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.

1.14 Corporation Tax

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

1.15 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.

1.16 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.

1.17 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**.

2. Statement of Operating Costs by Operating Segment

Derbyshire Probation Board divides its operations into Offender Management and Interventions.

Offender Management is the close supervision of an offender, including regular meetings and ensuring he, or she, does the things set out by the court as part of their Community Sentence or Post Custody Licence supervision.

Interventions are structured and planned pieces of work whose purpose may be punishment, rehabilitation or public protection. They include Community Payback and Programmes.

A report is presented at each meeting of the Trust Board which provides information at a Trust level regarding the expected financial outturn against the annual budget (see below).

	Budget		Outturn		Variance		Budget		Outturn		Variance	
	2013/14		2013/14				2012/13		2012/13			
	£	£	£	%	£	£	£	%	£	£	£	%
Staffing Costs												
Salaries/NI/Superannuation	11,509,360	11,383,670	(125,690)	(1.1)%	11,154,164	10,931,706	(222,458)	(2.0)%				
Travel, Subsistence and Meetings	378,000	418,125	40,125	10.6%	356,000	358,839	2,839	0.8%				
Indirect Staff Costs	83,500	123,442	39,942	47.8%	87,500	83,447	(4,053)	(4.6)%				
Central (NOMS) Recharges												
Buildings	778,000	835,270	57,270	7.4%	963,000	963,533	533	0.1%				
Information Technology	372,000	333,678	(38,322)	(10.3)%	440,000	397,077	(42,923)	(9.8)%				
Other	30,000	30,160	160	0.5%	30,000	28,240	(1,760)	(5.9)%				
Other Spending												
Partnerships and Contributions	299,000	249,668	(49,332)	(16.5)%	305,000	292,046	(12,954)	(4.2)%				
Payments to Offenders	149,000	198,786	49,786	33.4%	129,000	156,216	27,216	21.1%				
Minor Works, Rents and Utilities	37,500	25,931	(11,569)	(30.9)%	43,200	198,276	155,076	359.0%				
CP Vehicles	65,100	55,283	(9,817)	(15.1)%	65,100	59,925	(5,175)	(7.9)%				
Office Supplies and Equipment	124,000	213,840	89,840	72.5%	119,000	155,580	36,580	30.7%				
Communications	163,000	115,393	(47,607)	(29.2)%	112,000	126,987	14,987	13.4%				
Professional Fees and Subscriptions	425,071	438,272	13,201	3.1%	382,500	408,823	26,323	6.9%				
Depreciation	70,000	45,000	(25,000)	(35.7)%	55,000	55,000	0	0.0%				
Members Expenses	40,000	37,145	(2,855)	(7.1)%	40,000	34,661	(5,339)	(13.3)%				

	Budget 2013/14	Outturn 2013/14	Variance		Budget 2012/13	Outturn 2012/13	Variance	
	£	£	£	%	£	£	£	%
Contribution to Provisions	0	61,000	61,000	0.0%	0	100,000	100,000	0.0%
Other	43,621	1,802	(41,819)	(95.9)%	13,500	6,328	(7,172)	(53.1)%
Total Spending	14,567,152	14,566,465	(687)	0.0%	14,294,964	14,356,684	61,720	0.0%
Funding								
Resource Allocation	(12,433,718)	(12,433,718)	0	0.0%	(12,560,000)	(12,560,000)	0	0.0%
Other Contract Income	(628,013)	(705,063)	(77,050)	12.3%	(267,560)	(276,359)	(8,799)	3.3%
Budget Cuts	310,843	310,843	0	0.0%	253,200	253,200	0	0.0%
Secondment Income	(880,000)	(848,823)	31,177	(3.5)%	(896,300)	(886,082)	10,218	(1.1)%
Income/Charges	(936,264)	(896,107)	40,157	(4.3)%	(850,549)	(891,926)	(41,377)	4.9%
Total Funding	(14,567,152)	(14,572,868)	(5,716)	0.1%	(14,321,209)	(14,361,167)	(39,958)	0.3%
Potential (Surplus)/Deficit	0	(6,403)	(6,403)	(0.05)%	(26,245)	(4,483)	21,762	(0.2)%

