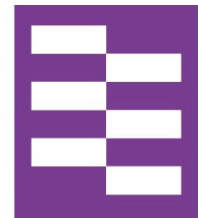
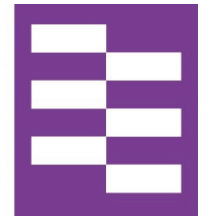


**York and
North Yorkshire
Probation Trust**



York & North Yorkshire Probation Trust

**Annual Report and Accounts
2012–2013**



York & North Yorkshire Probation Trust
Annual Report and Accounts
2012–2013

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

Ordered by the House of Commons to be printed 8 July 2013

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You can download this publication from www.ynyprobation.co.uk

ISBN: 9780102985337

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
ID 2570596 07/13

Printed on paper containing 75% recycled fibre content minimum.

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Vision, Mission, Values and Equalities Statement

Mission

Making communities safe.

Vision

To reduce reoffending by providing effective and efficient probation services which meet local needs.

Values

People can change

We believe in the ability of every individual to make positive change.

Integrity

We will be clear and open, and demonstrate honesty and fairness in all our dealings.

Dignity and Respect

We will treat everyone with dignity and respect.

Effective use of resources

We are committed to best use of public money, harnessing the innovation and creativity of our staff and partners.

Everybody counts

We believe everyone's contribution adds value and together we can make a difference.

Equalities statement

Diversity underpins every aspect of our work and we aim to provide a responsive and accessible service for all. We believe this can be achieved through creating an environment built on mutual respect, fairness, a willingness to learn and one that is free from discrimination, harassment and victimisation.

We believe diversity is about valuing, respecting and celebrating differences. We support all individuals to use their talents and experiences, and to recognise their potential in order for them to maximise their contribution to the Trust.

Our overall aim is to provide equality of opportunity and outcome for all those connected with the Trust.

Foreword

We would like to welcome you to the Annual Report and Accounts for the York and North Yorkshire Probation Trust for 2012–13. This has been a year of continued commendable performance, together with some significant organisational successes, achieved against a background of imminent transformational change to the structure of the probation service and the delivery of community sentences.

Throughout the year performance against contract targets has been consistently good. We have also made strides in the implementation of the Professional Judgement initiative which provides a greater level of engagement with our service users and their views. We were subject to the Offender Management (OMI2) inspection by Her Majesty's Inspectorate of Probation, achieving some good results and helpfully some useful suggestions for improvement. Overall the outcome was a positive one with the Chief Inspector of Probation commenting "overall, we consider this an encouraging set of findings".

We continue to enjoy strong partnership relationships with our local authorities, voluntary sector and criminal justice partners. Initial contact with the newly elected Police and Crime Commissioner has been positive and some key areas of our activity are now included in her initial Police & Crime Plan.

We continue our journey towards being fully accredited as an excellent organisation, achieving the customer service excellence award in this last year, and most pleasing of all, won the prestigious North of England Excellence annual award for small public sector organisations. We would also highlight a partnership between Scarborough Borough Council and our Community Payback unit which was successful at the Yorkshire & Humberside Local Government awards.

Like the public sector in general, we continue to pursue budget stringencies and have again achieved a balanced budget during 2012–13. That we can consistently achieve this is a tribute to our resilient and committed managers and staff, and our high quality corporate support systems (e.g. finance and human resources) which are strong enablers to our work.

Our most recent staff survey showed an increasingly positive view of the organisation from our staff who are committed both to our values and the delivery of high standards of community sentences.

In commending this report to you we believe it represents another strong year of organisational performance and contribution to the safety of the communities of North Yorkshire and the City of York.

Ken Bellamy CBE
Trust Chair

Pete Brown
Chief Executive

1. Operational & Performance Review 2012–13

At a time of considerable uncertainty in terms of proposals from the government for the restructuring of the way community sentences are delivered, and of continuing public sector stringencies, it is pleasing to be able to report another year of sound operational performance both as a Trust and in collaboration with our partners, in the criminal justice sector and beyond.

Performance against targets

As part of our commitment to deliver more for less the Trust agreed a contract with the National Offender Management Service for 2012–13 which was more challenging than in previous years. It is pleasing to be able to report a good level of success in delivering against the challenging targets – achieving the ‘Level 3’ on the Probation Trust Rating System (PTRS) which benchmarks our performance directly with other trusts.

Probation Trust Rating System (PTRS) 2012–13

| | |
|----------------------|----------|
| Overall PTRS metric | 3 |
| Public Protection | 3 |
| Reducing Reoffending | 3 |
| Sentence Delivery | 3 |

Performance Results 2012–13

| Measure | Performance | PTRS |
|---|-------------|----------|
| MAPPA Effectiveness | 100% | 4 |
| OASys QA | 94% | 3 |
| Offender Feedback | 71% | 4 |
| OMI2 Assessment & Sentence Planning | 75% | 4 |
| Victim Feedback | 83% | 3 |
| OMI2 Risk of Harm | 72% | 3 |
| OMI2 Likelihood of Reoffending | 74% | 3 |
| Employment at Termination | 52% | 3 |
| Accommodation at Termination | 87% | 3 |
| OMI2 Interventions | 77% | 4 |
| Orders or Licences successfully completed | 75% | 3 |
| OMI2 Enforcement and Compliance | 79% | 3 |

Performance Key

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

Source: Validated Probation Trust Rating System 2012–13 Qtr 4

Glossary

| | | |
|-------|---|---|
| MAPPA | – | Multi-Agency Public Protection Arrangements |
| OASys | – | Offender Assessment Systems |
| OMI | – | Offender Management Inspection |

The Trust Senior Leadership Group receives a local monthly performance report which shows performance against the PTRS matrix, commissioner contract measures and management information. These reports are subsequently presented to the Board on a quarterly basis. Where performance drops below the expected level this is investigated immediately – e.g. the failure to achieve the targeted number of Integrated Domestic Abuse Programme (IDAP) completions is linked to a drop in domestic violence cases coming to court.

Managing Quality

As part of our work to ensure we deliver to the highest standards we have developed a Quality Management Framework, which delivers a range of audits to ensure we are offering the quality of work which will be effective in reducing reoffending. During the past year we have broadened our pool of assessors and now ensure that every staff member's work is included in these exercises. The outcomes of these audits are reported to the Trust Board.

Offender Management Inspection (OMI) 2

During the past year we received a visit from Her Majesty's Inspectorate of Probation (HMIP), who were conducting their OMI2 programme. The Chief Inspector of Probation in the report commented that: "Overall, we consider this is an encouraging set of findings." The results being as follows:

| Measure | National Average | York and North Yorkshire |
|--|------------------|--------------------------|
| 'Control' – Risk of Harm to Others | 74% | 72% |
| 'Help & Change' – Likelihood of reoffending work | 73% | 74% |
| 'Punish' – Compliance & Enforcement Work | 79% | 79% |

The Trust was slightly disappointed with these results as it is our aim to be amongst the top performing trusts. We are, and will be, working hard to improve from a position of being at the national average.

European Foundation for Quality Management (EFQM) Excellence Model

The Trust has been on a journey seeking external validation of our support services and organisation, and 2012–13 saw significant successes in this area.

In relation to our use and application of the European Excellence Model we won the small 'Public Sector Organisation with fewer than 250 people' category at the North of England Excellence Awards in November 2012; a significant achievement for the Trust.

The judging process included an intensive and detailed site visit from a team of Excellence Award assessors, whose role it was to validate the Trust's application.

