

**Warwickshire
Probation Trust**



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**Annual Report and Accounts
2012–2013**

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Vision, Statement of Purpose & 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;
- 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

Warwickshire Probation Trust is consistently high performing 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 2012–2013 rates Warwickshire as a 4 star area, one of five Trusts to achieve this, for the second year running.
- This is matched by our results in reducing re-offending where we are the best 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 who have worked hard to achieve these results. In addition we have strong local partnerships. It is through working with others that we achieve more.

Going Concern

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

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

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has

concluded therefore that, having reviewed the results of the consultation within the context of the Financial Reporting Manual (FRM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a ‘material uncertainty’ around going concern, arising from the recommendations of the report, Transforming Rehabilitation: A strategy for Reform.

Where to find us

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Follow us @WarksProbation

Liz Stafford
Chief Executive
18 June 2013

1. Operational & Performance Review 2012–13

1.1 Summary: Critical Success Factors

The critical success factors for Warwickshire Probation Trust identified in the 2012–15 Strategic Plan were:

- Demonstrate a year on year reduction in re-offending.
Result: Achieved, actual reoffending rate as at Dec 2012 15% less than the predicted rate. The best rate in England and Wales.
- Ensure public protection is maintained through effective offender management.
Result: 3 Serious further offences committed in 2012–2013. HMIP Offender Management Inspection 2 (OMI2) rating of 84% in how we manage risk of harm to others. The best in England and Wales.
- Reduce demands on the criminal justice system through:
 - Contributing to a reduction in Community Orders and Suspended Sentence Orders by making appropriate court recommendations.
Result: Achieved, numbers of new community orders and suspended sentences fell by 142 or 11%.
 - Reducing recall and breach by use of appropriate discretion in the context of rigorous enforcement.
Result: Not achieved, number of recalls to prison increased by 12 or 13%, number of offenders breached and returned to custody increased by 1 or 9%.
 - Contributing to a reduction in under 12 month custodial admissions, overall, by provision of Community Orders which have the confidence of the courts.
Result: Achieved, number of custodial sentences under 12 months fell by 7 or 3%.
 - Contributing to a reduction in custodial sentences for women by provision of Community Orders which have the confidence of the courts.
Result: Achieved, number of custodial sentences under 12 months for women fell by 3 or 21%.
- Develop and maintain a high level of stakeholder satisfaction with our services.
Result: Achieved, offender satisfaction increased to 82%, sentencer satisfaction 100% overall.
- Increase staff motivation and morale year on year.
Result: Not achieved, morale decreased to 72%, motivation fell marginally to 84%.
- Achieve spending reductions and balanced budgets, and seek to increase external income.
Result: Achieved, budget balanced and external income from Community Payback increased.
- Achieve a minimum of 3 or green status on the Probation Trust Rating System (PTRS) responding to more outcome focused indicators.
Result: Achieved PTRS rated 4 or Green star for the second year running. One of only five Probation Trusts nationally, rated as 4.
- Retain Trust status beyond the first contract.
Result: Trust contracted extended up to at least April 2014

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 2012–13 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 works with Staffordshire West Midlands Probation Trust and other Midlands Trusts to deliver Sex Offender Treatment Programmes.
- 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.
- Warwickshire County Council provides cost effective financial and legal services to the Trust, and also provides the Local Government Pension Scheme for staff.
- The Recovery Partnership, commissioned by Warwickshire Drug and Alcohol Action Team (DAAT) provides a comprehensive Drug and Alcohol service across Warwickshire and Coventry.
- Ubique Partnerships Ltd delivers employment, training and education interventions. This includes specialist services to women, veterans and prolific and priority offenders. Ubique was formed from staff previously employed by the Trust.
- 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. A new development in 2012–2013 is the pilot and evaluation of an emotional wellbeing project giving access to cognitive behavioural therapies.
- Clarent Community Interest Company was established in 2012 with Excalibur and eight other Probation Trusts to provide commissioning and procurement services.

Police and Crime Commissioner (PCC)

During the year the Chief Executive and Chair of the Trust briefed prospective PCC candidates on the role of the probation service. Since his appointment engagement between the Trust and other local criminal justice partners and the new PCC has been very positive. Following submission of a business case the community safety partnership initiatives which include the Integrated Offender Management (IOM) coordinator and the domestic violence information assistant continue to be funded into 2013–2014.