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013–14			2012–13
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	9,434	9,326	108	9,034
Social security costs	678	678	0	661
Other pension costs	1,753	1,753	0	1,463
Sub-total	11,865	11,757	108	11,158
Less recoveries in respect of outward secondments	(786)	(786)	0	(795)
Total staff costs	11,079	10,971	108	10,363

Restatement of comparatives

In the prior year costs were split between administration and programme related costs. For 2013–14 all staff costs have been aggregated in to one classification. This has no impact on total staff costs. See also **Note 1.3**.

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

0 persons (2012–13: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £0).

3b. Average number of persons employed

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

	2013–14			2012–13
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
	311	306	5	302
	311	306	5	302

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	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	0	0	0	1	1
£10,000–£25,000	0	0	0	0	0	0
£25,000–£50,000	0	0	0	0	3	3
£50,000–£100,000	0	0	0	0	1	1
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	0	0	0	5	5
Total resource cost £000	0	0	0	0	206	206

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

4. Pensions costs

Pension benefits are provided through the Local Government Pension Scheme (LGPS). This is 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 rule with no loss of pension entitlement. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80th of pensionable pay for each year of service is payable on retirement. Members pay contributions are based on a schedule of percentages linked to full time equivalent salary. Pension payments are increased in line with the Retail Price 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 2013 by Hymans Robertson LLP. For 2013–14, employers’ contributions of £1,274,920 were payable to the LGPS (2012–13 £1,234,557). Contributions in 2013–14 were based on a rate of 10.1% plus a lump sum of £435,708 to meet the past service deficit. 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.

Employer contributions from 1 June 2014 will not be required to be paid by the Probation Trust as they have ceased trading. Future contributions are referred to in **Note 27** Events occurring after the reporting period.

The approximate employer’s pension contributions are:

- Employer’s contributions for 2013–14 were 10.1% of salaries (plus £435,708); and,
- Employer’s contributions for April and May 2014–15 will be 10.1% of salaries.
- The Trust ceased to exist on 31st May 2014 and all staff transferred to the National Probation Service or the Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.4%
Rate of increase in salaries	3.6%	4.2%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.4%
Discount rate	4.3%	4.2%

The life expectancy of a male(female) non-retired member aged 65 in 20 years time is 24.1(26.6) years.
The life expectancy of a male(female) retired member aged 65 in 20 years time is 22.0(24.2) years.

4c. Movements in the defined benefit obligation during the year

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	40,319	40,319
Funded liabilities	(60,467)	0	(60,467)
Unfunded liabilities	(456)	0	(456)
Opening balance at 1 April (restated)	(60,923)	40,319	(20,604)
Current service costs	(1,747)	0	(1,747)
Past service costs (including curtailments)	(6)	0	(6)
	(1,753)	0	(1,753)
Net Interest (cost)/income	(2,570)	1,695	(875)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	2,393	2,393
Gain from change in demographic assumptions	933	0	933
Gain from change in financial assumptions	1,105	0	1,105
Experience gains	386	0	386
	2,424	2,393	4,817
Contributions			
Employers	0	1,243	1,243
Plan participants	(528)	528	0
Unfunded benefits	0	36	36
Payments from plans			
Benefit payments	1,627	(1,627)	0
Unfunded benefit payments	36	(36)	0
Closing balance at 31 March	(61,687)	44,551	(17,136)
Plan assets	0	44,551	44,551
Funded liabilities	(61,162)	0	(61,162)
Unfunded liabilities	(525)	0	(525)
Closing balance at 31 March	(61,687)	44,551	(17,136)

