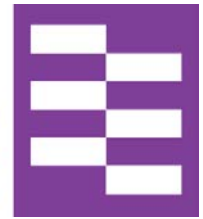


**Warwickshire
Probation Trust**



Warwickshire Probation Trust

**Annual Report and Accounts
2013–2014**

**Warwickshire
Probation Trust**



Warwickshire Probation Trust

Annual Report and Accounts

2013–2014

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

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Vision, Statement of Purpose and Values

The Warwickshire Probation Trust

Following the Offender Management Act 2007, local Probation Trusts were established to implement the functions conferred on them through the Act. Warwickshire Probation Trust is a corporate body in law which came into existence on 1 April 2010. It is contracted by the Secretary of State to provide probation services in Warwickshire.

The Vision of Warwickshire Probation Trust

We are committed to preventing victims of crime by changing offenders' lives through successful rehabilitation.

Our focus is on:

- Working in partnership with the private, voluntary and public sectors to reduce reoffending and to protect people from harm.
- Quality probation services which have the confidence of the courts, public, victims, partners and staff.
- Effective partnerships to rehabilitate offenders, reduce crime, integrate the management of offenders and enable the Criminal Justice System to work efficiently.
- Excellent value for money comparable with the best providers on cost and performance.
- Enterprise and innovation that has a demonstrable impact on outcomes for offenders and local communities.

Statement of Purpose

We work to protect the public and reduce reoffending by delivering the punishment and orders of the courts and by helping offenders reform their lives.

In addition, Warwickshire Probation Trust will:

- Be a Warwickshire enterprise, part of the Warwickshire family of public and community services;
- Be an organisation which listens and takes notice of the views of our staff, the public, people under our supervision, sentencers and partner organisations;
- Be an excellent organisation, with well trained highly professional and competent staff that are committed to the vision and values of the Trust;
- Build and extend our effective partnerships with the private, voluntary and public sectors to deliver probation services and contribute to wider community objectives;
- Have high standards of management and operational practice;
- Continually strive for value for money within the context of a culture where everyone values performance and improvement;
- Be innovative in the way services are commissioned and delivered; and
- Be committed to the continual professional development of staff to ensure continuity of high quality professional service provision.

The Values of Warwickshire Probation Trust

Change: We have a strong belief in the capacity of people to change.

Harm: We will take an uncompromising stance against the harm caused by crime.

And

Responsibility: We believe that everyone is responsible for their actions.

Respect: We will treat everyone fairly, openly and with respect.

Diversity: We value and celebrate diversity and value the uniqueness of each individual.

Excellence: We strive for organisational excellence through learning from experience and continually improving everything we do.

Foreword

A High Performing Trust

During 2013–2014 Warwickshire Probation Trust has continued to be a consistently high performing Trust over a range of measures:

- Her Majesty's Inspectorate of Probation (HMIP) identified the high quality of our work and identified Warwickshire as one of five best Trusts with scores of over 80% on all 3 HMIP measures.
- The Probation Trust Rating System for 2013–2014 rates Warwickshire as a 4 star area, for the third year running.
- This is matched by our results in reducing re-offending where we are the best Trust nationally.
- We also have the lowest proportion of offenders sentenced in the Magistrates' Court to short prison sentences of under 12 months. This is a measure of sentencer confidence in the quality of our work.
- On our performance with people being in employment at the end of an order or licence, an indicator closely associated with reducing reoffending, we are the best in England and Wales.

The quality of our organisation has also been recognised externally. In 2012 the Trust was 'recognised for excellence' against the highly regarded British Quality Foundation European Foundation for Quality Management (EFQM) model. We were delighted to achieve the four star rating. In the same year we were also reaccredited as an Investor in People, an accreditation which the Trust has held for over 10 Years.

Warwickshire Probation Trust changes people's lives and in doing so protects the public of Warwickshire from the harm caused by crime. The staff of the Trust are committed and skilled people, who have worked hard to achieve these results whilst facing considerable organisational change. In addition we have strong local partnerships. It is through working with others that we achieve more.

Following a period of consultation "Transforming Rehabilitation: A Strategy for Reform", was published on 9 May 2013 by the Secretary of State for Justice.

The Transforming Rehabilitation proposals changed the way in which probation services are commissioned and delivered. From 1 June 2014 a new National Probation Service (NPS) 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. Ministry of Justice/National Offender Management Service (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 are that the Warwickshire Probation Trust ceased to be responsible for operational service delivery on 31 May 2014. The responsibility for Court work, management of community sentences for high risk offenders and Multi-Agency Public Protection Agreement (MAPPA) cases, victim contact and approved premises was transferred to the Midlands Division of the National Probation Service. Warwickshire will form part of a local delivery unit clustered with Coventry and Solihull.

Responsibility for management of community sentences and licences for low and medium risk offenders, and interventions and rehabilitation services transferred to a new merged Warwickshire and West Mercia Community Rehabilitation Company on 1 June 2014. In the interim period until share sale this will be a Government run Company. NOMS are running a competition to bid to run the Community Rehabilitation Companies (CRCs). Following share sale, expected by 2015, the successful bidders will also be

responsible for delivering supervision to all low and medium risk offenders leaving prison including those sentenced to under 12 months.

Where to find us

Warwickshire and West Mercia Community Rehabilitation Company
Warwickshire Justice Centre
Newbold Terrace
LEAMINGTON SPA CV32 4EL
Tel 01926 682302
Fax 01926 682315

Website

The Warwickshire Probation Website address is **www.warwickshireprobation.org.uk**

Twitter

Follow us @WarksProbation

Liz Stafford
Chief Executive
18 June 2014

1. Operational & Performance Review 2013–14

1.1 Summary: Critical Success Factors

The critical success factors for Warwickshire Probation Trust identified in the 2013–15 Strategic Plan were that we will effectively manage the transition to the new commissioning arrangements identified in *Transforming Rehabilitation*, whilst maintaining business as usual. In particular we must:

- Demonstrate a year on year reduction in re-offending.
Result: Achieved, actual reoffending rate as at September 13 was 19% less than the predicted rate. The best rate in England and Wales.
- Ensure public protection is maintained through effective offender management.
Result: 4 Serious further offences committed in 2013–2014. HMIP Offender Management Inspection 2 (OMI2) rating of 84% in how we manage risk of harm to others. The best in England and Wales.
- Develop and maintain a high level of stakeholder satisfaction with our services.
Result: Achieved, offender satisfaction increased to 83%, sentencer satisfaction 100% overall.
- Increase staff motivation and morale year on year.
Result: Not achieved, there was no staff survey conducted in 2013. The Transforming Rehabilitation Change Programme had an inevitable impact on staff morale and motivation.
- Achieve spending reductions and balanced budgets, and seek to increase external income.
Result: Partially achieved, budget balanced and agreed contract variation to reduce the budget by £190,000. External income from Community Payback reduced.
- Achieve a minimum of green status on the Probation Trust Rating System (PTRS) responding to more outcome focused indicators.
Result: Achieved **PTRS (pre-moderation) rated 4** for the third year running which signifies excellent performance, the only Trust to achieve this. The successful completion of orders improved.

1.2 Enablers

This operational review follows the structure of the European Foundation for Quality Management excellence model and is a review of improvement objectives identified in the Warwickshire Probation Trust 2013–14 Annual Plan. It also includes other significant operational developments.

Leadership

Strategic Alliances

The Warwickshire Probation Trust is small, but we have been successful in improving performance in a period of reducing budgets through our strong strategic alliances. These include:

- The Warwickshire Justice Strategic Board which is the accountable Board for the pioneering Warwickshire Justice Centres and the Local Criminal Justice Board functions. The Chief Executive chairs the Board.
- Warwickshire Probation Trust has a strategic alliance with Staffordshire West Midlands Trust in the delivery of services in Coventry. There are now two joint Warwickshire and Coventry Units managed by Warwickshire, delivering Accredited Programmes and Community Payback. These will continue in 2014.
- Warwickshire County Council provides cost effective financial and legal services to the Trust, and also provides the Local Government Pension Scheme for staff. Under their Transforming Rehabilitation changes all staff will transfer to the Greater Manchester Pension Scheme from 1 June 2014
- Community Safety Partnerships at District and County level have a joint commitment to the Warwickshire Reducing Reoffending Strategy.
- The Criminal Justice Mental Health Liaison Scheme is a joint partnership with national pathfinder status, providing an assessment and diversion scheme. In 2013–2014 Warwickshire Trust and Coventry and Warwickshire NHS Partnership Trust successfully bid to deliver a Personality Disorder Service which will transfer to NPS

Police and Crime Commissioner (PCC)

The relationship with the PCC and his office remains strong with funding secured for the Integrated Offender Management Coordinator, Restorative Justice Officer and Domestic Violence Coordinator posts. The PCC has contributed to a stakeholder event where partners were able to identify their priorities to the companies bidding for the Warwickshire and West Mercia Community Rehabilitation Company.

Policy and Strategy

A number of policies have been reviewed, including:

- Special Leave Policy Organisational Policy (OP) 6
- Staff Appraisal OP5
- Joint Agreement on Workload Priorities and Staff Care OP31
- Procurement Policy OP37

People

During the year staff sickness rates fell, largely due to a fall in the cases of long term sickness absence. This reflected that the Absence Management policy is being appropriately implemented by managers.