Financial and Organisational Strategy

The Four Year Financial and Organisational Strategy was reviewed and developed into a two year strategy for 2013–15. In 2012–13 efficiency was improved by:

- Further reduction in travel costs through greater use of telephone and video conferencing;
- Closure of the Midlands Probation Training Consortium with functions transferred to Probation Trusts;
- Further savings in estates with reductions in accommodation in Rugby and Nuneaton;
- Changes to offender management roles with greater use of Probation Service Officer (PSO) staff to manage lower risk, tier 2 offenders;
- Improved management of relief staff budgets in Approved Premises;
- Further increase in income generation within Community Payback;

- Implementation of the Joint Warwickshire and Coventry Community Payback Unit with management and other efficiency savings; and
- Successful transfer of Employment, Training and Education services to Ubique Partnerships Ltd.

Communication Strategy

Communication with staff, partners and the public has been effective with a shift to digital communication rather than press and radio. There were:

- 1,800 website hits per month
- 581 Twitter Account followers and 167 tweets during the year
- 5 press articles
- 13 unsolicited accolades
- Regular approved premises community liaison groups
- Stories which illustrate successful practice are actively promoted in the approved premises liaison meetings and annual reports, available on the website
- Local Crime Community Sentences (LCCS) has been re-launched with plans for it to be included in Community Police Support Officer training and community forums

Communications with staff have continued to improve through targeted visits and staff meetings, team briefings and the staff survey. The team briefing has been used to keep staff regularly informed regarding the Transforming Rehabilitation proposals.

Policy and Strategy

During 2012–13 a number of strategies and policies have been reviewed. These include:

- The Warwickshire Probation Trust Strategic Plan 2013–15 and Annual Plan 2013–14
- Staff Learning and Development Plan 2013–14
- Warwickshire Safer and Stronger Board – Reducing Reoffending Strategy 2013–2016
- Communications Strategy 2013–2016

A number of policies have been reviewed, including:

- Trust Standing Orders (OP 24) and Standing Financial Instructions (OP 8) replaced by the new Governance Handbook and Finance Manual
- Code of Conduct for Trust members (OP29)
- Risk Management Policy (OP 27)
- Health and Safety Policy (OP 18)
- Procurement Policy (OP 13)
- Secondment Policy (OP 2)
- Capability Policy (OP 13)
- Policy on Reasonable Adjustments (OP 54)

People

During 2012–13 there continued to be staffing changes linked to the need for financial savings. Overall the number of full-time equivalent staff fell from 129 on 1 April 2012 to 125 at 1 April 2013. This excludes secondments. The cumulative reduction since 2009 has been 19%. These reductions have been achieved with no compulsory redundancies.

The results of the Annual Staff Survey showed a fall in morale from 81% to 72%. Staff motivation fell marginally from 85% to 84%. Overall satisfaction with Warwickshire Probation as an organisation to work for also fell from 82% 2011 to 71%. This is in the context of consultation regarding the structure of probation and staffing pressures. An action plan has been developed to respond to issues which has been incorporated into the Annual Plan 2013–14.

A new staff appraisal system has been developed and the revised Harassment and Bullying and Absence Management policies have been fully implemented. This has included mediation training

During the year 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:

- VQ3 for Probation Service Officer (PSO) staff and Core Module Training for new PSOs
- Probation Officer training with 2 trainees graduating in 2012
- Mediation Training
- Skills for Effective Engagement, Development and Supervision (SEEDS) phase one training (promoting professional judgement)
- Multi Agency Public Protection Arrangements (MAPPA) risk management training
- Mental health and learning disabilities
- Safeguarding vulnerable adults
- N-Delius new national case management system
- OASys-R training

In November 2012 Warwickshire Probation Trust was formally recognised as an Investor in People.

Partnership and Resources

Resources

There has been a continued focus on budget reductions and improvements in efficiency and effectiveness throughout the year. The efficiencies identified in the Financial and Organisational Strategy have been implemented leading to a balanced budget outturn. The budget in 2012–13 was 1% less than the previous year. Examples of efficiency projects are listed on pages 7 and 8.

During the year there was considerable preparation and training required for the introduction of two national computer systems, N-Delius the new case management system and OASys-R the replacement risk assessment tool.

Commissioning

A number of new specifications were introduced in 2012, including the new Bail Information Service delivered to courts in collaboration with Staffordshire West Midlands Trust. There was also considerable preparation for the introduction of the new Community Payback Specification in 2013, including quick starts and intensive delivery.

Warwickshire worked with Staffordshire West Midlands to commission accredited programmes for substance misuse, with Swanswell Trust the successful contractors.

Partnerships

A range of strategic partnerships are described on page 7. Significant developments in 2012–13 included the launch of the partnership with Ubique Partnerships Ltd and the new Joint Community Payback Unit covering Coventry and Warwickshire.