	2012–13 (restated)		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	34,759	34,759
Funded liabilities	(49,769)	0	(49,769)
Unfunded liabilities	(438)	0	(438)
Opening balance at 1 April	(50,207)	34,759	(15,448)
Current service costs	(1,347)	0	(1,347)
Past service costs (including curtailments)	(116)	0	(116)
	(1,463)	0	(1,463)
Net interest (cost)/income	(2,479)	1,723	(756)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	3,046	3,046
Loss from change in demographic assumptions	(601)	0	(601)
Loss from change in financial assumptions	(6,738)	0	(6,738)
	(7,339)	3,046	(4,293)
Contributions			
Employers	0	1,321	1,321
Plan participants	(511)	511	0
Unfunded benefits	0	35	35
Payments from plans			
Benefit payments	1,041	(1,041)	0
Unfunded benefit payments	35	(35)	0
Closing balance at 31 March	(60,923)	40,319	(20,604)
Plan assets	0	40,319	40,319
Funded liabilities	(60,467)	0	(60,467)
Unfunded liabilities	(456)	0	(456)
Closing balance at 31 March	(60,923)	40,319	(20,604)

4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	3,842	0	3,842		3,153	0	3,153	
Energy and utilities	3,976	0	3,976		3,474	0	3,474	
Financial institutions	7,742	0	7,742		6,574	0	6,574	
Health and care	2,369	0	2,369		2,058	0	2,058	
Information technology	1,242	0	1,242		1,135	0	1,135	
Manufacturing	6,311	0	6,311		5,830	0	5,830	
Other	873	125	998		718	119	837	
	26,335	125	26,480	59%	22,942	119	23,061	57%
Debt instruments								
UK Government	5,533	0	5,533		5,575	0	5,575	
Corporate bonds (investment grade)	221	0	221		220	0	220	
Other	1,296	0	1,296		1,059	0	1,059	
	7,050	0	7,050	16%	6,854	0	6,854	17%
Property								
UK	1,319	775	2,094	5%	1,254	664	1,918	5%
Cash and cash equivalents	2,471	0	2,471	6%	2,647	0	2,647	7%
Investment funds								
Equities	4,853	91	4,944		4,462	80	4,542	
Bonds	0	1,316	1,316		0	1,116	1,116	
Infrastructure	0	196	196		0	181	181	
	4,853	1,603	6,456	14%	4,462	1,377	5,839	14%
Total	42,048	2,503	44,551	100%	38,159	2,160	40,319	100%

4e. Sensitivity analysis

Change in assumptions at 31 March 2014:

	Approximate increase to employer liability	Approximate monetary amount
	%	£000
0.5% decrease in Real Discount Rate	11%	7,008
1 year increase in member life expectancy	3%	1,851
0.5% increase in Salary Increase Rate	4%	2,755
0.5% increase in Pension Increase Rate	7%	4,143

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax	0	5
Total	0	5

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

6. Other Expenditure

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Accommodation, maintenance and utilities	954		1,093	
Travel, subsistence and hospitality	451		406	
Professional services	597		476	
IT services	362		430	
Communications, office supplies and services	269		366	
Other staff related	158		107	
Offender costs	437		428	
Other expenditure	0		(111)	
External Auditors' remuneration – statutory accounts	24		24	
Internal Auditors' remuneration	14		12	
		3,266		3,231
Non-cash items				
Depreciation of tangible non-cash assets	40		45	
Other provisions provided for in year	61		195	
		101		240
Total		3,367		3,471

Restatement of comparatives

In the prior year costs were split between administration and programme related costs. For 2013–14 all costs have been aggregated in to one classification. This has no impact on total costs. See also **Note 1.3**.

7. Income

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	12,828		12,683	
		12,828		12,683
Other EU income		260		313
Other income received from Probation Trusts		156		217
Other income from NOMS		275		165
Other income from rest of MoJ Group		0		2
Other income from other Government departments		368		278
Miscellaneous income		84		77
		13,971		13,735
Total income		13,971		13,735

Restatement of comparatives

In the prior year income was split between administration and programme related income. For 2013-14 all income has been aggregated in to one classification. This has no impact on total income. See also **Note 1.3**.