In their conclusions the Assessment team commented: "The Trust uses performance management to ensure that its services meet its own and its customer's expectations; has an exceptional customer focus undertaking surveys that cover the full range of its customers; and has employees that are enthusiastic about reducing reoffending by changing the lives and behaviours of the people entrusted into their care."

Commenting on our achievement, David Teale, Chief Executive of North of England Excellence, added: "Our winners are all examples of outstanding Northern businesses committed to best practice and innovation."

This year we have seen a record number of awards applications and are detecting an increased interest by companies in using the principles of business excellence to improve competitiveness. Our winners will testify to the fact that business excellence not only improves quality and performance but also directly benefits the bottom line."

In addition, a project involving our Community Payback unit in Scarborough, with the local District Council, won an award for making an 'Outstanding Contribution to Enhancing the Environment' at the Local Government Yorkshire and Humber awards.

We were also successful in obtaining the Customer Service Excellence award in December 2012.

Overall the Trust is proud of its successes in 2012–13, whilst remaining conscious of the need for continuous improvement in our operational delivery, as we seek to contribute to keeping York and North Yorkshire as the safest area in the country.

Results: what we delivered 2012–13

2,204 offenders were either in custody, on Licence, or on an Order under our supervision, as at the 31 March 2013.

404 offenders started supervision on licence, on initial release from prison.

2,087 Community Orders, supervised by York and North Yorkshire Probation Trust, were started during the year.

295 of those Community Orders required the offender to complete an accredited programme – designed to tackle the way in which offenders think and behave.

64 Drug Rehabilitation Requirements and 25 Alcohol Treatment Requirements were successfully completed by offenders during the year.

51 offenders completed a Domestic Violence programme and a further 105 offenders completed a general Offender Behaviour Programme; ultimately helping to reduce reoffending and make communities safer.

2,264 Pre-Sentence Reports were produced for courts to assist them with their sentencing decisions. Of these 99.4% were on time. Of the reports produced, 1,668 were fast/oral reports, helping to substantially speed up the court process.

95.6% of victims of serious sexual or violent offenders (sent to custody for one year or more), were contacted by our staff within eight weeks of the sentence date. Our work gives victims a strong voice in the Criminal Justice arena.

315 offenders completed a Community Payback (Unpaid Work) Requirement during the year.

116,708 hours of Community Payback were worked on projects that might not otherwise be completed (multiplied by minimum wage = £740,000 of value to the community).

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 North Yorkshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 47 by the Secretary of State under the OM Act.

Principal activities

York and North Yorkshire Probation Trust covers the North Yorkshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of around 750,000. During the year, the Trust employed some 192 full time staff that worked from 11 buildings and 1 approved premise across the area.

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

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

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

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

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

These aims are therefore the basis on which the Secretary of State will contract with any provider for the provision of probation services. York & North Yorkshire Probation Trust has a contract with the Secretary of State for the provision of probation services for York & North Yorkshire. In providing the services the

Trust is required to work collaboratively with the Secretary of State having regard to the aims set out above.

Operational Performance during 2012–13

An analysis of performance outcomes is summarised on pages 4 to 6.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 21. The Statement of Changes in Taxpayers' Equity is shown on page 24.

Operating costs

The net operating cost before tax for 2012–13 stands at £187k compared to the net operating income of £26k for 2011–12. The main reasons for the increase is due to a reduction in contract income and expected return on pension assets.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 22 and 23.

The net liability position has increased from £10.49m at March 2012 to £12.59m at March 2013. The largest single movement in net liability is £1.91m due to further pension actuarial loss.

Payment of creditors

In the year to 31 March 2013, the Trust paid 1,034 trade invoices with a value of £2.59m. The percentage of undisputed invoices paid within 30 days by the Trust was 91.9% compared to 82.9% in 2011–12.

Treatment of Pension Liabilities

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

Sickness absence data

The average levels of absence due to staff sickness were 7.3 days across the Trust (2011–12: 7.3 days).

Personal data related incidents

No personal or non personal data related incidents occurred in 2012–13, and therefore none were reported to the Information Commissioner's Office (ICO).

Should an incident arise, a risk assessment would be carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. All staff are expected to undertake a compulsory Information Assurance training course.

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 49 to 52.

Going concern and events after the reporting period

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. This consultation ended at the end of June 2012. A further consultation commenced in January 2013 building

on the previous consultation last year which set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of these consultations were published in “Transforming Rehabilitation: A strategy for Reform”, on 9 May 2013 by the Secretary of State for Justice.

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

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

Future developments

The major activity in our Business Plan 2013–14 will be to undertake the organisational restructuring that will result from the Government’s response to the most recent consultation on Transforming Rehabilitation. It is our assumption that this will be a substantial piece of work which will require a significant commitment of resources. At the same time we will be concentrating on ensuring the effective delivery of community sentences and continued contribution to the reduction of reoffending in York and North Yorkshire.

Notwithstanding this there are a number of practice areas we will be seeking to further develop in 2013–14:

- The delivery of Restorative Justice Conferencing.
- The introduction of newly contracted personality disorder services.
- Expansion of our provision of women’s’ services across the whole Trust and mainstreaming them.
- The involvement of service users more fully in the planning and delivery of our work.

Communications and employee involvement

The Trust has a strong record of communications having an excellent website, effective relations with the local press and a growing presence on social media. We have successful articles promoting our work in many local outlets, have used City of York Council facilities to promote our work to every home in York and trebled our following on Twitter over the last six months. We have a well developed and effective Sentencer Communications Strategy and are heavily involved in the production of Annual Reports by both our local Criminal Justice Board and MAPPA Strategic Management Board.

In terms of employee involvement, we have well established formal and informal communications and meetings structures with our local Trades Unions. We have just held a very successful staff conference and achieved a remarkable 78% return rate on our staff survey which showed significant increases in staff satisfaction with the Trust as an organisation. These are supported by regular office visits by the Chair and Chief Executive (three times per year), monthly staff briefings issued by the Chief Executive and a Team Briefing process by which information is shared with staff and they are able to raise issues

with management. Staff are also actively involved in the development of the Trust's Business Plan and the work in pursuit of our equalities objectives.

Staff diversity

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

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a Department for Communities and Local Government's decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 19.

Total audit fees reported in the Accounts are £20,900. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 relate to the statutory accounts audit only.

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 York and North Yorkshire Probation Trust Board

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

- A board of independent members nominated by the Secretary of State to set the strategic direction and hold the Chief Executive to account.
- An Audit Committee to provide the Chief Executive with assurance regarding transparent governance, risk management and financial accountability and to challenge decisions where appropriate.
- The Chairman and Chief Executive have quarterly meetings with the Regional Community Services Manager representing the Commissioner to monitor performance and outcomes.
- An annual audit plan of work related topics scrutinised by the MoJ Internal Audit Team.
- An annual audit of our accounts conducted by our External Auditors, the National Audit Office.

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

The Lord Chancellor appointed Judge Stephen Ashurst to the Trust from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department.

Details of the remuneration of the Board are set out in the Remuneration Report on pages 12 to 13.