Health Service arrangements were substantially reorganised in April 2013, with shadow arrangements established in 2012–13. Senior managers have attended meetings of the Health and Wellbeing Board, and contributed to strategic needs assessments.

Processes

During 2012–13 a number of processes have been subject to review. These include:

- Bail Information Specification
- Enforcement and other processes linked to the introduction of N-Delius
- Case administration with a particular focus on how offenders and others communicate with offender managers and the use of electronic diaries to make offender appointments.

- Development of a tracker system to monitor timeliness of OASys reviews in the context of increased professional judgement
- New MAPPA shared risk management plans
- New digital sharing of court paperwork between agencies particularly previous convictions
- Improved quality assurance processes building on peer assessment

Equality and Diversity

Equality and Diversity Policy

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 favourable.

Equality Act 2010

All Trust members, managers and staff received Equality Act Training in 2010–11. This was followed up with mental health and learning disability training in 2012–2013. The Trust developed a number of equality objectives for the 2013–14 Annual Plan. These largely relate to the further development of monitoring and reporting of staff and offenders and the use of that information to develop objectives for the future. There are specific objectives relating to women offenders and offenders with learning disabilities and difficulties.

Equality Report 2011–12

The Warwickshire Probation Trust Equality Report 2011–12 was published in January 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 will be reviewing our approach to job advertisement.

Staff Engagement

All staff have diversity objectives included in their appraisals and personal performance development plans which have been amended for 2013–2014. There is a staff Diversity and Equality Group. There are 3 staff support groups, representing Black, Asian and Minority Ethnic Staff (BAME), Lesbian, Gay, Bisexual and Transgender Group (LAGIP) and a group for staff with disabilities, although not all have met during the year.

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 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."

Some examples of work which impressed the inspectorate are listed below. All names have been changed.

Joe was sentenced to a 36 month community order for possessing indecent images of children. At the start of the Order he did not have any insight into his offending. Structured work began immediately after sentence with the aim of preparing him for the internet sex offender programme. This included identifying his strengths and life experiences, doing life line and motivational work and focused offence analysis. The sex offender group then began approximately four months after sentence when Joe had already started to make some progress with understanding his offending. Feedback from programme tutors had been consistently positive as Joe engaged with each session well. Tutors commented that Joe had been very encouraging and supportive of other group members. During the group Joe also offered more insight into his own offending and the reasons behind it. His offender manager had continued to see Joe regularly whilst he was on the group so that he could review and reinforce good progress. Joe had not reoffended and had attended every appointment offered.

Greg was sentenced to 30 months custody for an offence of wounding. On release from custody Greg was keen to increase his employment opportunities. He completed an Initial Skills Checker which identified deficits in his literacy/numeracy skills. Greg and his offender manager agreed that improving his literacy/numeracy skills could increase his employment prospects. Greg's sentence plan reflected these objectives and he was referred to the Employment, Training and Education (ETE) officer. Through working with ETE Greg identified that he would like to attend a welding course and that to do this he would need to attain a Level 2 literacy qualification. The offender manager worked closely with the ETE officer to support Greg to achieve this qualification. They identified relevant courses and Greg engaged fully. He successfully obtained a Construction Skills Certification Scheme card and he achieved a Level 2 literacy qualification. These qualifications enabled Greg to enrol at college and he subsequently successfully completed the course in welding. Greg had continued to engage with his offender manager, was fully compliant with the requirements of his Licence and had not re-offended.

Case Studies of Community Payback

Case Study 1: Punishment Focus

CD was sentenced to 300 hours Community Payback for the offence of Theft. He attended his Community payback induction immediately after being sentenced and started Community Payback within 48 hours of sentence. He has completed 21 hours (3 days) per week since the start of his order and has completed 300 hours in 15 weeks. CD was involved in a number of projects which included hard physical labour both indoors and outdoors. He has attended on every occasion he was expected to attend without recording any unacceptable or acceptable failures to attend.

Case Study 2: Community Benefit Focus

Community Payback completed a project on behalf of the Environment Agency reinstating overgrown rights of ways and bridleways in and around Lea Marston, North Warwickshire. This was demanding work as the rights of way and bridleways had not been used for over 20 years and were particularly overgrown. In places brambles and nettles had grown over 6ft high and were extremely dense. One bridleway was over 400 metres long and was completely overgrown. The work completed was physically demanding and was completed entirely by hand. Local residents are delighted that they are now able to use local facilities to improve their access to the local countryside. In addition the work has contributed to reducing the risk of flooding of land in the local area.