8. Property, plant and equipment

	2013-14					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
Cost or valuation						
As at 1 April 2013	0	103	401	0	0	504
Disposals	0	0	(43)	0	0	(43)
Indexation/revaluation	0	0	2	0	0	2
As at 31 March 2014	0	103	360	0	0	463
Depreciation						
As at 1 April 2013	0	100	275	0	0	375
Charge in year	0	2	38	0	0	40
Disposals	0	0	(38)	0	0	(38)
Indexation/revaluation	0	0	1	0	0	1
As at 31 March 2014	0	102	276	0	0	378
Carrying value as at 31 March 2014	0	1	84	0	0	85
Carrying value as at 31 March 2013	0	3	126	0	0	129
Asset financing						
Owned	0	1	84	0	0	85
Carrying value as at 31 March 2014	0	1	84	0	0	85

8. (Continued)

	2012-13					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
Cost or valuation						
As at 1 April 2012	29	108	378	0	0	515
Disposals	(29)	(9)	0	0	0	(38)
Indexation/revaluation	0	4	23	0	0	27
As at 31 March 2013	0	103	401	0	0	504
Depreciation						
As at 1 April 2012	29	103	217	0	0	349
Charge in year	0	3	42	0	0	45
Disposals	(29)	(9)	0	0	0	(38)
Indexation/revaluation	0	3	16	0	0	19
As at 31 March 2013	0	100	275	0	0	375
Carrying value as at 31 March 2013	0	3	126	0	0	129
Carrying value as at 31 March 2012	0	5	161	0	0	166
Asset financing						
Owned	0	3	126	0	0	129
Carrying value as at 31 March 2013	0	3	126	0	0	129

9. Intangible assets

There are no intangible assets in the year (2012–13 £0).

10. Impairments

There were no impairments in the year (2012–13 £0).

11. Assets held for sale

There were no assets held for sale at the reporting date (2012–13 £0).

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year		
Trade receivables	7	1
Receivables due from Trusts	25	109
Receivables, Accrued Income and Prepayments due from NOMS Agency	1,194	1,614
Receivables, Accrued Income and Prepayments due from other Government departments	108	71
Prepayments	12	19
Accrued income	32	0
	1,378	1,814
Amounts falling due after more than one year		
	0	0
Total	1,378	1,814

12b. Intra-Government receivables

	Amounts falling due within one year	
	2013–14	2012–13
	£000	£000
Balances with other central Government bodies (inc. parent department)	1,219	1,723
Balances with local authorities	108	71
	1,327	1,794
Balances with bodies external to Government	51	20
Total	1,378	1,814

13. Cash and cash equivalents

Balance at 1 April
Net change in cash and cash equivalents
Balance at 31 March

	2013–14	2012–13
	£000	£000
	806	195
	(437)	611
	369	806
	369	806
	369	806

The following balances at 31 March are held at:
Commercial banks and cash in hand
Balance at 31 March

14. Trade payables and other current liabilities

14a. Analysis by type

Amounts falling due within one year (excluding taxation)

Trade payables
Staff payables
Payables due to Probation Trusts
Payables, Accruals and Deferred Income due to NOMS Agency
Payables, Accruals and Deferred Income due to other Government departments

	2013–14	2012–13
	£000	£000
	86	422
	251	243
	9	27
	0	60
	44	9
	390	761
	233	612
	0	5
	233	617
	623	1,378
	0	0
	623	1,378

Tax falling due within one year

VAT
Corporation tax

Total amounts falling due within one year

Amounts falling due after more than one year
Total

14b. Intra-Government payables

Balances with other central Government bodies (inc. parent department)
Balances with local authorities
Balances with NHS bodies

Balances with bodies external to Government
Total

	Amounts falling due within one year	
	2013–14	2012–13
	£000	£000
	242	704
	34	9
	10	0
	286	713
	337	665
	623	1,378

15. Provisions for liabilities and charges

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	249	0	249
Provided in year	0	0	61	0	61
Provision utilised in the year	0	0	(223)	0	(223)
Balance as at 31 March	0	0	87	0	87

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	87	0	87
Current liability	0	0	87	0	87
Balance as at 31 March	0	0	87	0	87

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	566	0	566
Provided in year	0	0	195	0	195
Provision utilised in the year	0	0	(512)	0	(512)
Balance as at 31 March	0	0	249	0	249

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	249	0	249
Current liability	0	0	249	0	249
Balance as at 31 March	0	0	249	0	249

The Trust carried forward provisions from 2012–13 for excess mileage following an office move and implementation costs of the HR/Payroll system. Provisions were established in 2013–14 for 360 degree appraisal and case transfers as a result of Transforming Rehabilitation.