The main activity relating to staff has been concerned with consultation and communication regarding the Transforming Rehabilitation change programme and in particular the National Agreement on Staff Transfer and Protections. By February all staff had been assigned to either the NPS or CRC following the national procedure. From April to end of May 2014 offender management teams have been split into NPS and CRC teams in preparation for modelling the new operational processes for allocation of cases, enforcement, recall and risk escalation prior to the go live date of 1 June. This mobilisation period has been particularly difficult for all staff and managers, as well established teams and way of working have had to be changed in preparation for the creation of new organisations.

In April 2013 the arrangements for staff training and development carried out by the Midlands Regional Probation Training Consortium were taken back in house with some Trusts delivering the functions on behalf of other Trusts. During a period of considerable uncertainty there has been continued investment in staff development and training including:

- Vocational Qualification (VQ) 3 for Probation Service Officer (PSO) staff and Core Module Training for new PSOs
- CMI Level 5 Award for managers
- N-Delius Training
- OASys Training
- Domestic Violence and Children
- Violence and Abuse against Disabled people and Learning Disability
- Disability Hate Crime
- Skills for Effective Engagement, Development and Supervision (SEEDS)
- PREVENT (WRAP)
- Multi Agency Public Protection Arrangements (MAPPA) VISOR training
- Recall Training
- Restorative Justice
- Safeguarding vulnerable adults
- Transforming Rehabilitation Operating Procedure

Partnership and Resources

A new Women's Programme was commissioned during the year. Fry Housing Trust commenced delivery of the new programme in October 2013. This has been very well received and delivery will be extended during 2014.

A new Personality Disorder Service funded by NHS and delivered by Coventry and Warwickshire Partnership Trusts with Probation commenced in 2014.

In preparation for closing the Trust all contracts and partnerships have been reviewed to determine the transfer to NPS or CRC and inclusion in any property transfer scheme or to clarify representation at partner meetings.

Processes

During 2013–14 the key process changes relate to the new Transforming Rehabilitation Operating Procedures for:

- Transfer of appropriate cases to either the NPS or CRC by 1 June 2014
- Assessment using a new Risk of Serious Recidivism tool and allocation of cases to NPS or CRC
- New enforcement processes with NPS carrying out enforcement for all NPS and CRC cases
- New recall processes
- New risk review and escalation processes, for when cases may need to be transferred back to NPS

Equality and Diversity

The Trust Equality and Diversity Policy (OP1) outlines the Trust's commitment to eradicating discrimination and promoting equality and diversity in all its activities. This includes employment, training, career development and promotion. Warwickshire Probation Trust is committed to ensuring that no person (including disabled persons) is treated less favourably. Following the staff assignment process, an equality impact assessment was carried out and identified no disproportionate patterns of assignment.

Equality Report 2012–13

The Warwickshire Probation Trust Equality Report 2012–13 was published in October 2013. This is a comprehensive report on staffing and service delivery monitoring. It is available on the Trust website: warwickshire.probation.org.uk. The report demonstrates that the Trust has a diverse staff group and offender outcomes such as successful completion of orders showed no statistically significant

differences by age, disability, race or gender. The staffing data shows a low proportion of men being recruited particularly into offender management roles. Recruitment analysis suggests that this is linked to a low proportion of male applicants, and the Trust has reviewed its approach to job advertisement.

Contracts and Sub-Contracts

The Warwickshire Justice Centre has policies agreed by all partner agencies which cover Managing Disability and Statement of Commitment to Equality and Diversity and Human Rights. This refers to Equality Act 2010 duties. Warwickshire Trust has a service level agreement with the Warwickshire Race Equality Partnership to provide support in engaging with black minority and ethnic (BME) communities in Warwickshire, as well as information and support to the Trust on equality matters. Major contracts and grant agreements with Swanswell and Ubique Partnerships Ltd and Fry Housing Trust include clauses covering discrimination legislation.

1.3 Results

Warwickshire Probation Trust Inspection Results

Her Majesty's Inspectorate of Probation published their Offender Management OMI2 Report on Warwickshire in May 2012. The Inspection focussed on the quality and impact of work with offenders supervised by Warwickshire Probation Trust. The results were very good. In the key areas they found that the work was done well enough in over 80% of cases. These ratings place Warwickshire as one of the top five Trusts in England and Wales, and the best in managing risk of harm.

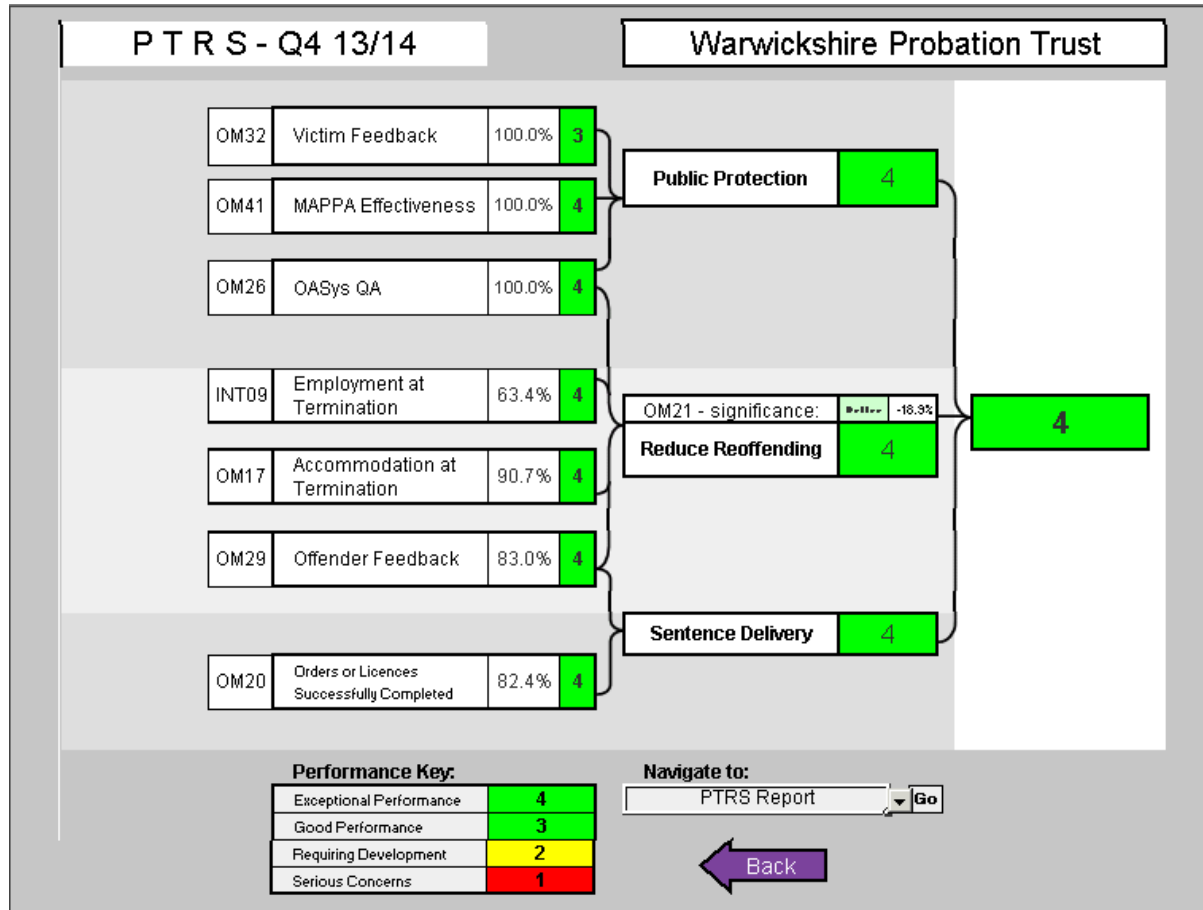
The full report is published on the HMIP website: www.justice.gov.uk/publications/inspectorate-reports/hmi-probation. Here are some extracts from the report.

“In Warwickshire we found enthusiastic practitioners and committed managers. The Trust takes pride in the quality of service delivery and has an organisational culture which promotes learning and development. We saw some good work being done with offenders to protect the public. The Trust also achieved positive outcomes for offenders many of whom made good progress in reducing factors linked to their reoffending.

Overall, we consider this a very creditable set of findings. We are confident that Warwickshire Probation Trust is well placed to build upon this solid foundation and to take forward further improvements in the quality of offender management.”

1.4 Probation Trust Rating System

The Probation Trust Rating System (PTRS) is the national performance reporting tool for monitoring performance quarterly and is published annually. The PTRS for 2013-14 indicates that Warwickshire Probation Trust is one of only four Trusts to achieve the top rating of 4 indicating exceptional performance.



1.5 Performance Trends

Offender Management

In general the high levels of performance have been maintained and in some cases improved. OASys quality audit results show a steady improvement and successful completion of orders and licences increased to 83%.

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
Victim contact within 8 weeks of sentence (No. of victims in brackets)	100% (114)	100% (156)	100% (118)	96% (163)	100% No data
Parole Assessment Report Timeliness	100%	100%	95%	97%	100%
Court reports Timeliness	98%	100%	99%	99%	97%
OMI2 Risk of Harm	-	-	84%	-	-
OMI2 Assessment and Sentence Planning	-	-	85%	-	-
OMI2 Enforcement and Compliance	-	-	82%	-	-
OMI2 Likelihood of reoffending	-	-	81%	-	-
OASys Quality Audit	-	83%	95%	97%	98%
Enforcement within 10 days	98%	98%	97%	91%	92%
Successful completions of orders and licences	73%	78%	80%	78%	83%
Licence recall target – within 24 hours	98%	98%	99%	98%	96%
End to end enforcement	74%	73%	71%	78%	72%

Interventions

In general high levels of performance have been maintained and in some cases improved. The fall in volume of Community Payback completions reflects a national trend. The percentage of offenders in employment at termination is has increased to 63%, and completion rates for all accredited programmed have also improved.