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

| Position | Name | Date appointment commenced / ended (during 2012–13) where appropriate |
|-----------------|-----------------|--|
| Chief Executive | Peter Brown | |
| Chair | Kenneth Bellamy | |
| Board Member | Bill Ferguson | |
| Board Member | David Bramhall | |
| Board Member | Mike Murphy | |
| Board Member | Ruth Dyble | |

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
18 June 2013

3. Remuneration Report

Appointments

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

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

A) REMUNERATION – AUDITED

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

| | 2012–13 | | | 2011–12 | | |
|--------------------------|--|----------------|---|--|----------------|---|
| | Salary (as defined below) £000s | Bonus £000s | Benefits in kind (rounded to the nearest £100) £ | Salary (as defined below) £000s | Bonus £000s | Benefits in kind (rounded to the nearest £100) £ |
| Peter Brown – Chief Exec | 75–80 | - | - | 75–80 | - | - |
| Ken Bellamy – Chair | 15–20 | - | - | 15–20 | - | - |
| Bill Ferguson | 0–5 | - | - | 0–5 | - | - |
| David Bramhall | 0–5 | - | - | 0–5 | - | - |
| Mike Murphy | 0–5 | - | - | 0–5 | - | - |
| Ruth Dyble | 0–5 | - | - | 0–5 | - | - |

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

The total remuneration of the highest paid Director and the median total remuneration for other staff are shown in the table below.

| | Total Full-time Equivalent Remuneration | |
|----------------------------------|---|-----------------|
| | 2012–13 | 2011–12 |
| Highest paid Director (pay band) | £75,000–£80,000 | £75,000–£80,000 |
| Median for other staff | £27,102 | £27,102 |
| Pay multiple ratio | 2.8 :1 | 2.8 :1 |

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

Salary

'Salary' includes the gross salary (Chair / Chief Executive) and the hourly allowance (members).

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

| | Total accrued pension at pension age as at 31 March 2013 & related lump sum | Real increase/ (decrease) in pension and related lump sum at pension age | CETV at 31 March 2013 | CETV at 31 March 2012 | Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors |
|-------------|--|---|------------------------------|------------------------------|--|
| | £000s | £000s | £000s | £000s | £000s |
| Peter Brown | 40–45 | - | 735 | 692 | 43 |

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

18 June 2013

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 York and North Yorkshire Probation Trust to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the 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

This Statement sets out for our staff and stakeholders the basis on which the Trust has been established; the way in which it is governed and managed; and how it is accountable for what it does. The York and North Yorkshire Probation Trust was established on 1 April 2010 under the Offender Management Act 2007. The Trust is required to operate within the provisions of the Act and relevant subordinate legislation. It must also comply with any directions given by the Secretary of State for Justice. The Secretary of State is ultimately accountable to Parliament for the activities and performance of the York and North Yorkshire Probation Trust. The Chief Executive for the National Offender Management Service (NOMS), as Accountable Officer for the whole Service, designates the Chief Executive of the Trust to undertake the role of Accountable Officer for the Trust.

Robust Corporate Governance

The Trust deploys robust corporate governance that where relevant and practical are in line with the Corporate Governance Code and a self-assessment process is currently underway.

It is not considered that there are any significant internal control problems. The Internal Auditor's overall opinion for 2012–13 is that the Trust Board's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Trust Board are being effectively managed. The Internal Auditor's Annual Report included no issues of sufficient importance that would require highlighting in this Statement.

Governance Framework

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

The Governance Handbook and Finance Manual for Probation Trusts are produced by NOMS. They set out the managerial and financial framework within which all Probation Trusts are expected to operate.

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

Governance arrangements are in place around the joint shared HR and Finance service with West Yorkshire Probation Trust. This includes me, together with the Chair of the Trust and the West Yorkshire Probation Trust Chair and Chief Executive, holding bi-annual accountability meetings with the Directors of Finance & IT and HR.

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

The values that underpin our work are:

- People can change – we believe in the ability of every individual to make positive change
- Integrity – we will be clear and open, and demonstrate honesty and fairness in all our dealings
- Dignity and respect – we will treat everyone with dignity and respect
- Effective use of resources – we are committed to best use of public money, harnessing the innovation and creativity of our staff and partners

- Everybody counts – we believe everyone’s contribution add value and together we can make a difference

The Trust Board’s Performance and Effectiveness

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

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

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

- The Trust Board meets formally at least six times per year (but more frequently on an informal basis) to consider the plans and strategic direction of the Trust Board, and the Audit Committee meets at least four times per year. All meetings were quorate with the following attendance:

| Name | Position | Board Attendance | Audit Committee Attendance |
|-----------------|-----------------|------------------|----------------------------|
| Kenneth Bellamy | Chair | 6 out of 6 | 3 out of 4 |
| Pete Brown | Chief Executive | 6 out of 6 | 4 out of 4 |
| Bill Ferguson | Board Member | 4 out of 6 | 4 out of 4 |
| David Bramhall | Board Member | 5 out of 6 | 4 out of 4 |
| Mike Murphy | Board Member | 6 out of 6 | 2 out of 4 |
| Ruth Dyble | Board Member | 6 out of 6 | 4 out of 4 |

- The Trust Board receives detailed minutes of each meeting of the Audit Committee together with periodic routine verbal reports on its work, by the Chair of the Audit Committee. These contain full details of the reports prepared in relation to Trust activity by MoJ Audit and their subsequent improvement plans. Risk Management undertaken by a sub group of the Audit Committee comprising of myself and two Board Members. This group reports to the Audit Committee and from there to the Trust Board. I also have sight of the annual report prepared by the Audit Chair.
- Regular reports by Internal Audit, to standards defined in the Government Internal Audit Manual, which include the Head of Internal Audit’s independent opinion on the adequacy and effectiveness of the Trust Board’s system of internal control together with recommendations for improvement.
- A comprehensive performance management system is in place based upon publication of monthly local performance reports and quarterly national Probation Trust Rating System (PTRS) reports. Staff and managers’ access to performance information is via an on-line performance database on our intranet throughout the year.
- The Trust was subject to an inspection by HMIP in May 2012, the report being published in July. The summary indicated the inspection found “an encouraging set of findings” and an action plan is in place to further improve our performance following the inspection.
- I report the performance and financial results each quarter to the Board Strategic Group at which detailed discussion takes place. A subsequent report is then submitted to the Trust Board. Monthly performance on a full range of assurance information and budget reports are received at Senior Leadership Group from operational Directorates and reported to the Board on an exceptions basis.

- I lead monthly reviews of performance with the Senior Leadership Group. I also hold six business meetings per year with each Director in which we review performance both in relation to their responsibilities for the corporate business plan and in relation to their own directorate business plans. Personal objectives throughout the organisation are linked to the corporate business plan and reviewed regularly in supervision which takes place every six weeks.
- The Trust has had in place the following procedures throughout the year in order to maintain a robust internal control mechanism for Corporate Governance:
 - Governance Handbook for Probation Trusts
 - Standing Financial Instructions
 - Standing Orders
 - Register of Interests
- Budget control in York and North Yorkshire is delegated to a range of budget holders and this is tightly managed by the Director of Finance on behalf of the Chief Executive and supported by formal documentation for the management of delegated budgets together with associated virement procedures. A Scheme of Delegation is in place and has been agreed by the Board.
- The Trust Board maintains a comprehensive suite of policies which is regularly reviewed. This is made available to all staff via its Intranet and includes policies in relation to Anti Fraud, Theft and Corruption and Public Interest Disclosure (The “Whistleblower” Policy). Additionally we have a full range of operational processes mapped and available to staff on PROMS which is on staff members’ desk tops.
- The Trust Board deploys the European Foundation for Quality Management (EFQM) Framework to identify strengths and areas for improvement in its processes and the results they deliver. The outcomes of these exercises are incorporated into the following year’s Business Plan. We were successful in November 2012 in winning the small public sector category in the North of England Excellence Awards. Also in January 2013 we achieved the Customer Service Excellence Award having two elements of the assessment highlighted as being a Compliance Plus rating.
- A Staff Survey is conducted every two years to ascertain the views of staff based on their experience of working for the York and North Yorkshire Probation Trust. Again outcomes from this are reflected in the Area Business Plan. In April 2011 we received the bronze Investors in People Award. We completed our most recent Staff Survey in December 2012, achieving an excellent response rate of 78%. The initial outcomes were reported to the recent Staff Conference and a focus group is being set up to develop an action plan from these results.