16. Capital commitments

There were no capital commitments at the reporting date (2012–13 – £0).

17. Commitments under leases

17a. Operating leases

There are no operating leases (2012–13 £0).

17b. Finance leases

There are no finance leases (2012–13 £0).

18. Other financial commitments

There are no financial commitments (2012–13 £0).

19. Deferred tax asset

There are no deferred tax assets (2012–13 £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.

21. Contingent liabilities

There are no contingent liabilities (2012–13 £0).

22. Losses and special payments

22a. Losses statement

There were no losses payments (2012–13 £0).

22b. Special payments schedule

There were no special payments (2012–13 £0).

23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(19,524)	(14,371)
Balance restated at 1 April	(19,524)	(14,371)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,350)	(860)
Transferred from revaluation reserve	43	0
Remeasurement of post employment benefits	4,817	(4,293)
Balance at 31 March	(16,014)	(19,524)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance restated at 1 April	42	34
Arising on revaluations of PPE during the year (net)	1	8
Transferred to General Fund	(43)	0
Balance at 31 March	0	42

24b. Intangibles

There are no intangibles (2012–13 £0).

25. Related party transactions

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

During the year, none of the members of the Management Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Trust.

26. Third-party assets

There are no third-party assets (2012–13 £0).

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

The Trust ceased trading on 1 June 2014. A Statutory Instrument to dissolve the Trust, under section 5(1)(c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector entities. MoJ/NOMS has committed to ensuring all services will continue under the new structure, using the same assets and resources, for the foreseeable future.

On 1 June 2014 a Transfer Order effected the transfer of existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

A tender process is currently under way with a successful bidder to take ownership of the CRC in winter 2014–15.

The Accountable Officer with the support of senior management has concluded that there is no further impact on the financial statements other than those referred to in **Note 1.4**.

Basis of allocation of balances after the Trust ceased trading on 1 June 2014

On 1 June 2014, the assets and liabilities of the Probation Trust were allocated between the NPS and CRC as follows:

Pensions

On 1 June 2014 the Trust's existing pension liabilities and corresponding assets were transferred to the Greater Manchester Pension Fund (GMPF).

The Trust is no longer required to pay employer contributions to the fund.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS have transferred with the employee to the new employer (the CRC or the NPS) as referred to in **Note 1.4**. The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRCs' participation in the GMPF for pension liabilities that transfer to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS have transferred to the NPS under the Secretary of State for Justice.

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

All other service contracts have been novated to the relevant entity based on where the services of that contract will be provided. Where the services are shared by both entities, the contract will in most cases be novated to the majority user.

Staff related balances

All staff related balances, not settled by the Trust shortly after 1 June 2014, have been allocated to the relevant entity each member is transferred.

All other balances

Existing debtors and creditors that remain within the Trust are to be settled from existing funds.

All other balances have been allocated on a practical basis taking in to account future use, staff member allocation and services provided by that entity.

Where an asset, liability or service is utilised by both entities it will likely remain within the NPS/NOMS.

The finalisation of the split of assets and liabilities has not been completed as at the date of this report. Therefore financial information is not available.

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

In the current year, the Trust has applied the 2011 amendments to IAS 19 *Employee Benefits* (revised 2011), which are mandatory for accounting periods beginning on or after 1 January 2013. The standard requires retrospective application, which has resulted in a prior period adjustment. The prior period comparatives have been restated accordingly.

The amendments relevant to the Trust are:

The interest cost and expected return on plan assets are replaced with 'net interest', which is calculated by applying the same discount rate to the net defined benefit liability/(asset). Retrospective application has had an impact on the amounts recognised in profit or loss and other comprehensive income in 2012–13. The net assets and liabilities are unchanged.