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
OMI2 Interventions	-	-	82%	-	-
Offenders in suitable accommodation at end of order or licence	82%	90%	90%	88%	90%
Employment at termination	46%	56%	61%	60%	63%
Sustained employment for 4 weeks plus	152	114	108	100	84
Community Payback completions (completion rate)	534 (74%)	540 (78%)	451 (81%)	366 (76%)	316 (79%)
Community payback stand downs	1.5%	1.5%	1.6%	1.9%	1.1%

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
Successful completion rate on Programmes (volumes in brackets)					
SOTP (Sex Offender)	0% (15)	81% (13)	100% (15)	90% (19)	90% (19)
IDAP (Domestic Violence)	70% (12)	55% (17)	50% (16)	66% (19)	86% (18)
OBP (General Offending Behaviour)	73% (88)	66% (91)	72% (86)	64% (78)	70% (78)
Total	115	121	117	116	115

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
Proportion of accredited programme starts meets criteria	94%	93%	98%	97%	98%
Alcohol Treatment Requirement completion rate and volumes (in brackets)	71% (65)	74% (57)	74% (31)	72% (46)	81% (51)
Drug Rehabilitation Requirement completion rate and volumes (in brackets)	51% (51)	59% (56)	57% (27)	53% (28)	59% (48)
Hostel occupancy	86%	87%	89%	90%	87%
Hostels: % occupants assessed as high or very high risk on admission	58%	54%	58%	61%	57%

Business Support

The sickness rate in 2013/14 was low, at 5.3 average days per annum, largely due to a fall in long term sickness absence.

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
Local Minority ethnic staffing	13%	14%	14%	16%	18%
Staff absences (av days pa)	10.1	9.5	9.0	10.8	5.3
Short term	5.4	3.6	3.3	3.8	3.4
Long term	3.0	5.5	5.1	6.6	1.8
Disability Discrimination Act	1.7	0.3	0.6	0.3	0.1
Race/ethnic monitoring data correct codes and on time	94%	96%	98%	90%	95%
Disability recording (offenders)	86%	95%	95%	90%	91%
PNC Recording	94%	93%	100%	98%	98%

Local 3 Month Reconviction Rates

The reconviction rates for Warwickshire Probation Trust continue to be the best in England and Wales.

Rolling 4 quarter reconviction rate	To Dec 2009	To Dec 2010	To Dec 2011	To Dec 2012	To Sept 2013
3 month predicted rate	10.59%	10.00%	9.30%	9.49%	8.90%
3 month actual rate	10.24%	8.97%	7.07%	8.05%	7.21%
% change	-3.2%	-10.3%	-24.0%	-15.2%	-18.9%

Bold: Statistically significant

Stakeholder Feedback

The positive feedback from offenders has continued to increase. There was no staff survey in 2013.

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
Offender Survey – positive overall	No data	76%	79%	82%	83%
Victim feedback – satisfied with service received	No data	100%	100%	100%	100%
Trust staff morale positive	72%	78%	81%	72%	No data
Trust staff motivation positive	84%	84%	85%	84%	No data
Trust staff satisfaction with Warwickshire Probation Trust as an organisation to work for	76%	83%	82%	71%	No data

1.6 Workload and Activity Trends

Caseload at 31 March (or 21 May for 2014)

The number of community orders with unpaid work has fallen but the number of other community orders, Suspended Sentence Supervision Orders and licences including pre-release has increased.

Caseload	2010	2011	2012	2013	2014
Community Rehabilitation Order	10	6	1	0	0
Community Order (minus Drug Rehabilitation Requirement (DRR) or Unpaid Work (UPW) requirement)	346	453	321	288	350
Community Punishment and Rehabilitation Order	4	2	1	0	1
Community Punishment Order	7	1	0	0	0
Community Order with Unpaid Work Requirement	389 (484)	279 (369)	320 (451)	285 (412)	238 (342)
Community Order with Drug Rehabilitation	48 62	25 (34)	27	52 (61)	64 (81)
Suspended Sentence CJA (Criminal Justice Act 2003)	307	299	230	247	250
Licences including pre-release	694	613	673	742	768
Total Caseload	1,967	1,778	1,661	1,647	1,667
Total Caseload excluding multiple orders	1,867	1,692	1,586	1,617	1,576

Figures in brackets include requirements for UPW or Drug Treatment on a CJA Suspended Sentence.

Commencements

The number of new community orders has fallen.

Commencements	2009/10	2010/11	2011/12	2012/13	2013/14
Community Rehabilitation Order	10	1	0	0	0
Community Order minus UPW and DRR	465	533	471	361	348
Community Punishment and Rehabilitation Order	3	0	0	0	0
Community Punishment Order	18	4	0	0	0
Community Order with Unpaid Work requirement	813 (993)	568 (718)	511 (680)	497 (650)	370 (513)
Community Order with Drug Rehabilitation	89 (111)	56 (80)	39 (46)	66 (79)	78 (97)
Post release licence (initial)	241	241	249	319	289
Suspended Sentence	346	307	187	296	301
Total Commencements	1,984	1,753	1,647	1,705	1,702

There are some commencements for other orders which are not included in the above table.

Figures in brackets indicate requirements for UPW or Drug Treatment as part of a suspended sentence (CJA 2003).

Community Payback

There has been a fall in community payback hours ordered and worked but an increase in completion rates.

	2009/10	2010/11	2011/12	2012/13	2013/14
Hours ordered	106,340	86,812	83,155	80,675	60,421
Hours worked	76,922	71,294	61,002	56,650	48,420
Completion rate (hours)	72%	82%	73%	70%	80%
Completion rate (requirement)	74%	78%	81%	76%	84%

Pre-Sentence Reports and Specific Level Reports Written

The total number of court reports has increased largely due to an increase in Fast Delivery Reports.

Reports	2009/10	2010/11	2011/12	2012/13	2013/14
Magistrates' Court					
Full PSR	570	313	237	198	170
FDR	547	555	406	369	439
Oral	n/a	348	387	332	297
Crown Court					
PSR	357	314	301	201	56
FDR	15	34	77	90	131
Oral	n/a	2	9	7	8
Total Reports	1,489	1,566	1,417	1,197	1101
Percentage FDRs	38%	38%	34%	38%	52%
Percentage Oral	No data	22%	28%	28%	31%

Note: PSR – Pre-sentence report, FDR – Fast Delivery Report

Note: Accurate recording of oral reports commenced in 2010–11

Number of all custodial sentences less than 12 months imposed by Courts in Warwickshire

The number of offenders sentenced to short custodial sentences has continued to fall, although the numbers of women increased.

Indicator	2009/10	2010/11	2011/12	2012/13	2013/14
Number of under 12m custodial sentences imposed by Courts in Warwickshire	285	245	222	215	180
Number of women sentenced to less than 12m custodial sentence by Courts in Warwickshire	n/a	19	14	11	19

Liz Stafford
Chief Executive
18 June 2014

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 Warwickshire Probation Board which was established in 2001). The Management Commentary includes the Strategic Report disclosure requirements.

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, on page 61, issued by the Secretary of State under the OM Act.

Principal activities

Warwickshire Probation Trust covers the Warwickshire Police area, as defined in Schedule 1 of the Police Act 1996 serving a population of approximately 559,000. The Trust discharges the policies as established by MoJ/NOMS which are designed to ensure:

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

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 6 to 14.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 31. The Statement of Changes in Taxpayers' Equity is shown on page 34.

Operating costs

The net operating cost before tax for 2013–14 stands at £655,000 compared to £422,000 for 2012–13. The reason for the increase is due to the increase in the pension's Current Service Cost.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 32 and 33.

The net liabilities position has decreased from £11,285,000 at 31 March 2013 to £11,096,000 at 31 March 2014. The largest single movement in net liabilities is £329,000 due to a reduction in trade and other payables.

Payment of creditors

In the year to 31 March 2014, the Trust paid 1,236 trade invoices with a value of £2,456,097. The percentage of undisputed invoices paid within 30 days by the Trust was 96.6% compared to 95.6% in 2012–13. The target for 2013–14 was 96%.

Treatment of Pension Liabilities

Past and present employees of the Trust are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme, and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

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

After 31 May 2014 the Trust is no longer required to pay employer contributions to the fund.

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 5.3 days across the Trust (2012–13 10.8 days).

Personal data related incidents

There were no significant personal data related incidents in 2013–14.

Events after the reporting period

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

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

The Probation Trust ceased trading on 31 May 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. Refer to **Note 27** of the Accounts for further details.

Allocation of staff between the CRCs and NPS

The proportion of staff transferring to the CRC/NPS is approximately 67/74 full time equivalents (ftes) respectively. The figure for the CRC is lower than the NPS due to vacancies. The total number of staff, including Board members as 31 March 2014 was 149 with 104 (69.8%) female and 45 (30.2%) male. There are seven Board members with 1 female (14%) and 6 (86%) males.

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 63 to 67.

Future developments

Mutuals

Management and staff members have contributed to the development of a bid for the CRC, as a mutual staff venture with West Mercia managers and staff. The current joint venture consists of Mercia Community Action (Mutual), Willowdene and Geo.

Going Concern

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. The results of these consultations, that ended on 13 February 2013, were published in “Transforming Rehabilitation: A strategy for Reform”, on 9 May 2013 by the Secretary of State for Justice. This outlined plans to contract out probation services more widely and increase the use of Payment by Results.

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

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

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

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

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

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

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

Communications and employee involvement

See page 7.