Risk Management

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

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

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

The Board and Senior Leadership Group undertook a Risk Management Workshop in November 2011 as part of the development of the Board Strategic Plan (2010–2013). This identified the key business risks facing the organisation. The risks were then scored and a range of mitigating activities developed including:

- An active response to the staff survey
- Development of the role of local accountants in the LDUs

- Influencing the first Police & Crime Plan in North Yorkshire
- Obtaining external Quality Marks.
- Conduct a range of LEAN process reviews (PROMS)

These activities are reviewed on a quarterly basis by the risk sub group and any consequent changes to risk assessments agreed. These are then reported to the Audit Committee and ultimately to the Board.

The principal risks identified are shown below, with the majority linked to the Probation Reforms announced in May 2013:

- Staff Morale
- Staff Disengagement
- Organisation Re-design
- External influences
- Cultivate Decision Makers
- Viable Organisation (period of budget reduction)

Throughout the year the Risk Register has been routinely reviewed at quarterly intervals by Senior Leadership Group. Each Directorate's business plan has an accompanying risk register and this is reviewed on a quarterly basis by myself in business meetings with the Directors. There is an agreed protocol for the escalation of any developing risk which would see it brought into the risk sub group and then onto the Audit Committee and Trust Board.

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

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

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

Information Security

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

.....
Pete Brown
Chief Executive
York and North Yorkshire Probation Trust
18 June 2013

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

Audit Certificate

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

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

Emphasis of Matter – Material uncertainty in respect of going concern

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date: 1st July, 2013

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

| | Notes | 2012–13 £000 | 2011–12 £000 |
|--|-------|-----------------|-----------------|
| Administration costs | | | |
| Staff costs | 3(a) | 7,032 | 7,012 |
| Other administration costs | 6(a) | 2,455 | 2,460 |
| Income | 7(a) | (9,653) | (9,729) |
| Net administration costs | | (166) | (257) |
| Programme costs | | | |
| Staff costs | 3(a) | 0 | 0 |
| Other programme costs | 6(b) | 0 | 0 |
| Income | 7(b) | 0 | 0 |
| Net programme costs | | 0 | 0 |
| Net operating costs | | (166) | (257) |
| Expected return on pension assets | 4(d) | (1,310) | (1,438) |
| Interest on pension scheme liabilities | 4(d) | 1,663 | 1,669 |
| Net operating costs before taxation | | 187 | (26) |
| Taxation | 5 | 0 | 0 |
| Net operating costs after taxation | | 187 | (26) |

Other Comprehensive Expenditure

| | Notes | 2012–13 £000 | 2011–12 £000 |
|---|-------|-----------------|-----------------|
| Pension actuarial loss | 23 | 1,915 | 2,334 |
| Total comprehensive expenditure for the year ended 31 March 2013 | | 2,102 | 2,308 |

The notes on pages 25 to 46 form part of these accounts.

Statement of Financial Position

As at 31 March 2013

| | | 2012–13 | 2011–12 |
|--|-------|-----------------|-----------------|
| | Notes | £000 | £000 |
| Non-current assets | | | |
| Property plant and equipment | 8 | 3 | 7 |
| Total non-current assets | | 3 | 7 |
| Current assets | | | |
| Trade and other receivables | 12(a) | 589 | 593 |
| Cash and cash equivalents | 13 | 505 | 505 |
| Total current assets | | 1,094 | 1,098 |
| Total assets | | 1,097 | 1,105 |
| Current liabilities | | | |
| Trade and other payables | 14(a) | (688) | (720) |
| Provisions | 15 | 0 | (35) |
| Taxation payables | 14(a) | (426) | (367) |
| Total current liabilities | | (1,114) | (1,122) |
| Non-current assets plus/less net current assets/(liabilities) | | (17) | (17) |
| Non-current liabilities | | | |
| Pension liability | 4(c) | (12,576) | (10,474) |
| Total non-current liabilities | | (12,576) | (10,474) |
| Assets less liabilities | | (12,593) | (10,491) |
| Taxpayers' equity | | | |
| General fund | 23 | (12,608) | (10,506) |
| Revaluation reserve – property, plant and equipment | 24(a) | 15 | 15 |
| | | (12,593) | (10,491) |

The financial statements on pages 21 to 24 were approved by the Board on 18 June 2013 and were signed on its behalf by

..... Accountable Officer

18 June 2013

The notes on pages 25 to 46 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

| | | 2012–13 | 2011–12 |
|---|-------|----------|--------------|
| | Notes | £000 | £000 |
| Cash flows from operating activities | | | |
| Net operating costs | 23 | (187) | 26 |
| Adjustments for non-cash transactions | 6(a) | 4 | 45 |
| Adjustments for pension cost | | 187 | (25) |
| Decrease in receivables | 12(a) | 4 | 141 |
| Increase/(decrease) in payables | 14(a) | 27 | (351) |
| Utilisation of provisions | 15 | (35) | (16) |
| Less payments of amounts due to Consolidated Fund to NOMS | | 0 | 4 |
| Net cash outflow from operating activities | | 0 | (176) |
| Cash flows from investing activities | | | |
| Proceeds on disposal of property, plant and equipment | 8 | 0 | 6 |
| Net cash outflow from investing activities | | 0 | 6 |
| Cash flows from financing activities | | | |
| Payments of amounts due to the Consolidated Fund to NOMS | | 0 | (4) |
| Net financing | | 0 | (4) |
| Net increase/(decrease) in cash and cash equivalents in the period | | 0 | (174) |
| Cash and cash equivalents at the beginning of the period | 13 | 505 | 679 |
| Cash and cash equivalents at the end of the period | 13 | 505 | 505 |
| Increase/(decrease) in cash | | 0 | (174) |

The notes on pages 25 to 46 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

| | | General Fund £000 | Revaluation Reserve £000 | Total £000 |
|---|-------|-------------------------|--------------------------------|-----------------|
| | Notes | | | |
| Balance as at 1 April 2011 | | (8,198) | 15 | (8,183) |
| Changes in taxpayers' equity for 2011–12 | | | | |
| Net operating cost after taxation | SocNE | 26 | 0 | 26 |
| Pension actuarial (loss)/gain | 23 | (2,334) | 0 | (2,334) |
| Balance as at 31 March 2012 | | (10,506) | 15 | (10,491) |
| Changes in taxpayers' equity for 2012–13 | | | | |
| Net operating cost after taxation | SocNE | (187) | | (187) |
| Pension actuarial (loss)/gain | 23 | (1,915) | 0 | (1,915) |
| Balance as at 31 March 2013 | | (12,608) | 15 | (12,593) |

The notes on pages 25 to 46 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

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

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

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

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

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

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

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period the impact on the financial statements would have been to increase net operating costs by £174k but reduce Other Comprehensive Expenditure by £174k. Therefore there is no impact on net liabilities.

1.1 Accounting convention

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

1.2 Changes in accounting policies and restatement of comparatives

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

1.3 Going concern

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

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

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

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

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

1.4 Property, plant and equipment

Non-current assets are included at cost upon purchase and are restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £10,000, inclusive of any irrecoverable VAT element, where appropriate.

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

costs under “accommodation, maintenance & utilities”.