Specific transitional provisions are applied to first time application of IAS 19 (revised 2011). The Trust has applied the relevant transitional provisions and restated the comparative figures.

Impact on total comprehensive expenditure for the year of application of IAS 19 Extract from the statement of comprehensive net expenditure

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	647
Other comprehensive expenditure	4,498
Total comprehensive expenditure	5,145
Restatement:	
Increase in programme expenditure (interest costs)	213
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(213)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	860
Other comprehensive expenditure	4,285
Total comprehensive expenditure	5,145

Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(19,524)
Restatement:	
Increase in net operating expenditure	213
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(213)
General fund balance as at 31 March 2013 after restatement	(19,524)


Administration and programme income and expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed 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. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3**, **Note 6** and **Note 7**.

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 2014 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 6 March 2013.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice
18 February 2014

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

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

This report covers 8 buildings.

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

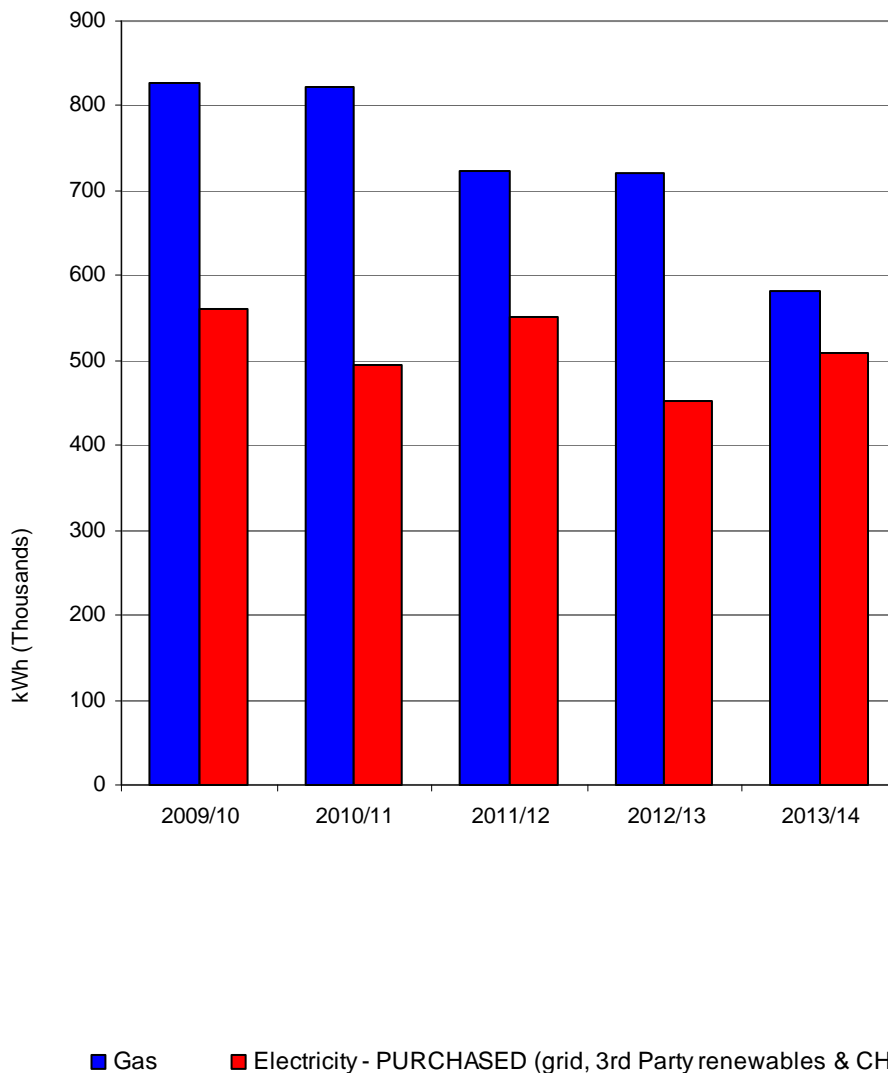
Derbyshire Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	152.3	151.5	184.8	187.1	148.2
	Scope 2 (indirect): Supplied energy (electricity and heat)	276.7	220.1	245.9	202	227.1
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	155.1	135.8	133.3	122.9	120.6
	Total gross GHG emissions	584.1	507.4	563.9	511.9	495.9
	Electricity: green/renewable	69.2	55	61.5	50.5	56.8
	Total net GHG emissions	514.9	452.4	502.4	461.4	439.1
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	420,247	370,598	413,909	340,150	382,345
	Electricity: renewable	140,082	123,533	137,970	113,383	127,448
	Gas	828,095	822,920	723,688	721,763	583,041
	Total energy	1,388,424	1,317,050	1,275,566	1,175,296	1,092,834
Financial indicators	Expenditure on energy (£)	£81,702	£57,547	£68,496	£68,996	£86,560
	Expenditure on official business travel (£)	£286,666	£268,181	£256,490	£243,491	£252,389