Staff diversity

See page 8.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FRoM. 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 29.

Total audit fees reported in the Accounts are £32,830. The audit fees for 2013/14 are made up of:

- £18,630 – for external audit; and
- £14,200 – for internal audit.

There were no non-audit fees paid to the external auditors in the year (2012/13 nil).

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 Warwickshire Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014 included the following:

- Seven Board meetings
- Four Audit Committee meetings

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 19 to 21.

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

Position	Name	Date appointment commenced / ended (during 2013/14) where appropriate
Chief Executive	Liz Stafford	N/A
Chair	Robin Verso (NED)	N/A
Board Member	Roger Hughes (NED)	N/A
Board Member	John Holland (NED)	N/A
Board Member	Charles Goody (NED)	N/A
Board Member	Brian Sherlock (NED)	N/A
Board Member	Michael Coult (NED)	N/A
Board Advisor	Ian Rufus	N/A
Board Advisor	Susan Robertson	N/A

The staff and Board members involved with the staff mutual bid have all signed a declaration ensuring they did not inappropriately access commercially confidential information from the Trust or pass on any such information to bidders.

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. The Board approve the Management Commentary.

Liz Stafford
Accountable Officer
18 June 2014.

3. Remuneration Report

Appointments

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

The salary and pension entitlements of the senior managers and non-executive directors of the Warwickshire Probation Trust follow national remuneration policy and were as follows:

A) REMUNERATION – AUDITED

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

Officials	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
L Stafford – CEO	70–75	70–75	0–5	0	0	0	32.5–35	57.5–60	102.5–115	127.5–135
R Verso – Chair (NED)	15–20	15–20	0	0	0	0	0	0	15–20	15–20
M Coult (NED)	0–5	0–5	0	0	0	0	0	0	0–5	0
C Goody (NED)	0–5	0–5	0	0	0	0	0	0	0–5	0–5
J Holland (NED)	0–5	0–5	0	0	0	0	0	0	0–5	0–5
R Hughes (NED)	0–5	0–5	0	0	0	0	0	0	0–5	0–5
S Robertson	0–5	0–5	0	0	0	0	0	0	0–5	0–5
I Rufus	0–5	0–5	0	0	0	0	0	0	0–5	0–5
B Sherlock (NED)	0–5	0–5	0	0	0	0	0	0	0–5	0–5
M Whitbread	0	0–5	0	0	0	0	0	0	0	0–5

The performance bonus for the Chief Executive was based on achievement of PTRS targets and delivery of the Business Plan objectives.

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Executive and the Chair. The Trust at its discretion may pay a travelling allowance and any other relevant expenses incurred. There are no exit packages to report.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band)	£70,000–£75,000	£70,000–£75,000
Median for other staff	£24,781	£34,677
Pay multiple ratio	2.9:1	2.1:1

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

Salary

'Salary' includes the gross salary, overtime and other basic allowances.

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. There were no benefits in kind for Directors in the reporting period (2012/13 £0).

Mutuals

See page 17.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Liz Stafford – Chief Executive	127	92	827	792	(35)

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.

Liz Stafford
Accountable Officer

18 June 2014

4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1) (b) of the Offender Management Act 2007, the Secretary of State has directed the Warwickshire 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.

Liz Stafford
Accountable Officer
18 June 2014

5. Governance Statement

Introduction

It is fundamental to my Chief Executive and Accountable Officer's responsibilities, to manage and control the resources used in the organisation. This Governance Statement is a key feature of the Annual Report and Accounts. It identifies how these duties have been carried out in the course of the year. It includes discussion of corporate governance, internal controls, effectiveness and risk management.

Impact of transformation on the control environment

The Transforming Rehabilitation programme has had a significant impact on the work of the Warwickshire Probation Trust. As well as delivering business as usual to a high standard, the Trust has had to implement a Trust Exit Management Plan which has required assigning staff, functions, assets, contracts and partnership activities to either the (NPS) or the Warwickshire and West Mercia CRC (WWMCRC). In addition senior management and corporate services staff have been involved in development work for the NPS and the CRC as well providing information for the competition. Internal audit have been used to monitor the Trust Exit Management arrangements.

Warwickshire and West Mercia Probation Trusts have a small number of staff involved in developing a staff mutual bid. To ensure a fair competition strong ethical walls have been established to ensure they did not have access to any competition sensitive information. Warwickshire have 2 staff members on the Mutual Project Group and they signed declaration (B). This states that they will not attempt to access information about the competition through unauthorised channels. The Probation Board nominated one Board member to have oversight of the Staff Mutual development in their employer capacity. This Board member also signed declaration B.

All Corporate Services staff, the rest of the Board and the PA and legal Advisor to the Board all signed Declaration (A), committing to not reveal any competition sensitive information to bidders including the staff mutual group. All bid sensitive information is stored in an electronic folder, which can only be accessed by these staff.

Governance Framework

The Warwickshire Probation Trust has a Board of 7 members including the Chair and the Chief Executive. It has two non-voting magistrate advisory members. The Trust Treasurer and Secretary or their representatives also attend the Trust Board to provide financial and legal advice. The Trust Board meets in public 6/7 times a year. Minutes of the Trust meetings and agendas are available on request. A Trust Forum also meets 6 times a year providing an opportunity for informal discussion of issues. As necessary matters are referred from the Trust Board to the Forum and from the Forum to the Board. The Trust has an Audit Committee and a Joint Negotiating and Consultation Committee. The minutes of the committees and notes of the Forum are reported to the Board. Trust members and advisers are allocated governance responsibilities across all parts of the service and for the reducing reoffending pathways. They also have oversight of health and safety, equality and diversity, workforce planning, communications and staff care and some board members represent the Trust on external partnerships. They report back to the Trust in a planned way on these responsibilities to provide assurance that operational arrangements are sound and to assess the adequacy of services to offenders.

Attendance of full Board members at Trust Board meetings averaged 85.57% over the year with attendance by Audit Committee members at Audit Committee averaging 81.25%. One new Trust member was appointed on 1 April 2013.

Attendance at Trust Board and Audit Committee meetings

Trust Member	Trust Board Meetings (7)	Audit Committee Meetings (4)
Robin Verso (Chair)	100%	n/a
Liz Stafford (Chief Executive)	100%	n/a
Roger Hughes	71%	75%
John Holland	100%	100%
Charles Goody	86%	50%
Brian Sherlock	71%	n/a
Michael Coult	71%	100%
Overall attendance	85.57%	81.25%

The Trust Governance Handbook (OP24), which includes Standing Orders and Finance Policy Manual (OP8), both based on a national template detailed the conduct of the Probation Trust Board and staff in relation to all financial and operational matters.

The Trust budget is set annually and is based on the cash allocation of £6,562,444 set by the MoJ. This was reduced by £190,000 following mutually agreed contract variation. The MoJ through NOMS specifies the performance targets annually. The Trust Board receives regular monitoring reports on its expenditure against the approved budget and on its performance against targets. The Board requires its officers to account for financial and performance variances and prepare and implement recovery plans as necessary.

The Trust Strategic Plan which also includes an Annual Plan is approved by the Trust and published annually on the Trust website. This outlines the planned budget, the service delivery and performance targets and the priority improvement objectives for the year. Delivery against the plan was reviewed by the Trust Board at its meeting on 18 September 2013. Any outstanding objectives were closed or transferred to the Trust Exit Management Plan to ensure that only essential new developments continued in a very busy period.

The other prime governance and internal control documents which define the governance processes are:

- Staff guide to financial Instructions and Standing Orders (See OP8) – reviewed 2012.
- Standing Order and Budget Control Responsibilities, Appendices to OP8 – reviewed 2012.
- Risk Management Policy (OP 27) – reviewed 2012.
- Health and Safety Policy (OP 18) – reviewed 2012.
- Information Security policies – further developed 2008.
- Anti Fraud and Corruption Policy (OP 28) – reviewed 2011.
- Confidential Reporting Code (OC 61) – reviewed 2011.
- Procurement policy (OP 37) – reviewed 2013.

Oversight and Assurance arrangements

The Trust Board

The Trust Board reviews its own effectiveness through its results. At the start of the financial year it reviewed the structure of formal and informal meetings and the allocation of Board member responsibilities, identifying gaps. The Trust Board operates within the relevant principles of the UK Corporate Governance Code. Section E Relations with Shareholders does not apply to a Probation Trust.

The Chair has personal meetings annually with individual Trust Board members and advisers to review their contribution to the governance of the Trust and enable governance work for the year ahead to be planned.

During the year the Trust Board has received regular reports on financial matters and performance. In general the Trust Board is confident in the quality of the financial and performance data reported to them. This view is based on consideration of how the data reported changes over the year. In general

there have been no changes in performance which are unexpected or cannot be readily explained. Financial projections are regularly made during the year and the final outturn is within the expected ranges. During the year some funds identified for outstanding invoices and provisions were released. In addition there was a budget underspend due to staff vacancies. A contract variation was agreed to reduce the budget for the Trust to avoid a large end of year underspend.

Other issues, in addition to finance and performance, where the Trust has had a significant governance input during the year largely relate to the Transforming Rehabilitation change programme and include:

- Ensuring an appropriate focus on business as usual
- Monitoring implementation of the Trust Exit Management Plan and the milestone reporting to NOMS
- Consulting with staff and Unions and in particular over the National Staff Transfer Agreement
- Overseeing the assignment of staff to either the NPS or CRC and associated grievances and appeals
- Keeping an appropriate focus on staff morale, staff stress, and vacancy levels during a period of exceptional organisational change
- Providing feedback to MoJ regarding risks and Business System Readiness reviews

Audit Committee

The Audit Committee has contributed to the overall effectiveness of the governance of the Trust in considering internal and external audit findings. It has also given a particular focus on the scrutiny of the following topics:

- Implementation of the timely completion of the Annual Report and Accounts;
- Consideration of the strategic and operational risks identified in the risk register and monitoring actions taken to mitigate risks. Reviewing risk levels; and
- Monitoring the timely review of contracts/service level agreements and policies.