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

| | |
|--------------------------------|--|
| Information technology | 3 to 5 years depending on individual asset type |
| Plant & equipment | 5 to 10 years depending on individual asset type |
| Vehicles | 5 to 10 years depending on individual asset type |
| Furniture, fixtures & fittings | 3 to 5 years depending on individual asset type |

1.6 Impairment

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

1.7 Intangible non-current assets

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

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

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

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

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

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

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

1.8 Non-current assets held for sale

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

1.9 Inventories

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

1.10 Operating income

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

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

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

1.11 Administration and programme expenditure

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

1.12 Pensions

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

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

1.13 Leases

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

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

Finance leases

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

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before

the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

Operating leases

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

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

1.15 Value Added Tax

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

1.16 Corporation Tax (CT)

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

1.17 Cash and Cash Equivalents

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

1.18 Financial instruments

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

1.19 Segmental analysis of spend as reported to the Management Board

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

1.20 Third party assets

The Trust may hold, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within **Note 26**.

2. Statement of Operating Costs and Net Assets by Operating Segment

York & North Yorkshire Probation Trust does not break down the spend by segment when reporting to the Board. We report only at the Trust level.

3. Staff numbers and related costs

3a. Staff costs consist of:

| | 2012–13 | | 2011–12 | |
|---|--------------|--------------------------------|-----------|--------------|
| | Total | Permanently- employed staff | Others | Total |
| | £000 | £000 | £000 | £000 |
| Wages and salaries | 5,912 | 5,841 | 71 | 6,087 |
| Social security costs | 429 | 429 | 0 | 445 |
| Other pension costs | 1,000 | 1,000 | 0 | 930 |
| Sub-total | 7,341 | 7,270 | 71 | 7,462 |
| Less recoveries in respect of outward secondments | (309) | (309) | 0 | (450) |
| Total staff costs | 7,032 | 6,961 | 71 | 7,012 |
| Administration-related staff costs | 7,032 | 6,961 | 71 | 7,012 |
| Programme-related staff costs | 0 | 0 | 0 | 0 |
| | 7,032 | 6,961 | 71 | 7,012 |

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**. The change in other pension costs relates primarily to changes in actuarial assumptions.

3b. Average number of persons employed

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

| | 2012–13 | | 2011–12 | |
|--|---------|--------------------------------|---------|-------|
| | Total | Permanently- employed staff | Others | Total |
| | 195 | 192 | 3 | 198 |

3c. Reporting of compensation schemes – exit packages

| Exit packages cost band | 2012–13 | | 2011–12 | | Total number of exit packages by cost band |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| | Number of compulsory redundancies | Number of other departures agreed | Number of compulsory redundancies | Number of other departures agreed | |
| <£10,000 | 0 | 4 | 4 | 0 | 2 |
| £10,000–£25,000 | 0 | 2 | 2 | 0 | 1 |
| £25,000–£50,000 | 0 | 0 | 0 | 0 | 1 |
| £50,000–£100,000 | 0 | 0 | 0 | 0 | 0 |
| £100,000–£150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000–£200,000 | 0 | 0 | 0 | 0 | 0 |
| £200,000+ | 0 | 0 | 0 | 0 | 0 |
| Total number of exit packages by type | 0 | 6 | 6 | 0 | 4 |
| Total resource cost £000 | 0 | 38 | 38 | 0 | 67 |

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

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

4. Pensions costs

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

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Mercer Human Resource Consultancy Ltd. For 2012–13, employers' contributions of £1,164,085 were payable to the LGPS (2011–12 £1,283,000) at a rate equivalent to 20% of pensionable pay in both years. The scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under IAS19.

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

| | 2012–13 | 2011–12 |
|--|---------|---------|
| | % | % |
| Inflation assumption | 2.4% | 2.5% |
| Rate of increase in salaries | 4.2% | 4.3% |
| Rate of increase for pensions in payment and deferred pensions | 2.4% | 2.5% |
| Discount rate | 4.2% | 4.9% |

Mortality Assumptions:

For current pensioners aged 65 the life expectancy is assumed to be 22.6 years (male) and 25.3 (female) as at 31 March 2013. For future pensioners aged 65 in 20 years time the life expectancy assumption is 24.4 years (male) and 27.2 (female) as at 31 March 2013.

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

| | 2012–13 | | 2011–12 | |
|--|-------------------------------------|--|-------------------------------------|--|
| | Expected long-term rate of return % | Value as a percentage of total scheme assets % | Expected long-term rate of return % | Value as a percentage of total scheme assets % |
| Equities | 7.0% | 64% | 7.0% | 71% |
| Government bonds | 2.8% | 13% | 3.1% | 20% |
| Other bonds | 3.9% | 10% | 4.1% | 8% |
| Property | 5.7% | 4% | 0.0% | 0% |
| Other | 6.7% | 9% | 0.5% | 1% |
| Total | 5.7% | 100% | 5.6% | 100% |
| | | | | |
| Present value of scheme liabilities | | (40,316) | | (33,750) |
| Deficit of the scheme | | (12,576) | | (10,474) |
| Net pension liability | | (12,576) | | (10,474) |

4d. Analysis of amounts recognised in SoCNE

| | 2012–13 | 2011–12 |
|-------------------------------|--------------|------------|
| | £000 | £000 |
| Pension cost | | |
| Current service cost | 933 | 906 |
| Effect of curtailment | 67 | 76 |
| Total operating charge | 1,000 | 982 |

| | 2012–13 | 2011–12 |
|---|------------|------------|
| | £000 | £000 |
| Analysis of interest cost on pension scheme – assets/(liabilities) | | |
| Expected return on pension scheme assets | (1,310) | (1,438) |
| Interest on pension scheme liabilities | 1,663 | 1,669 |
| Net interest costs | 353 | 231 |

4e. Analysis of amounts recognised in other comprehensive expenditure

| | 2012–13 | 2011–12 |
|---|----------------|----------------|
| | £000 | £000 |
| Pension actuarial loss | (1,915) | (2,334) |
| Total shown in other comprehensive expenditure | (1,915) | (2,334) |

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

| | 2012–13 | 2011–12 |
|---|---------------|---------------|
| | £000 | £000 |
| Opening present value of liabilities | 33,750 | 29,845 |
| Current service cost | 933 | 906 |
| Interest cost | 1,663 | 1,669 |
| Contributions by members | 348 | 369 |
| Actuarial (gains)/losses on liabilities* | 4,446 | 1,167 |
| Benefits paid | (891) | (282) |
| Curtailments | 67 | 76 |
| Closing present value of liabilities | 40,316 | 33,750 |

* Includes changes to actuarial assumptions

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

| | 2012–13 | 2011–12 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| Opening fair value of assets | 23,276 | 21,680 |
| Expected return on assets | 1,310 | 1,438 |
| Actuarial gains/(losses) on assets | 2,531 | (1,167) |
| Contributions by the employer | 1,166 | 1,238 |
| Contributions by members | 348 | 369 |
| Benefits paid | (891) | (282) |
| Closing fair value of assets | 27,740 | 23,276 |

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

| | 2012–13 | 2011–12 | 2010–11 | 2009–10 | 2008–09 |
|--|-----------------|-----------------|----------------|-----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Fair value of assets | 27,740 | 23,276 | 21,680 | 20,230 | 12,419 |
| Present value of liabilities | 40,316 | 33,750 | 29,845 | 31,293 | 22,170 |
| Surplus/(deficit) | (12,576) | (10,474) | (8,165) | (11,063) | (9,751) |
| Experience gains/(losses) on scheme assets | 2,531 | (1,101) | (479) | 6,575 | (7,746) |
| Experience gains/(losses) on scheme liabilities | 0 | 0 | 1,283 | 7,490 | (5,853) |
| Percentage experience gains/(losses) on scheme assets | 9% | (5%) | (2%) | 33% | (62%) |
| Percentage experience gains/(losses) on scheme liabilities | 0% | 0% | 4% | 24% | (26%) |