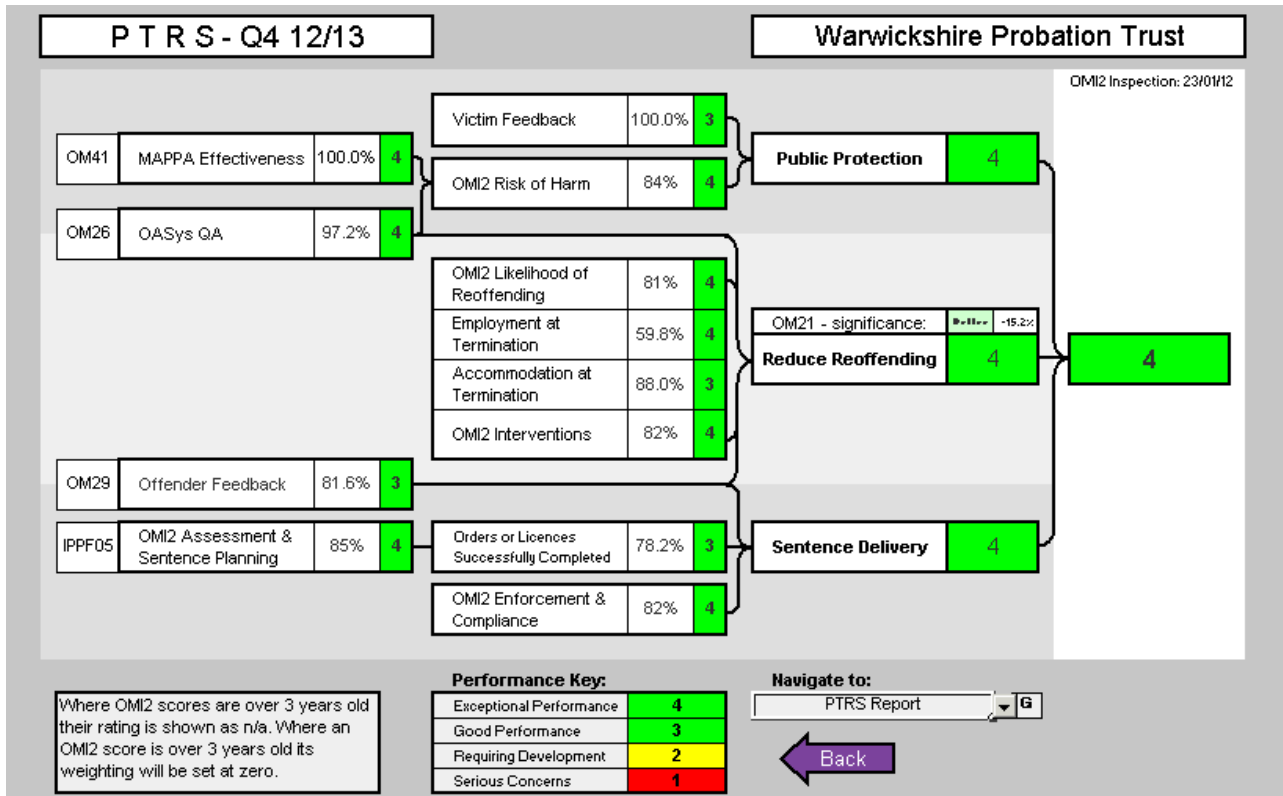
Case Study 3: Rehabilitation Focus.

AB was sentenced to 100 hours Community Payback in August 2012 for the offence of Dangerous Driving. He was allocated to work at a recycling centre in Leamington supervised by the recycling centre manager. AB enjoyed the work and felt “part of the team”. He quickly completed his hours without any unacceptable failures to attend. Following the completion of his order he continued to work at the recycling centre as a volunteer. As a result of this he was offered the opportunity to apply for the vacant assistant manager’s position. He was successful in his application and continues to work at the recycling centre. AB is now involved in the supervision of others completing their Community Payback orders at the recycling centre.

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.

Warwickshire Probation Trust is one of 5 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. The fall in enforcement of breach within 10 days was due to implementation of a new computer system in February 2013. This problem has now been rectified.