Internal Audit

The Annual Internal Audit Report 2013–2014 provides the Accountable Officer with an opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual opinion provided by Internal Audit is a key element of the framework of assurance. The conclusion was as follows:

Our opinion is based primarily on the work conducted during the year but also takes into account our observations during attendance at Audit Committee meetings. It also takes into account our confidence in the extent to which agreed actions to remedy weaknesses are implemented by due dates. Our work identified moderate/significant rated findings that are isolated to specific systems and processes and when taken in aggregate we believe they are not pervasive to the system of internal control as a whole. Consequently we can give reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

The internal audit plan seeks to assess the effectiveness of key systems. The auditor's opinion following the Financial Controls Framework Audit was rated Green, concluding that there was a sound system of risk management and controls. There were no recommendations

In addition to the financial control framework, the following audits were carried out during 2013–2014. The opinion given by the auditors is indicated by a RAG rating.

- Offender Categorisation – Green with two moderate recommendations
- Training Strategy – Green/Amber with two moderate recommendations relating to accuracy of records and evaluation
- Community Payback – Amber Red with 3 significant weaknesses and 2 moderate relating to records of attendance, recording and management of unacceptable absences and enforcement.
- Exit Management Planning – Green Amber with one moderate recommendation
- Follow up report of 2012–2013 recommendations – Satisfactory with no further actions required.

Appropriate action was taken to respond to all recommendations.

Data Handling Procedures and Information Security

The procedures in place to ensure data security are summarised below.

- All sets of electronic data are stored on fully encrypted hard drives within the national data centre.
- Hardcopy data is stored in locked filing cabinets or rooms within each locked office.
- Back-up is completed at national level under the Offender Management National Infrastructure (OMNI) contract within the national data centre
- Each member of staff is advised to ensure that the risk to hardcopy data is kept to an absolute minimum by adoption of the clear desk policy.
- All portable equipment (laptops) which have the availability to connect to the probation network are encrypted with a secure office client (RAS) and are very limited in number.
- A limited number of Blackberry mobile devices which allow mobile access to email accounts are held by members of the executive team and only allow encrypted password access.
- All information classified as RESTRICTED (or since 1 April 2014, OFFICIAL) or lower is held on the probation network and only transmitted electronically through the GSI network to other GSI accredited agencies.
- All hardcopy data is posted through trusted carrier, Royal Mail double enveloped.
- All CONFIDENTIAL (or OFFICIAL SENSITIVE) information (as defined by the NPS protective marking scheme) is held securely in a locked fire-proof safe at Leamington. There is no CONFIDENTIAL data held at other sites.
- Details of the new Government Marking system (PI 04/14) have been circulated to all staff with follow up at team meetings.
- The full suite of Information Security Policies have been adopted by the Trust and are available to all staff via the Warwickshire Probation Document Library and the NOMS Intranet (EPIC). Compliance with these policies is assessed on a regular basis by the members of the WPT Information Security Forum; additionally “unannounced” spot checks have been undertaken on all office locations.
- Staff are updated on Information Security through an electronic briefing note.
- A fully documented Incident Management Policy (OP 52) is held by the Trust and all incidents are reported, recorded and reviewed by the Trust Information Security Forum and Members of the Executive Team. The procedures outlined in Probation Instruction 10/2012 and PI 4/2014 are followed.
- Warwickshire Justice Centre Information Security and Data Protection Policies approved by the Strategic Management Board outline the approach to information security in the context of co-location.

There have been no data security incidents in 2013–2014. As Chief Executive, I am the Senior Information Risk Owner for the Trust, as required by Probation Instruction 10/2012.

Her Majesty’s Inspectorate of Probation (HMIP)

The HMIP *Report on Offender Management in Warwickshire* was published in May 2012. The report identified the high quality of work in Warwickshire.

In February 2013 the Probation Inspectorate published the *Aggregate Report: Offender Management Inspection 2009–2012* which covered the national results of all the Trust OMI2 inspections. The report identified 5 Trusts as among the best with scores of over 80% on all 3 HMIP measures. Warwickshire was one of the 5 Trusts and was the best performing Trust with regard to Risk of Harm, scoring 84%.

In 2013/14 there have been no further HMIP reports relating to Warwickshire Probation. There have been Thematic reports relating to Lifers, Offenders with Learning Disabilities Victim Contact, Offender Management in Prisons, and a Review of Disability Hate Crime. These have been reported to the Trust Board with Trust implications identified as necessary.

Continuous Improvement and Value for Money

During 2013–2014 once again the Trust improved performance at lower cost. There were a number of initiatives to improve quality and value for money:

- The justice centre cross agency efficiency programme has continued. This includes digital transfer of information across agencies.
- Staff sickness rates averaged 5.3 days per person per annum, an all time low reflecting a well embedded and managed staff attendance policy.
- Implementation of a leaner new staff appraisal scheme.
- Review of the Special Leave policy (OP6) to enable more consistent application.
- Integrated Offender Management (IOM) staff are now co-located with Probation in Leamington and Nuneaton.
- A joint Warwickshire and Coventry community payback unit was launched in April 2013, leading to savings in staffing costs.
- The Midlands Regional Probation Training Consortium closed on 31 March 2013, with transfer of training functions to nominated Trusts, with substantial savings.
- Commissioning of a new Women's programme.
- Successful joint bid with Coventry and Warwickshire Partnership Trust (NHS) to deliver Personality Disorder Services.

Achieving Outcomes

Warwickshire Probation Trust has maintained its progress in achieving high level outcomes. The PTRS includes reducing re-offending, employment at the termination of the order, accommodation at termination and successful completion of orders. On all these indicators the Trust performance is high and improving. Part 1 of this report gives more details of results.

Overall Warwickshire achieved the highest PTRS rating of 4 for the third year running.

Risk Management

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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. The system of internal control has been in place in Warwickshire Probation Trust for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

Leadership is given to the risk management process through ensuring risk is integrated into management and planning procedures. The Warwickshire Area Managers Meeting is used to identify key risks in the Trust Plan. The risk register is regularly updated and reviewed by the Area Executive Team and the Audit Committee and reported to the Trust. During the year the risk environment changed and this was reflected in changes to the risk register and mitigating actions. Significant changes in the risk environment included the development of an Exit Management Plan associated with the closure of the Trust and with the Transforming Rehabilitation Programme. When necessary the Trust alerted MoJ to concerns associated with the Transforming Rehabilitation Programme.

The Risk and Control Framework

The format of the risk register follows the format which was outlined in Probation Circular 02/2007. The high level strategic risks are identified annually, based on a review of the current risk register and consideration of the strategic plan. This involves managers, the Area Executive Team, the Audit Committee and the Trust. The risk register is regularly reviewed and amended throughout the year. New risks are added if necessary, and risks are removed if they are no longer considered a risk.

The appetite for risk varies depending on context and consequence but is discussed by officers and Trust members when necessary. Risk management is embedded through regular consideration at meetings. The Warwickshire Probation Trust Strategic Plan and Annual Plan, contains a list of the risks identified at the beginning of the year. More specifically, if necessary, high level risks would be shared with NOMS at the Contract Review meetings, or by letter and with the Local Criminal Justice Board, the Multi Agency Public Protection Strategic Management Board and the Courts Probation Liaison Committee as required. The Approved Premises liaison meetings provide a very significant opportunity to address local peoples concerns regarding offenders resident in Approved Premises. Delivery risks with partners will be considered at Service Level Agreement or Contract Monitoring meetings and action taken if required.

Significant Internal Control Issues

During the year there have been no significant internal control issues.

Conclusions

I conclude that the Trust governance arrangements, systems of internal control and risk management processes are adequate and contribute to the overall effectiveness of the Trust in managing public money to achieve effective outcomes.

Liz Stafford
Accountable Officer

18 June 2014

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

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Warwickshire Probation Trust's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

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

Sir Amyas C E Morse
Comptroller and Auditor General

3 July 2014

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	Restated £000
Expenditure			
Staff costs	3(a)	5,141	4,997
Other expenditure	6	2,033	2,237
Total Expenditure		7,174	7,234
Income	7	(7,036)	(7,265)
Net operating costs		138	(31)
Net interest cost on pension scheme	4(c)	517	453
Net operating costs before taxation		655	422
Taxation	5	35	35
Net operating costs after taxation		690	457

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	Restated £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	(1)	(6)
Net (gain)/loss on revaluation of intangibles	9	0	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Remeasurement of post employment benefits	23	(878)	1,468
Total comprehensive expenditure for 31 March 2014		(189)	1,919

The restatement relates to the application of IAS 19 (revised) as disclosed in **Note 28** Prior Period Adjustments. All activities are from continuing operations. There are no minority interests.