4i. Sensitivity analysis

| | +0.1% | 0% | -0.1% |
|--|--------|--------|--------|
| | £000 | £000 | £000 |
| Adjustment to discount rate | | | |
| Present value of total obligation | 39,614 | 40,316 | 41,018 |
| Projected service cost | 1,141 | 1,177 | 1,213 |
| Adjustment to mortality age rate assumption | | | |
| | +1yr | none | -1yr |
| | £000 | £000 | £000 |
| Present value of total obligation | 41,085 | 40,316 | 39,537 |
| Projected service cost | 1,204 | 1,177 | 1,150 |
| Adjustment to inflation | | | |
| | +0.1% | 0% | -0.1% |
| | £000 | £000 | £000 |
| Present value of total obligation | 41,031 | 40,316 | 39,601 |
| Projected service cost | 1,214 | 1,177 | 1,140 |

5. Taxation

| | 2012–13 | 2011–12 |
|-------------------------|----------|----------|
| | £000 | £000 |
| UK corporation tax (CT) | 0 | 0 |
| Total | 0 | 0 |

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

York and North Yorkshire Probation Trust was not in surplus and therefore no CT is due.

6. Other administrative costs and programme costs

6a. Administration costs

| | 2012-13 | | 2011-12 | |
|--|---------|--------------|---------|--------------|
| | £000 | £000 | £000 | £000 |
| Rentals under operating leases | 3 | | 3 | |
| Accommodation, maintenance and utilities | 893 | | 928 | |
| Travel, subsistence and hospitality | 190 | | 223 | |
| Professional services | 340 | | 40 | |
| IT services | 324 | | 318 | |
| Communications, office supplies and services | 179 | | 163 | |
| Other staff related | 89 | | 39 | |
| Offender costs | 378 | | 210 | |
| Other expenditure | 24 | | 462 | |
| External Auditors' remuneration – statutory accounts | 21 | | 21 | |
| Internal Auditors' remuneration and expenses | 10 | | 8 | |
| | | 2,451 | | 2,415 |
| Non-cash items | | | | |
| Depreciation of tangible non-cash assets | 4 | | 10 | |
| Other provisions provided for in year | 0 | | 35 | |
| | | 4 | | 45 |
| Total | | 2,455 | | 2,460 |

In 2012-13 we have improved the accounting categorisation within the Administration Costs total. This mainly affects Professional Services, Offender Costs and Other Expenditure. The 2011-12 audited figures have not been restated.

6b. Programme costs

| | | |
|---|--------------|--------------|
| Current expenditure | 0 | 0 |
| Total | 0 | 0 |
| Total other administration and programme costs | 2,455 | 2,460 |

7. Income

7a. Administration income

| | 2012-13 | | 2011-12 | |
|---|---------|--------------|---------|--------------|
| | £000 | £000 | £000 | £000 |
| Income receivable from the sponsoring department – NOMS | 9,382 | 9,382 | 9,458 | 9,458 |
| Other income received from Probation Trusts | | 59 | | 65 |
| Other income from NOMS | | 11 | | 16 |
| Other income from other Government departments | | 134 | | 126 |
| Miscellaneous income | | 65 | | 61 |
| | | 9,651 | | 9,726 |
| Interest received: | | | | |
| From bank | 2 | | 3 | |
| From other sources | 0 | | 0 | |
| Total interest received | | 2 | | 3 |
| Total administration income | | 9,653 | | 9,729 |

7b. Programme income

| | | | | |
|-------------------------------|---|--------------|---|--------------|
| Programme income | 0 | 0 | 0 | 0 |
| Total programme income | | 0 | | 0 |
| Total income | | 9,653 | | 9,729 |

8. Property, plant and equipment

| | | 2012–13 | | | | | |
|---|------------------------------------|--------------------------------|-----------------------------|-----------------------------|--|---|---------------|
| | | Information technology £000 | Plant and machinery £000 | Transport equipment £000 | Furniture, fixtures and fittings £000 | Payments on account and assets under construction £000 | Total £000 |
| Cost or valuation | | | | | | | |
| | As at 1 April 2012 | 0 | 66 | 0 | 0 | 0 | 66 |
| | As at 31 March 2013 | 0 | 66 | 0 | 0 | 0 | 66 |
| Depreciation | | | | | | | |
| | As at 1 April 2012 | 0 | 59 | 0 | 0 | 0 | 59 |
| | Charge in year | 0 | 4 | 0 | 0 | 0 | 4 |
| | As at 31 March 2013 | 0 | 63 | 0 | 0 | 0 | 63 |
| Carrying value as at 31 March 2013 | | 0 | 3 | 0 | 0 | 0 | 3 |
| Carrying value as at 31 March 2012 | | 0 | 7 | 0 | 0 | 0 | 7 |
| Asset financing | | | | | | | |
| | Owned | 0 | 3 | 0 | 0 | 0 | 3 |
| | Carrying value as at 31 March 2013 | 0 | 3 | 0 | 0 | 0 | 3 |

8. (Continued)

| | | 2011-12 | | | | | |
|---|--|------------------------|---------------------|---------------------|----------------------------------|---|-------|
| | | Information technology | Plant and machinery | Transport equipment | Furniture, fixtures and fittings | Payments on account and assets under construction | Total |
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation | | | | | | | |
| As at 1 April 2011 | | 0 | 98 | 0 | 0 | 0 | 98 |
| Disposals | | 0 | (32) | 0 | 0 | 0 | (32) |
| As at 31 March 2012 | | 0 | 66 | 0 | 0 | 0 | 66 |
| Depreciation | | | | | | | |
| As at 1 April 2011 | | 0 | 75 | 0 | 0 | 0 | 75 |
| Charge in year | | 0 | 10 | 0 | 0 | 0 | 10 |
| Disposals | | 0 | (26) | 0 | 0 | 0 | (26) |
| As at 31 March 2012 | | 0 | 59 | 0 | 0 | 0 | 59 |
| Carrying value as at 31 March 2012 | | 0 | 7 | 0 | 0 | 0 | 7 |
| Carrying value as at 31 March 2011 | | 0 | 23 | 0 | 0 | 0 | 23 |
| Asset financing | | | | | | | |
| Owned | | 0 | 7 | 0 | 0 | 0 | 7 |
| Carrying value as at 31 March 2012 | | 0 | 7 | 0 | 0 | 0 | 7 |

9. Intangible assets

There were no intangible assets.