Indicator	2008/09	2009/10	2010/11	2011/12	2012/13
Victim contact within 8 weeks of sentence (No. of victims in brackets)	98% (110)	100% (114)	100% (156)	100% (118)	96% (163)
Parole Assessment Report Timeliness	94%	100%	100%	95%	97%
Court reports Timeliness	98%	98%	100%	99%	99%
OMI2 Risk of Harm	66%	-	-	84%	-
OMI2 Assessment and Sentence Planning	67%	-	-	85%	-
OMI2 Enforcement and Compliance	n/a	-	-	82%	-
OMI2 Likelihood of reoffending	-	-	-	81%	-
OASys Quality Audit	-	-	83%	95%	97%
Enforcement within 10 days	96%	98%	98%	97%	91%
Successful completions of orders and licences	72%	73%	78%	80%	78%
Licence recall target – within 24 hours	95%	98%	98%	99%	98%
End to end enforcement	69%	74%	73%	71%	78%

Interventions

In general high levels of performance have been maintained. The fall in volume of Community Payback orders reflects a national trend.

Indicator	2008/09	2009/10	2010/11	2011/12	2012/13
OMI2 Interventions	63%	-	-	82%	-
Offenders in suitable accommodation at end of order or licence	79%	82%	90%	90%	88%
Employment at termination	51%	46%	56%	61%	60%
Sustained employment for 4 weeks plus	137	152	114	108	100
Community Payback completions (completion rate)	450 (58%)	534 (74%)	540 (78%)	451 (81%)	366 (76%)
Community payback stand downs	0.9%	1.5%	1.5%	1.6%	1.9%
Successful completion rate on Programmes (volumes in brackets)					
SOTP (Sex Offender)		0%	81%	100%	90%
	(15)	(15)	(13)	(15)	(19)
IDAP (Domestic Violence)		70%	55%	50%	66%
	(14)	(12)	(17)	(16)	(19)
OBP (General Offending Behaviour)		73%	66%	72%	64%
	(112)	(88)	(91)	(86)	(78)
Total	141	115	121	117	116
Proportion of accredited programme starts meets OGRS criteria	87%	94%	93%	98%	97%
Alcohol Treatment Requirement completion rate and volumes (in brackets)		71%	74%	74%	72%
	(36)	(65)	(57)	(31)	(46)

Indicator	2008/09	2009/10	2010/11	2011/12	2012/13
Drug Rehabilitation Requirement completion rate and volumes (in brackets)	(50)	51% (51)	59% (56)	57% (27)	53% (28)
Hostel occupancy	90%	86%	87%	89%	90%
Hostels: % occupants assessed as high or very high risk on admission	55%	58%	54%	58%	61%

Note: Offender Group Reconviction Score – OGRS

Business Support

The increase in sickness rates in 2012–13 was largely due to an unusual number of people diagnosed with serious illnesses during the year.

Indicator	2008/09	2009/10	2010/11	2011/12	2012/13
Local Minority ethnic staffing	12%	13%	14%	14%	16%
Staff absences (av days pa)	9.2	10.1	9.5	9.0	10.8
Short term	4.3	5.4	3.6	3.3	3.8
Long term	3.9	3.0	5.5	5.1	6.6
Disability Discrimination Act	1.1	1.7	0.3	0.6	0.3
Race/ethnic monitoring data correct codes and on time	97%	94%	96%	98%	90%
Disability recording (offenders)	73%	86%	95%	95%	90%
PNC Recording	89%	94%	93%	100%	98%

Local 3 Month Reconviction Rates

The Warwickshire Reconviction rates continue to be the best in England and Wales.

Rolling 4 quarter reconviction rate	To Dec 2008	To Dec 2009	To Dec 2010	To Dec 2011	To Dec 2012
3 month predicted rate	10.40%	10.59%	10.00%	9.30%	9.49%
3 month actual rate	10.51%	10.24%	8.97%	7.07%	8.05%
% change	+1.1%	-3.2%	-10.3%	-24.0%	-15.2%

Bold: Statistically significant

Stakeholder Feedback

The positive feedback from offenders has continued to increase. The fall in staff morale reflects the uncertainty in the context of national changes.

Indicator	2009/10	2010/11	2011/12	2012/13
Offender Survey – positive overall		76%	79%	82%
Victim feedback – satisfied with service received		100%	100%	100%
Trust staff morale positive	72%	78%	81%	72%
Trust staff motivation positive	84%	84%	85%	84%
Trust staff satisfaction with Warwickshire Probation Trust as an organisation to work for	76%	83%	82%	71%

1.6 Workload and Activity Trends

Caseload at 31 March

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

Caseload	2009	2010	2011	2012	2013
Community Rehabilitation Order	13	10	6	1	0
Community Order (minus Drug Rehabilitation Requirement (DRR) or Unpaid Work (UPW) requirement)	496	346	453	321	288
Community Punishment and Rehabilitation Order	12	4	2	1	0
Community Punishment Order	19	7	1	0	0
Community Order with Unpaid Work Requirement	351 (446)	389 (484)	279 (369)	320 (451)	285 (412)
Community Order with Drug Rehabilitation	63 (80)	48 62	25 (34)	27	52 (61)
Suspended Sentence CJA (Criminal Justice Act 2003)	281	307	299	230	247
Licences including pre-release	739	694	613	673	742
Total Caseload	1974	1967	1778	1661	1647
Total Caseload excluding multiple orders	1835	1867	1692	1586	1617

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

Commencements

The number of new community orders has fallen but the number of Suspended Sentence Supervision Orders and licences has increased.