The notes on pages 35 to 60 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13 Restated
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	8	104	120
Total non-current assets		104	120
Current assets			
Trade and other receivables	12(a)	586	1,017
Cash and cash equivalents	13	24	50
Total current assets		610	1,067
Total assets		714	1,187
Current liabilities			
Trade and other payables	14(a)	(329)	(658)
Provisions	15	0	(30)
Taxation payables	14(a)	(215)	(388)
Total current liabilities		(544)	(1,076)
Non-current assets plus/less net current assets/(liabilities)		170	111
Non-current liabilities			
Pension liability	4(c)	(11,266)	(11,396)
Total non-current liabilities		(11,266)	(11,396)
Assets less liabilities		(11,096)	(11,285)
Taxpayers' equity			
General fund	23	(11,110)	(11,298)
Revaluation reserve – property, plant and equipment	24(a)	14	13
		(11,096)	(11,285)

The restatement relates to the application of IAS 19 (revised) as disclosed in **Note 28** Prior Period Adjustments.

The financial statements on pages 31 to 34 were approved by the Board on 18 June 2014 and were signed on its behalf by

..... Accountable Officer

18 June 2014

The notes on pages 35 to 60 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13 Restated
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(690)	(457)
Adjustments for non-cash transactions	6	8	(61)
Adjustments for pension cost		748	528
(Increase)/decrease in receivables	12(a)	431	(403)
Increase/(decrease) in payables	14(a)	(502)	409
Utilisation of provisions	15	0	(12)
Net cash outflow from operating activities		(5)	4
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(21)	(21)
Net cash outflow from investing activities		(21)	(21)
Net (decrease) in cash and cash equivalents in the period			
		(26)	(17)
Cash and cash equivalents at the beginning of the period	13	50	67
Cash and cash equivalents at the end of the period	13	24	50
Increase/(decrease) in cash		(26)	(17)

The restatement relates to the application of IAS 19 (revised) as disclosed in **Note 28** Prior Period Adjustments.

The notes on pages 35 to 60 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(9,373)	7	(9,366)
As restated at 1 April 2012		(9,373)	7	(9,366)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(457)	0	(457)
Net gain on revaluation of property, plant and equipment	24(a)	0	6	6
Remeasurement of post employment benefits	23	(1,468)	0	(1,468)
Balance as at 31 March 2013 (restated)		(11,298)	13	(11,285)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(690)		(690)
Net gain on revaluation of property, plant and equipment	24(a)		1	1
Remeasurement of post employment benefits	23	878	0	878
Balance as at 31 March 2014		(11,110)	14	(11,096)

The restatement relates to the application of IAS 19 (revised) as disclosed in **Note 28** Prior Period Adjustments.

The notes on pages 35 to 60 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the 2013–14 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

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

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

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

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention and modified to account for the revaluation of non-current assets.

1.3 Changes in accounting policies and restatement of comparatives

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

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

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

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

Those that impact on the Trust are:

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

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

1.4 Going concern

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

On 31 May 2014, the Trust ceased trading.

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

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Revaluation

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

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

1.6 Depreciation

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

Asset lives are currently in the following ranges:

Plant & equipment	3 to 15 years depending on individual asset type
Vehicles	7 years depending on individual asset type

1.7 Impairment

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

1.10 Inventories

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

1.11 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.

1.13 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme. Retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate (Disclosure of Stakeholder Pensions Schemes is not included in these accounts). The last formal actuarial valuation was as at 31 March 2014.

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

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

Where a central government entity has a share of a local government (or other) pension scheme liability on its statement of financial position, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury. The pension fund actuary has used roll forward

estimated asset value figures in producing the IAS 19 pension liability and other disclosures. The last formal actuarial valuation was at 31 March 2013.

1.15 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.

1.16 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.

1.18 Corporation Tax

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

1.19 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.

1.20 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.

1.21 Segmental analysis of spend as reported to the Management Board

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

1.22 Third party assets

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

2. Statement of Operating Costs by Operating Segment

Operational Unit	2013–14	2012–13
	Net Expenditure (£000)	Net Expenditure (£000)
Offender Management	£3,154	£3,187
Interventions	£905	£898
Corporate Management	£248	£330
Support Services	£681	£692
Approved Premises	£1,096	£1,096
Other Services	£221	£351
Total Net Expenditure	£6,305	£6,554
Contract Income	(£6,372)	(£6,554)
Overspend/(Underspend)	(£68)	£0

Reconciliation to SOCNE 2013–14

Description	Notes	(£000)	(£000)
Staff costs	Note 3(a)		5,141
Other Admin costs	Note 6(a)		2,033
			7,174
Less income	Note 7(a)	7,036	
Add back NOMS funding	Note 7(a)	6,372	(664)
			6,518
Less Current pension service costs			205
Total Net Expenditure			6,305

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013-14			2012-13
	Total	Permanently- employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	4,171	4,155	16	4,255
Social security costs	312	312	0	322
Other pension costs	893	893	0	750
Sub-total	5,376	5,360	16	5,327
Less recoveries in respect of outward secondments	(235)	(235)	0	(330)
Total staff costs	5,141	5,125	16	4,997

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 an increase in the pension Current Service Cost as disclosed in the Actuary's report.

0 persons (2012-13: 0 persons) retired early on ill-health grounds.

3b. Average number of persons employed

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

2013-14			2012-13
Total	Permanently- employed staff	Others	Total
149	148	1	149

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	2	2	0	3	3
£10,000–£25,000	0	0	0	0	1	1
£25,000–£50,000	0	0	0	0	0	0
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	2	2	0	4	4
Total resource cost £000	0	15	15	0	36	36

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

4. Pensions costs

The benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory and intended to be a fully-funded scheme which provides benefits based on final salary at normal retirement age of 65 but an employee is eligible to retire before then with the agreement of the Employer. Benefits accrue at the rate of $1/60^{\text{th}}$ of pensionable pay for each year of service payable upon retirement. Members pay contributions ranging from 5.5% to 7.5% of pensionable earnings. Pension payments are increased annually in line with the Consumer Price Index (CPI).

4a. Pension costs

The last formal valuation of the Fund was carried out on 31 March 2013 by Hymans Robertson LLP. The Trust's contribution rate from 1 April 2014 will be 20.1% plus a cash sum of £43,000 per month towards the pension deficit. For 2013–14 employer's contributions of £611,841 were payable to the LGPS (2012–13 £611,661) at a rate of 16.6%. 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 costs are actually paid and reflect the past experience of the scheme. Hymans Robertson LLP have been the Scheme's Actuaries since 1 April 2011.

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

Partnership accounts are excluded under IAS19.

The employer's pension contributions for the two years are:

- Employer's contributions for 2013–14 were 16.6% of salaries; and,
- Employer's contributions for 2014–15 will be 20.1% of salaries.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.8%
Rate of increase in salaries	4.6%	5.1%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.8%
Discount rate	4.3%	4.5%

Mortality Assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies are as follows: Current pensioners males 22.4 years; females 24.4 years. Future pensioners males 24.3 years; females 26.6 years.

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	24,027	24,027
Funded liabilities	(34,262)	0	(34,262)
Unfunded liabilities	(1,161)	0	(1,161)
Opening balance at 1 April (restated)	(35,423)	24,027	(11,396)
Current service costs	(893)	0	(893)
Past service costs (including curtailments)	0	0	0
Gains and losses on settlements	0	0	0
	(893)	0	(893)
Net Interest (cost)/income	(1,590)	1,073	(517)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	2,233	2,233
Gain/(loss) from change in demographic assumptions	287	0	287
Gain/(loss) from change in financial assumptions	(974)	0	(974)
Experience gains/(losses)	(668)	0	(668)
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(1,355)	2,233	878
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	595	595
Plan participants	(243)	243	0
Unfunded benefits	0	67	67
Payments from plans			
Benefit payments	1,183	0	0
Unfunded benefit payments	67	0	0
Closing balance at 31 March	(38,254)	26,988	(11,266)
Plan assets	0	26,988	26,988
Funded liabilities	(37,234)	0	(37,234)
Unfunded liabilities	(1,020)	0	(1,020)
Closing balance at 31 March	(38,254)	26,988	(11,266)

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	21,105	21,105
Funded liabilities	(29,281)	0	(29,281)
Unfunded liabilities	(1,224)	0	(1,224)
Opening balance at 1 April	(30,505)	21,105	(9,400)
Current service costs	(748)	0	(748)
Past service costs (including curtailments)	(2)	0	(2)
Gains and losses on settlements	0	0	0
	(750)	0	(750)
Net interest (cost)/income	(1,461)	1,008	(453)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	2,111	2,111
Gain/(loss) from change in demographic assumptions	0	0	0
Gain/(loss) from change in financial assumptions	(3,718)	0	(3,718)
Experience gains/(losses)	139	0	139
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(3,579)	2,111	(1,468)
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	607	607
Plan participants	(252)	252	0
Unfunded benefits	0	68	68
Payments from plans			
Benefit payments	1,056	(1,056)	0
Unfunded benefit payments	68	(68)	0
Closing balance at 31 March	(35,423)	24,027	(11,396)
Plan assets	0	24,027	24,027
Funded liabilities	(34,262)	0	(34,262)
Unfunded liabilities	(1,161)	0	(1,161)
Closing balance at 31 March	(35,423)	24,027	(11,396)

4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	2,888	0	2,888	11%	2,516	0	2,516	10%
Energy and utilities	648	0	648	2%	699	0	699	3%
Financial institutions	1,278	0	1,278	5%	1,031	0	1,031	4%
Health and care	537	0	537	2%	437	0	437	2%
Information technology	944	0	944	3%	891	0	891	4%
Manufacturing	1,518	0	1,518	6%	1,381	0	1,381	6%
Other	796	0	796	3%	384	0	384	2%
	8,609	0	8,609	32%	7,339	0	7,339	31%
Debt instruments	0	0	0	0%	0	0	0	0%
Property								
UK	2,518	0	2,518	9%	2,202	0	2,202	9%
Overseas	48	0	48	0%	52	0	52	0%
Property funds	0	0	0	0%	0	0	0	0%
	2,566	0	2,566	9%	2,254	0	2,254	9%
Derivatives	0	0	0	0%	0	0	0	0%
Cash and cash equivalents	0	111	111	1%	0	87	87	0%
Investment funds								
Equities	7,689	0	7,689	28%	7,287	0	7,287	30%
Bonds	4,221	0	4,221	16%	3,635	0	3,635	15%
Hedge funds	0	1,222	1,222	5%	0	1,083	1,083	5%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	0	0	0%	0	0	0	0%
Other	2,277	0	2,277	8%	2,132	0	2,132	9%
	14,187	1,222	15,409	57%	13,054	1,083	14,137	59%
Other	0	293	293	1%	0	210	210	1%
Total	25,362	1,626	26,988	100%	22,647	1,380	24,027	100%

4e. Sensitivity analysis

Description	Approximate increase to Employers Liability	Approximate increase in monetary value
	%	£000
0.5% increase in Real Discount Rate	9%	3,596
1 year increase in life expectancy	3%	1,148
0.5% increase in the salary increase rate	3%	1,126
0.5% increase in the pension increase rate	6%	2,415

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of changes in key assumptions occurring at the end of the reporting period.