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

| | 2012–13 £000 | 2011–12 £000 |
|---|-----------------|-----------------|
| Amounts falling due within one year | | |
| Trade receivables | 18 | 5 |
| Deposits and advances | 4 | 8 |
| Receivables due from Probation Trusts | 9 | 1 |
| Receivables due from NOMS agency | 539 | 550 |
| Receivables due from all other Government departments | 13 | 6 |
| Prepayments | 6 | 23 |
| | 589 | 593 |
| Amounts falling due after more than one year | | |
| | 0 | 0 |
| Total | 589 | 593 |

12b. Intra-Government receivables

| | Amounts falling due within one year | | Amounts falling due after more than one year | |
|---|--|-----------------|---|-----------------|
| | 2012–13 £000 | 2011–12 £000 | 2012–13 £000 | 2011–12 £000 |
| Balances with other central Government bodies (inc. parent department) | 548 | 551 | 0 | 0 |
| Balances with local authorities | 13 | 6 | 0 | 0 |
| | 561 | 557 | 0 | 0 |
| Balances with bodies external to Government | 28 | 36 | 0 | 0 |
| Total | 589 | 593 | 0 | 0 |

13. Cash and cash equivalents

| | 2012–13 | 2011–12 |
|---|------------|------------|
| | £000 | £000 |
| Balance at 1 April | 505 | 679 |
| Net change in cash and cash equivalents | 0 | (174) |
| Balance at 31 March | 505 | 505 |
| The following balances at 31 March are held at: | | |
| Commercial banks and cash in hand | 505 | 505 |
| Balance at 31 March | 505 | 505 |

14. Trade payables and other current liabilities

14a. Analysis by type

| | 2012–13 | 2011–12 |
|---|--------------|--------------|
| | £000 | £000 |
| Amounts falling due within one year (excluding taxation) | | |
| Trade payables | 209 | 188 |
| Accruals | 113 | 31 |
| Deferred income | 20 | 0 |
| Staff payables | 51 | 63 |
| Payables due to Probation Trusts | 84 | 107 |
| Payables due to NOMS Agency | 132 | 222 |
| Payables due to all other Government departments | 41 | 94 |
| Unpaid pensions contributions due to the pensions scheme | 38 | 15 |
| | 688 | 720 |
| Tax falling due within one year | | |
| VAT | 420 | 361 |
| Other taxation and social security | 6 | 6 |
| | 426 | 367 |
| Total amounts falling due within one year | 1,114 | 1,087 |
| Amounts falling due after more than one year | 0 | 0 |
| Total | 1,114 | 1,087 |

14b. Intra-Government payables

| | Amounts falling due within one year | | Amounts falling due after more than one year | |
|---|--|--------------|---|----------|
| | 2012–13 | 2011–12 | 2012–13 | 2011–12 |
| | £000 | £000 | £000 | £000 |
| Balances with other central Government bodies (inc. parent department) | 731 | 696 | 0 | 0 |
| Balances with local authorities | 16 | 94 | 0 | 0 |
| | 747 | 790 | 0 | 0 |
| Balances with bodies external to Government | 367 | 297 | 0 | 0 |
| Total | 1,114 | 1,087 | 0 | 0 |

15. Provisions for liabilities and charges

| | 2012–13 | 2011–12 |
|--------------------------------|----------|-----------|
| | £000 | £000 |
| Balance at 1 April | 35 | 16 |
| Provided in year | 0 | 35 |
| Provision utilised in the year | (35) | (16) |
| Balance as at 31 March | 0 | 35 |

| | 2012–13 | 2011–12 |
|--|----------|-----------|
| | £000 | £000 |
| Analysis of expected timing of discount flows | | |
| Not later than one year | 0 | 35 |
| Current liability | 0 | 35 |
| Non-current liability | 0 | 0 |
| Balance as at 31 March | 0 | 35 |

The above provisions relate to Voluntary Early Retirement agreements (calculated using age, service, and pay rate).

16. Capital commitments

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

17. Commitments under lease

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

| | 2012–13 | 2011–12 |
|---|----------|----------|
| | £000 | £000 |
| Other | | |
| Not later than one year | 1 | 0 |
| Later than one year and not later than five years | 5 | 9 |
| Total | 6 | 9 |

Operating leases refer to office equipment items and a vehicle.

17b. Finance leases

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

18. Other financial commitments

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

19. Deferred tax asset

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

20. Financial instruments

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

21. Contingent liabilities

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

22. Losses and special payments

22a. Losses statement

| | 2012–13 | | 2011–12 | |
|---------------------------------------|-----------------|------------------|-----------------|------------------|
| | Number of cases | Total value £000 | Number of cases | Total value £000 |
| Administrative write-offs | 1 | 0 | 1 | 3 |
| Total | 1 | 0 | 1 | 3 |
| Details of cases over £250,000 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

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

22b. Special payments schedule

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

23. General fund

| | 2012–13 | 2011–12 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Balance at 1 April | (10,506) | (8,198) |
| Balance restated at 1 April | (10,506) | (8,198) |
| Net transfers from Operating Activities: | | |
| Statement of Comprehensive Net Expenditure | (187) | 26 |
| Actuarial gains and losses | (1,915) | (2,334) |
| Balance at 31 March | (12,608) | (10,506) |

24. Revaluation reserve

24a. Property, plant and equipment

| | 2012–13 | 2011–12 |
|----------------------------|-----------|-----------|
| | £000 | £000 |
| Balance at 1 April | 15 | 15 |
| Balance at 31 March | 15 | 15 |

24b. Intangibles

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

25. Related party transactions

NOMS and the Ministry of Justice are regarded as 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 transactions with the Trust.

26. Third-party assets

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

27. Events occurring after the reporting period

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

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

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

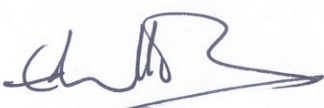
28. Prior period adjustments

There were no prior period adjustments.

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability report (not subject to audit)

Introduction

It has been mandatory since 2012 for all central government bodies that produce Annual Reports and Accounts in accordance with the Government Financial Reporting Manual (FRoM) to include a discrete section of sustainability information and related costs.

This is our second Sustainability Report and it forms part of the Ministry of Justice (MoJ) consolidated Annual Report and Accounts.

We focus on the environmental challenges that most affect our estate. This includes environmental impact of our energy and water use, waste generation and recycling together with the costs associated with each of these. Our priority is to reduce our carbon dioxide emissions from both our estate and our business travel.

Scope

For energy, water and waste use, this report covers all locations occupied by the Trust where we pay for utilities via a central charging mechanism with the National Offender Management Service (NOMS). Travel data includes travel by all our staff regardless of their location. We continue to work with the MoJ Sustainability Team to providing more detailed and accurate performance data in future years which will enable us to provide a commentary against each category.

Environmental Strategy

Our Environmental Strategy and related action plan supports the Trust's goal to make effective and efficient use of all energy resources. We engage with staff, service users, Board Members and partners to support our actions with the aim of continuously improving our energy efficiency.

Our current action plan commits us to:

- expand our use of video conferencing to reduce business mileage;
- reduce our use of paper and;
- fully exploit the capabilities of IT to reduce our energy usage.

Detailed Estates Performance Data

Description of Terms, Scope and Data Quality

For energy, water and waste use, this report covers all locations occupied by us where the costs for utilities are met through the NOMS outsourced Estate and Facilities contract.