Commencements	2008/09	2009/10	2010/11	2011/12	2012/13
Community Rehabilitation Order	1	10	1	0	0
Community Order minus UPW and DRR	562	465	533	471	361
Community Punishment and Rehabilitation Order	6	3	0	0	0
Community Punishment Order	44	18	4	0	0
Community Order with Unpaid Work requirement	620 (746)	813 (993)	568 (718)	511 (680)	497 (650)
Community Order with Drug Rehabilitation	108 (132)	89 (111)	56 (80)	39 (46)	66 (79)
Post release licence (initial)	161	241	241	249	319
Suspended Sentence	273	346	307	187	296
Total Commencements	1829	1984	1753	1647	1705

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, and a fall in completion rates.

	2008/09	2009/10	2010/11	2011/12	2012/13
Hours ordered	93066	106,340	86,812	83,155	80,675
Hours worked	63447	76,922	71,294	61,002	56,650
Completion rate (hours)	68%	72%	82%	73%	70%
Completion rate (requirement)	72%	74%	78%	81%	76%

Pre-Sentence Reports and Specific Level Reports Written

The total number of court reports has fallen with an increased percentage of Fast Delivery Reports.

Reports	2008/09	2009/10	2010/11	2011/12	2012/13
Magistrates' Court					
Full PSR	848	570	313	237	198
FDR	466	547	555	406	369
Oral	n/a	n/a	348	387	332
Crown Court					
PSR	316	357	314	301	201
FDR	1	15	34	77	90
Oral	n/a	n/a	2	9	7
Total Reports	1,631	1,489	1,566	1,417	1,197
Percentage FDRs	29%	38%	38%	34%	38%
Percentage Oral			22%	28%	28%

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.

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

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).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 60 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 550,000. The Trust discharges the policies as established by NOMS/MoJ 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 victims of crime and the public;
- the rehabilitation of offenders.

Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on pages 14 to 15.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 33. The Statement of Changes in Taxpayers' Equity is shown on page 36.

Operating costs

The net operating cost before tax for 2012–13 stands at £233,000 compared to £46,000 for 2011–12. The reason for the increase/decrease is due to a lower than expected return on pension fund assets.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 34 and 35.

The net liability position has increased from £9,366,000 at March 2012 to £11,285,000 at March 2013. The largest single movement in net liabilities is £1,996,000 due to an increase in the pension fund liability.

Payment of creditors

In the year to 31 March 2013, the Trust paid 1,181 trade invoices with a value of £2,084,739. The percentage of undisputed invoices paid within 30 days by the Trust was 95.6% compared to 92.7% in 2011–12.

Treatment of Pension Liabilities

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

Sickness absence data

The average levels of absence due to staff sickness were 10.8 days across the Trust (2011–12 9 days).

Personal data related incidents

There were no significant personal data related incidents in 2012–13.

Events after the reporting period

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

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

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

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

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 62 to 66.

Future developments

The Trust's Strategic Plan 2013–15 and Annual Plan 2013–14 is available on the Trust's website www.warwickshireprobation.org.uk

Communications and employee involvement

These are outlined on pages 8 and 9.

Staff diversity

These are outlined on page 10.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a Department of Communities and Local Government decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 31.

Total audit fees reported in the Accounts are £52,000. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 are made up of:

- £18,630 (£19,370 relates to payments made to previous auditors – for external audit) and
- £14,000 – for internal audit.

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

- so far as I am aware, there is no relevant audit information of which the entity's auditors are unaware and
- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. "Relevant audit information" means information needed by the entity's auditor in connection with preparing the audit report.

The Warwickshire Probation Trust Management Board

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

- A Board of 7 members including the Chair and the Chief Executive
- Two non-voting magistrate advisory members
- The Trust Treasurer and Secretary or their representatives provide financial and legal advice
- The Trust Board meets in public 6 times a year
- 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.
- Trust members and advisers are allocated governance responsibilities across all parts of the service and for the reducing reoffending pathways.

Please see the Governance Statement on page 25 to 30.