kWh consumption by year



Performance commentary (including targets)

From 1 April 2011 new Greening Government Commitments required us to reduce greenhouse gas emissions from a 09–10 baseline from the whole estate and business related transport. There was a rationalisation of the estate during 2013–14 with three buildings closing and one opening. Figures for the Willow Row building were not included in the 2012–13 figures but are in the figures for 2013–14. These two facts account for the apparent increase in energy usage.

Controllable impacts commentary

100% of our reported carbon dioxide emissions are from electricity and gas used in buildings.

Overview of influenced impacts

The Trust carefully considers greenhouse emissions when reviewing its estate. During 2013–14 three buildings were consolidated into one which will have a positive impact on emissions.

Waste

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-hazardous waste	Landfill waste	0	0	0	0	74.4
	Reused/recycled waste	94.0	85.0	115.0	84.0	52.0
Total waste arising		94.0	85.0	115.0	84.0	126.4

Performance commentary (including targets)

The amount of waste reused or recycled in 2013–14 is below the target set in 2009–10. From 1 April 2011 new targets (GGC) require us to reduce the amount of waste we generate by 25% from a 2009–10 baseline and ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled. Landfill data was not available in previous years.

Controllable impacts commentary

The Trust has a policy of using recycled paper where available and all waste paper is recycled.

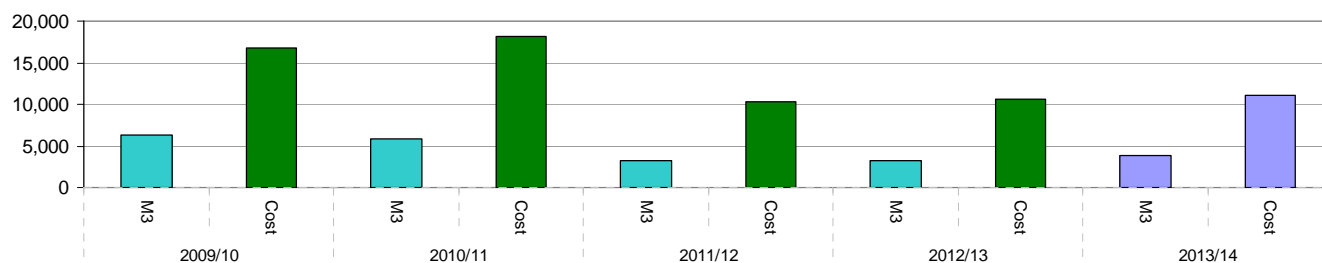
Overview of influenced impacts

All suppliers and partners are encouraged to manage office waste responsibly.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres: m³)	6,281	5,922	3,269	3,305	3,917
Financial indicators	Total water supply costs (£)	£16,751	£18,194	£10,361	£10,590	£11,057

Water (consumption and costs).



Performance commentary (including targets)

From 1 April 2011 new targets (GGC) require us to reduce water consumption from a 2009–10 baseline. Usage in 2013–14 was higher than in the previous year but is still significantly below the baseline.

Controllable impacts commentary

Water use is exclusively from washrooms and drinking.

Overview of influenced impacts

The Trust carefully considers water use when reviewing its estate.

Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
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