We continue to work with the MoJ Sustainability Team to improve the quality of the data we receive to be able to publish more accurate figures.

| | |
|---------|---|
| 2009–10 | 8 buildings reported electricity use, 6 gas use and 5 water use |
| 2010–11 | 8 buildings reported electricity use, 6 gas use and 5 water use |
| 2011–12 | 8 buildings reported electricity use, 6 gas use and 5 water use |
| 2012–13 | 7 buildings reported electricity use, 5 gas use and 4 water use |

Performance summary

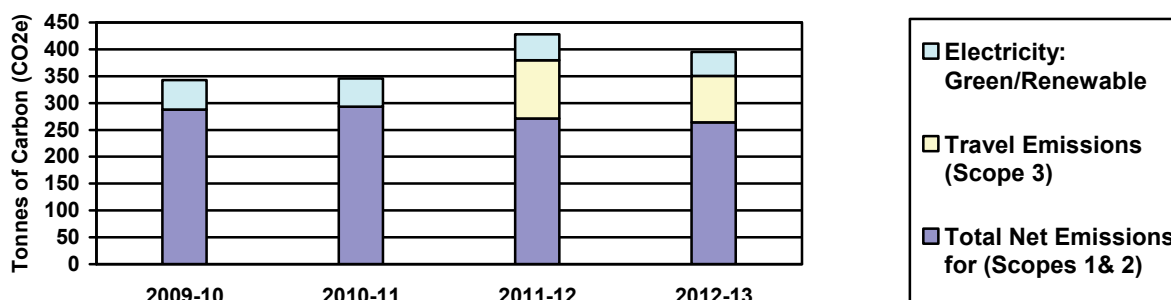
Greenhouse gas (GHG) emissions

| | | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|---|---|------------------|------------------|------------------|------------------|
| Non-financial indicators (tCO ₂ e) | Total gross emissions for scopes 1 & 2 | 342.6 | 345.9 | 319.3 | 308.8 |
| | Electricity: green/renewable | 54.9 | 52.9 | 47.9 | 44.7 |
| | Total net emissions for scopes 1 & 2 | 287.7 | 293.0 | 271.4 | 264.1 |
| | Travel emissions scope 3 | 0.0 | 0.0 | 108.5 | 86.3 |
| | Total gross GHG emissions (all scopes) | 342.6 | 345.9 | 427.8 | 395.1 |
| Non-financial indicators (kWh) | Electricity: Grid, CHP & non-renewable | 316,530 | 305,190 | 276,242 | 257,804 |
| | Electricity: renewable | 105,510 | 101,730 | 92,080 | 85,934 |
| | Gas | 664,043 | 724,255 | 681,498 | 663,175 |
| | Other energy sources | 0 | 0 | 0 | 0 |
| | Total energy | 1,086,083 | 1,131,175 | 1,049,820 | 1,006,913 |
| Financial indicators | Expenditure on energy | £89,993 | £95,612 | £55,974 | £68,632 |
| | Expenditure on official business travel | £0 | £0 | £196,461 | £178,950 |

Performance commentary (including targets)

There is a slight reduction in energy use in 2012–13 compared to 2011–12 and this may be attributed to the closure of 1 office. We continue to work with MoJ Sustainability Team to provide more accurate and detailed figures in the future.

GHG Emissions By Scope



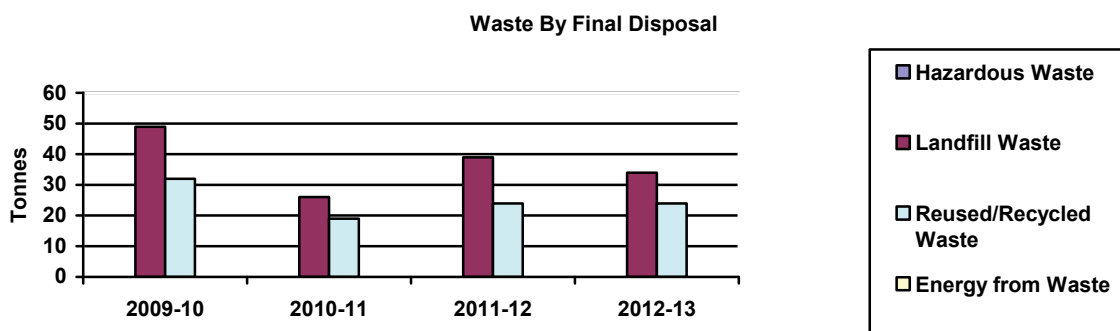
Waste

| | | | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|-----------------------------------|---------------------|----------------------------|-----------|-----------|-----------|-----------|
| Non-financial indicators (tonnes) | Hazardous waste | Hazardous waste | 0 | 0 | 0 | 0 |
| | Non-hazardous waste | Landfill waste | 49 | 26 | 39 | 34 |
| | | Reused/recycled waste | 32 | 19 | 24 | 24 |
| | | Energy from waste | 0 | 0 | 0 | 0 |
| | | Total waste arising | 81 | 45 | 63 | 58 |

Performance commentary (including targets)

We strive to reduce our waste figures on an ongoing basis.

Financial indicators for waste are not currently available.



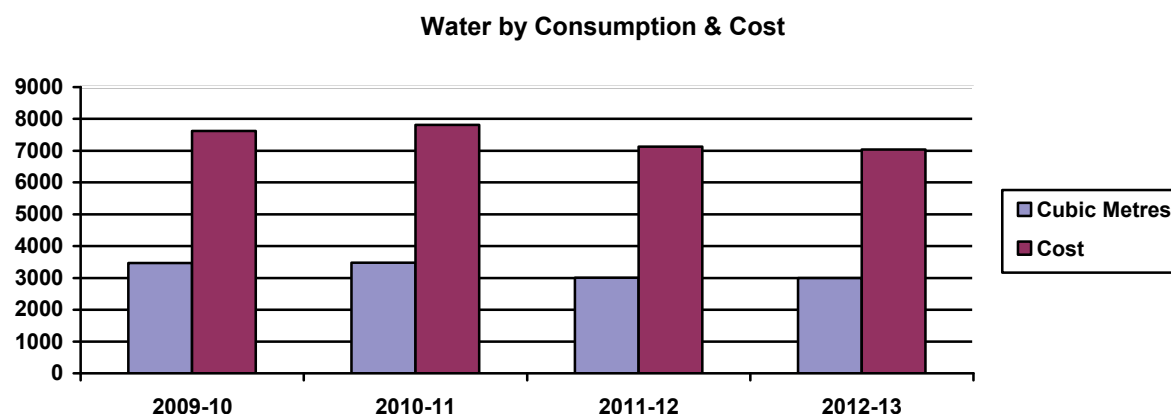
Water

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

| | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|--|---------|---------|---------|---------|
| Total water consumption (cubic metres) | 3,474 | 3,476 | 3,005 | 2,997 |
| Total water supply costs (£) | £7,621 | £7,816 | £7,126 | £7,039 |

Performance commentary (including targets)

We continue to work with MoJ Sustainability Team to obtain more detailed and accurate figures.



Paper

Cost (excluding VAT)

| | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|----------------------|---------|---------|---------|---------|
| Cost (excluding VAT) | n/a | n/a | n/a | £3,750 |

Performance commentary (including targets)

Further work is required in this area to understand paper usage which in turn should support targets for reduction. Figures prior to 2012–13 are not available (n/a).

Carbon Emissions: Travel

| Mileages | 2011–12 Kilometres | 2012–13 Kilometres |
|--------------------------------------|-------------------------------|-------------------------------|
| Cars owned by the Trust | 0 | 0 |
| Vans and HGVs owned by the Trust | 5,833 | 28,834 |
| Cars not owned by the Trust | 498,144 | 380,055 |
| Vans and HGVs not owned by the Trust | 0 | 0 |
| Taxi travel | 2,656 | 2,896 |
| Bus travel | 1,432 | 1,558 |
| Rail travel | 188,718 | 200,503 |
| Air travel | 0 | 0 |
| Total travel – kilometres | 696,783 | 613,846 |

Achievements and targets

Overall the Trust has achieved a 12% reduction in business travel with a 23 % reduction in business mileage travelled by car. Though our van mileage increased this was due to the investment in a fleet of community payback vehicles to help reduce the mileage undertaken in staff private vehicles. We will continue to promote video and telephone conferencing and promote the use of car sharing in order to reduce our figures.



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ISBN 978-0-10-298533-7



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