The Chair and other members of the Board were all appointed by the Secretary of State. Please see appointment dates below.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 22 to 23.

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

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive	Liz Stafford	1 April 2001
Chair	Robin Verso	1 April 2004
Judicial Advisor	Judge Richard Griffith-Jones	7 March 2011
Board Member	Charles Goody	1 April 2007
Board Member	John Holland	1 March 2008
Board Member	Roger Hughes	1 March 2008
Board Member	Mona Whitbread	1 March 2008 – 31 March 2013
Board Member	Brian Sherlock	3 December 2012
Board Advisor	Ian Rufus	1 March 2008
Board Advisor	Susan Robertson	1 March 2007

Officers of Warwickshire Probation Trust

Mr John Betts, Treasurer, represented by Mr Andrew Lovegrove

Mr Jim Graham, Secretary, with legal advice from Ms Alison Hallworth

Members of the Warwickshire Probation Trust can be contacted through the Administrative Officer to the Trust, Mrs Cathy l'Anson at the Warwickshire Justice Centre, Newbold Terrace, Leamington Spa, CV32 4EL.

Telephone 01926 682281 E-mail cathy.i'anson@warwickshire.probation.gsi.gov.uk

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.

Liz Stafford
Accounting Officer
18 June 2013

Remuneration Report

Appointments

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

	2012/13			2011/12		
	Salary (as defined below)	Bonus	Benefits in kind (rounded to the nearest £100)	Salary (as defined below)	Bonus	Benefits in kind (rounded to the nearest £100)
	£000s	£000s	£	£000s	£000s	£
L Stafford – Chief Exec	70–75	0	0	65–70	0	0
R Verso – Chair	15–20	0	0	15–20	0	0
C Goody	0–5	0	0	0–5	0	0
R Griffith-Jones	0	0	0	0	0	0
J Holland	0–5	0	0	0–5	0	0
R Hughes	0–5	0	0	0–5	0	0
S Robertson	0–5	0	0	0–5	0	0
I Rufus	0–5	0	0	0–5	0	0
B Sherlock	0–5	0	0	0–5	0	0
M Whitbread	0–5	0	0	0–5	0	0

All MoJ 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. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2012–13	2011–12
Highest paid Director (pay band)	£70,000 – £75,000	£65,000 – £70,000
Median for other staff	£34,677	£32,054
Pay multiple ratio	2.1:1	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 ratio between the total remuneration of the highest paid Director and the median for other staff.

Salary

'Salary' includes the gross salary; overtime; etc and other allowances to the extent that they are subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefits received are in respect of costs for

accommodation, travel and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
L Stafford – Chief Exec	122	89	792	733	(59)

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 Local Government Pension arrangements and for which the Local Government Pension Scheme 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
Accounting Officer
18 June 2013

Statement of Accounting Officer's Responsibilities

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

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

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

Governance Statement

Introduction

It is fundamental to my Chief Executive and Accounting 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.

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 to provide financial and legal advice. The Trust Board meets in public 6 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 86% over the year with attendance by Audit Committee members at Audit Committee averaging 75%. During the year one new Trust member was appointed.

Attendance at Trust Board and Audit Committee meetings

Trust member	Trust Board Meetings (7 meetings)	Audit Committee Meetings (4 meetings)
Robin Verso (Chair)	100%	n/a
Liz Stafford (Chief Executive)	100%	n/a
Roger Hughes	100%	25%
John Holland	100%	100%
Charles Goody	71%	100%
Mona Whitbread*	57%	n/a
Brian Sherlock**	50%	n/a
Overall attendance	86%	75%

* Resigned 31 March 2013

** Appointed 3 December 2012

The Trust Standing Orders (OP24) and Standing Financial Instructions (OP8), both based on a national template detailed the conduct of the Probation Trust Board and staff in relation to all financial matters, up to November 2012. During the year these were reviewed nationally and the Trust formally adopted the new Governance Handbook (OP24), which includes Standing Orders and a new Finance Policy Manual (OP8) at its meeting on 21 November 2012.

The Trust budget is set annually and is based on the cash allocation of £6,505,043, set by the Ministry of Justice. The Ministry of Justice, through the National Offender Management Service 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 20 March 2013.

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 results. It held a governance seminar in May 2012 and reviewed the structure of formal and informal meetings. It reviewed the allocation of Board member responsibilities, identifying gaps and also reviewed external stakeholder engagement. In conducting this review the Trust Board referred to the Good Governance Standard for Public Services. One board member retired in 2012–2013 and in order to strengthen the Board, two new Board members were recruited. In March 2013, the Board reallocated responsibilities of its members and advisors and agreed amended terms of reference for each responsibility. 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 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. The results of the monitoring data has been confirmed by the HMIP Inspection. Financial projections are regularly made during the year and the final out turn is within the expected ranges.