In each case, only the assumption mentioned is altered while holding all other assumptions constant. In practice this is unlikely to occur and change in some assumptions may be correlated.

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax	35	35
Total	35	35

Probation Trusts are corporate bodies under the Offender Management Act 2007, supplying court work and offender management services to the Ministry of Justice. The Trust is therefore subject to Corporation Tax on its profits and 'profit' for this purpose means income and chargeable gains. Any change in tax rate is not considered to be material.

6. Other Expenditure

	2013-14		2012-13	
	£000	£000	£000	£000
Rentals under operating leases	0		0	
Interest charges	0		0	
Accommodation, maintenance and utilities	649		640	
Travel, subsistence and hospitality	129		129	
Professional services	83		75	
IT services	201		224	
Communications, office supplies and services	68		82	
Other staff related	59		78	
Offender costs	40		42	
Other expenditure	763		976	
External Auditors' remuneration – statutory accounts	19		38	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration	14		14	
		2,025		2,298
Non-cash items				
Depreciation of tangible non-cash assets	32		30	
Amortisation of intangible non-cash assets	0		0	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	6		0	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	(30)		(91)	
Early retirement provisions not required	0		0	
		8		(61)
Total		2,033		2,237

7. Income

Income receivable from the sponsoring department – NOMS
 Rent receivable from minor occupiers of Probation estate property:
 From within the departmental boundary
 From other Government departments
 From external tenants

EU income from NOMS
 EU income from other Government departments
 Other EU income
 Other income received from Probation Trusts
 Other income from NOMS
 Other income from rest of MoJ Group
 Other income from other Government departments
 Miscellaneous income

Interest received:

 From bank
 From car loans
 From other sources

Total interest received

Total income

	2013-14		2012-13	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	6,372		6,524	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		6,372		6,524
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		323		338
Other income from NOMS		62		77
Other income from rest of MoJ Group		0		0
Other income from other Government departments		137		216
Miscellaneous income		142		110
		7,036		7,265
Interest received:				
From bank	0		0	
From car loans	0		0	
From other sources	0		0	
Total interest received		0		0
Total income		7,036		7,265

8. Property, plant and equipment

	2013-14					
	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 2013	0	79	170	0	0	249
Additions	0	0	21	0	0	21
Disposals	0	0	(44)	0	0	(44)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	1	0	0	3
As at 31 March 2014	0	81	148	0	0	279
Depreciation						
As at 1 April 2013	0	45	84	0	0	129
Charge in year	0	11	21	0	0	32
Disposals	0	0	(38)	0	0	(38)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	1	0	0	2
As at 31 March 2014	0	57	68	0	0	125
Carrying value as at 31 March 2014	0	24	80	0	0	104
Carrying value as at 31 March 2013	0	34	86	0	0	120
Asset financing						
Owned	0	24	80	0	0	104
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2014	0	24	80	0	0	104

8. (Continued)

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	0	91	160	0	0	251
Additions	0	0	21	0	0	21
Disposals	0	(14)	(21)	0	0	(35)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	10	0	0	12
As at 31 March 2013	0	79	170	0	0	249
Depreciation						
As at 1 April 2012	0	45	83	0	0	128
Charge in year	0	13	17	0	0	30
Disposals	0	(14)	(21)	0	0	(35)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	5	0	0	6
As at 31 March 2013	0	45	84	0	0	129
Carrying value as at 31 March 2013	0	34	86	0	0	120
Carrying value as at 31 March 2012	0	46	77	0	0	123
Asset financing						
Owned	0	34	86	0	0	120
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	0	34	86	0	0	120

9. Intangible assets

The Trust has no intangible assets at the reporting date (2012–13 – £0).

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	1	0
Receivables due from Trusts	0	119
Receivables, Accrued Income and Prepayments due from NOMS Agency	575	829
Receivables, Accrued Income and Prepayments due from other Government departments	3	9
Other receivables	1	2
Prepayments	6	46
Accrued income	0	12
	586	1,017
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	586	1,017

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	578	975	0	0
Balances with local authorities	0	6	0	0
	578	981	0	0
Balances with bodies external to Government	8	36	0	0
Total	586	1,017	0	0

13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	50	67
Net change in cash and cash equivalents	(26)	(17)
Balance at 31 March	24	50
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	24	50
Balance at 31 March	24	50

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	37	65
Other payables	5	65
Accruals	45	104
Deferred income	2	96
Staff payables	48	42
Payables due to Probation Trusts	49	103
Payables, Accruals and Deferred Income due to NOMS Agency	15	72
Payables, Accruals and Deferred Income due to other Government departments	56	34
Unpaid pensions contributions due to the pensions scheme	72	77
	329	658
Tax falling due within one year		
VAT	91	243
Corporation tax	35	35
Other taxation and social security	89	110
	215	388
Total amounts falling due within one year	544	1,046
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	544	1,046

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	335	718	0	0
Balances with local authorities	0	57	0	0
Balances with NHS bodies	0	21	0	0
	335	796	0	0
Balances with bodies external to Government	209	250	0	0
Total	544	1,046	0	0

15. Provisions for liabilities and charges

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	30	0	30
Provided in year	0	0	0	0	0
Provisions not required written back	0	0	(30)	0	(30)
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	0	0	0

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	0	0	0
Current liability	0	0	0	0	0
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	0	0	0

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	133	0	133
Provided in year	0	0	54	0	54
Provisions not required written back	0	0	(145)	0	(145)
Provision utilised in the year	0	0	(12)	0	(12)
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	30	0	30

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	30	0	30
Current liability	0	0	30	0	30
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	30	0	30

There were no provisions at the reporting date (2012–13 – £30k).

16. Capital commitments

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

17. Commitments under leases

17a. Operating leases

There are no operating leases at the reporting date (2012–13 – £0).

17b. Finance leases

There are no finance leases at the reporting date (2012–13 – £0).

18. Other financial commitments

There are no financial commitments at the reporting date (2012–13 – £0).

19. Deferred tax asset

There are no deferred tax assets (2012–13 – £0).

20. Financial instruments

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

21. Contingent liabilities

There are no contingent liabilities at the reporting date (2012–13 – £0).

22. Losses and special payments

Losses and special payments are disclosed on an accruals basis and excludes future losses.

22a. Losses statement

The Trust has no losses payments in the reporting period (2012–13 – £0).

22b. Special payments schedule

The Trust has no special payments in the reporting period (2012–13 – £0).

23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(11,298)	(9,373)
Balance restated at 1 April	(11,298)	(9,373)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(690)	(457)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	878	(1,468)
Balance at 31 March	(11,110)	(11,298)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	13	7
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	13	7
Arising on revaluations of PPE during the year (net)	1	6
Transferred to General Fund	0	0
Balance at 31 March	14	13

24b. Intangibles

There are no revaluation reserves at the reporting date (2012–13 £0).

25. Related party transactions

NOMS and the Ministry of Justice are regarded as a related party. During the year, the Trust had various material transactions with the Ministry of Justice. Additionally, the Trust had transactions with other Trusts', other government bodies and third party organisations. The contracted income from NOMS for 2013/14 was £6,372k with a debtor balance outstanding of £573k at 31 March 2014.

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

Mutuals

See page 17.

26. Third-party assets

These are not Trust's assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, listed securities, trust funds, amenity funds. They are set out in the table immediately below.

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2014
	£000	£000	£000	£000
Bank Deposit (Bank of Scotland)	72	1	0	73
	0	0	0	0
	72	0	0	73

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

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

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

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

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

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

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

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

Pensions

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

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

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

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

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

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

Impact on total Comprehensive expenditure for the year of application of IAS 19 Extract from the Statement of Comprehensive Net Expenditure

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	268
Other comprehensive expenditure	1,651
Total comprehensive expenditure	1,919
Restatement:	
Increase in programme expenditure (interest costs)	189
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(189)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	457
Other comprehensive expenditure	1,462
Total comprehensive expenditure	1,919

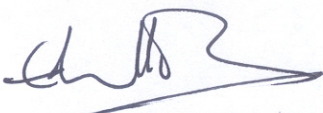
Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(11,298)
Restatement:	
Increase in net operating expenditure	189
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(189)
General fund balance as at 31 March 2013 after restatement	(11,298)

Accounts Direction

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

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2014 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual (“the FReM”) issued by HM Treasury and which is in force for the relevant financial year.
3. The accounts shall be prepared so as to:
 - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers’ equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
 - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.
5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.
6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 6 March 2013.



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

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

This report covers five buildings including the Justice Centres in Nuneaton and Leamington.

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

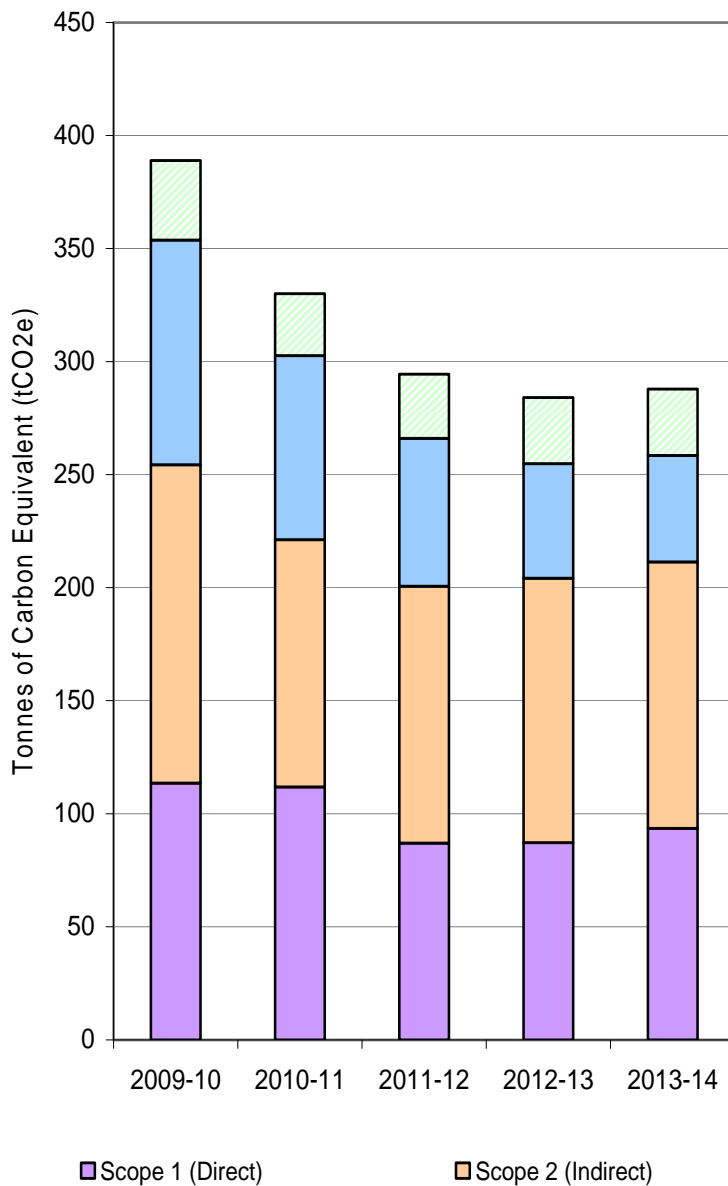
Warwickshire Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators Tonnes of Carbon Equivalent (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	113.6	111.9	87.0	87.3	93.5
	Scope 2 (indirect): Supplied energy (electricity and heat)	140.9	109.4	113.6	116.9	117.9
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	99.3	81.4	65.4	50.7	47.0
	Total gross GHG emissions	353.8	302.7	266.0	254.9	258.4
	Electricity: green/renewable	35.2	27.4	28.4	29.2	29.5
	Total net GHG emissions	318.6	275.4	237.6	225.7	229.0
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	213,930	184,265	191,255	196,851	198,521
	Electricity: renewable	71,310	61,422	63,752	65,617	66,174
	Gas	555,718	548,239	415,443	406,551	399,718
	Other energy sources	0	0	0	0	0
	Total energy	840,958	793,926	670,449	669,019	664,413
Financial indicators	Expenditure on energy (£)	£46,637	£32,171	£58,730	£58,926	£79,444
	Expenditure on official business travel (£)	£190,185	£187,177	£157,210	£114,509	£109,231

Greenhouse Gas Emission by source



Performance commentary (including targets)

Reducing energy consumption and associated emissions of greenhouse gases remains an important issue for the Trust. This is the fifth year in a row that gas consumption has fallen although electricity consumption has marginally increased and we shall be taking measures to tackle this. Travel costs have continued to fall.

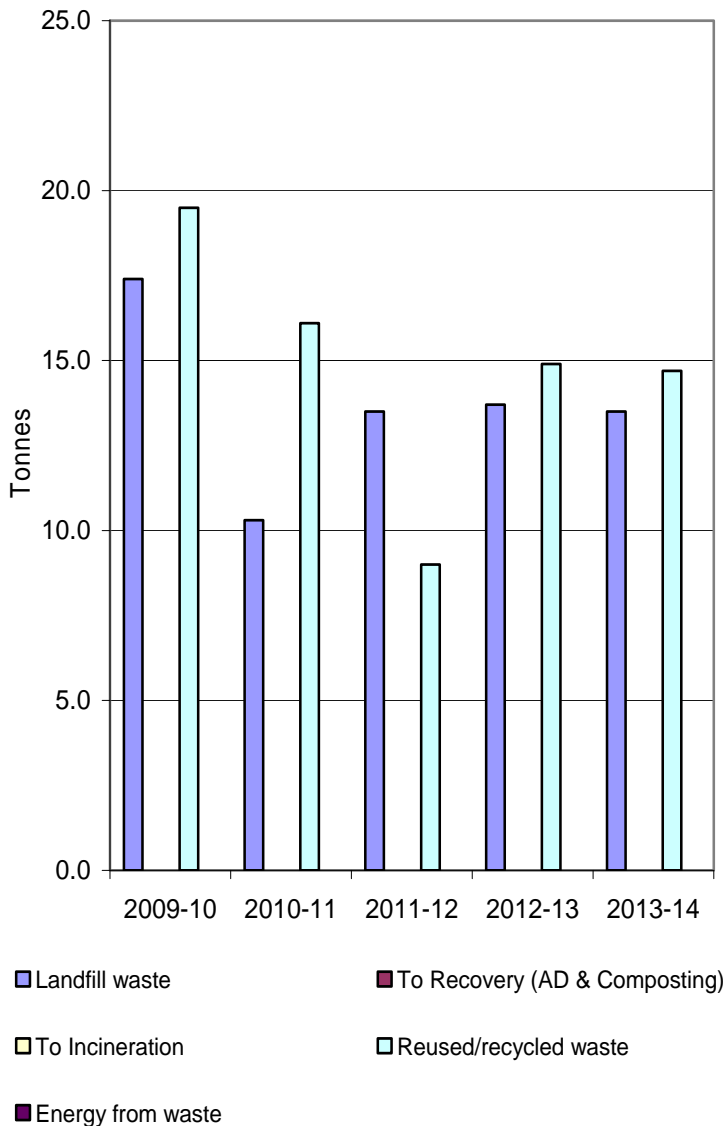
Controllable impacts commentary

Emissions within Scope 1 have increased relating to Trust-owned vehicles. These are determined however, by the number of Community Payback orders issued which is out of the Trust’s control. However the numbers of Community Payback orders fell in 2013–2014.

Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	17.4	10.3	13.5	13.7	13.5
		To recovery (AD & composting)	0.0	0.0	0.0	0.0	0.0
		To incineration	0.0	0.0	0.0	0.0	0.0
		Reused/recycled waste	19.5	16.1	9.0	14.9	14.7
		Energy from waste	0.0	0.0	0.0	0.0	0.0
Total waste arising				36.9	26.4	22.5	28.6

Waste by final disposal



There are no financial indicators available for waste management.

Performance commentary (including targets)

The Trust strives to ensure that, wherever possible, waste materials are re-used or recycled and that the amount of waste sent to landfill is minimised.

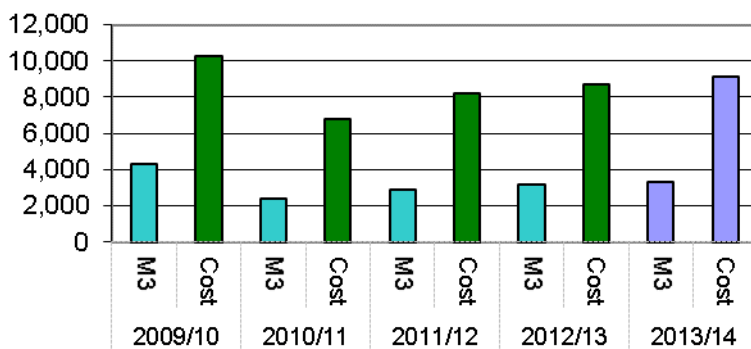
Controllable impacts commentary

Total waste has increased overall in 2013–14 but the waste taken to landfill sites has fallen. In the Justice Centres there has been a recent introduction of clearly marked recycling bins which will impact on landfill waste in future years.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres: m³)	4,311	2,397	2,905	3,204	3,315
Financial indicators	Total water supply costs (£)	10,244	6,774	8,209	8,711	9,147

Water (consumption and costs).



Performance commentary (including targets)

There has been a marginal increase in water consumption in 2013–14. During the coming year we will identify best practice and investigate whether we can effectively reduce our consumption in all of our premises.

Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
Cost (excluding VAT)	£4,518	£4,510	£4,725	£4,319	£5,104

Performance commentary

The reasons for the increase in paper costs are not clear, although the Transforming Rehabilitation Change Programme has generated a large amount of additional work and documentation.

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