Other issues, in addition to finance and performance, where the Trust has had a significant governance input during the year include:

- Assurances process regarding delivery of NOMS specifications
- Stakeholder feedback including sentencers, offenders and staff survey results
- Unit costs and Preview (Preview is a national unit cost system)
- Consultation regarding Transforming Rehabilitation proposals
- Due diligence regarding the establishment of a commissioning community interest company (Clarent CIC) with other Probation Trusts
- Reviewing policies in a timely manner

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 new external audit arrangements from April 2012;
- Timeliness of the Annual Report and Accounts;
- Consideration of the individual 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 2012–2013 provides the Accounting 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 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 a 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 auditors opinion following the Financial Controls Framework Audit was rated Green, concluding that there was a sound system of risk management and controls. There were 2 moderate (level 3) findings relating to the value of the imprest account and receipting processes in approved premises.

In addition to the financial control framework, the following audits were carried out during 2012–2013. The opinion given by the auditors is indicated by a RAG rating.

- OASys standards – Green, one level 3 recommendation relating to the role of administrative staff in maintaining a tracker tool.
- Health and Safety – Amber/Green, 1 level 2 and 1 level 3 recommendation relating to the annual health and safety report and annual risk assessments.
- Specification Assurances – Green, 2 level 3 recommendations relating to recording of review processes and analysis of lessons learned.
- Follow up report of 2011–2012 recommendations – Green with no further actions required.
- Programme Completion and compliance – Green with one level 3 recommendation relating to identification of qualifying offenders.

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 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 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.
- 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 WPT Information Security Forum and Members of the Executive Team. The procedures outlined in Probation Instruction 10/2012 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 2012–2013. 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

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%.

Continuous Improvement and Value for Money

During 2012–2013 the Trust improved performance at lower cost. There were a number of initiatives to improve quality and value for money:

- There has been a justice centre cross agency efficiency programme. This includes digital transfer of information across agencies. The co-location of staff has had a significant impact on the quality of communication between agencies and is highlighted in the HMIP report.
- The Trust has participated in the national preview unit cost exercise. The unit cost for community orders and suspended sentence orders is below the national average.
- A joint Warwickshire and Coventry community payback unit was launched in April 2013, leading to savings in management costs
- The Trust has carried out a comprehensive review of case administration in offender management. A number of recommendations were implemented in 2012–2013
- In October 2012, Warwickshire Probation Trust achieved an EFQM Recognised for Excellence 4 star award by the British Quality Foundation.
- The Midlands Regional Probation Training Consortium closed on 31 March 2013, with transfer of training functions to nominated Trusts, with substantial savings.
- The Trust has continued to make back office savings on estates, IT and travel costs
- The substance misuse accredited programmes were re-commissioned in partnership with Staffordshire West Midlands Probation Trust with savings.

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 second 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 2013 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 four longer term strategic risks in August 2012 linked to financial viability of the Trust, capability to respond to a payment by results, risks associated with the Effective Probation Services proposals and risks that the IT environment limited innovation.
- With the publication of the Transforming Rehabilitation, the strategic risks were further developed in February 2013 to focus on the risks associated with delivering probation services by the retained public sector probation and the contracted services as proposed. There was a shift to focussing on the risks to delivery of offender services rather than risks to the Trust.

In December 2011 risk management was the subject of an internal audit. Overall the rating was Green, there was a sound system of risk management and control likely to achieve system objectives.

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, 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
Accounting Officer

18 June 2013

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

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

Opinion on regularity

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

Opinion on financial statements

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

Emphasis of Matter – Material uncertainty in respect of going concern

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

4. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Administration costs			
Staff costs	3(a)	4,997	5,450
Other administration costs	6(a)	2,237	1,898
Income	7(a)	(7,265)	(7,420)
Net administration costs		(31)	(72)
Programme costs			
Staff costs	3(a)	0	0
Other programme costs	6(b)	0	0
Income	7(b)	0	0
Net programme costs		0	0
Net operating costs			
		(31)	(72)
Expected return on pension assets	4(d)	(1,197)	(1,413)
Interest on pension scheme liabilities	4(d)	1,461	1,531
Net operating costs before taxation		233	46
Taxation	5	35	35
Net operating costs after taxation		268	81

Other Comprehensive Expenditure

	Notes	2012–13 £000	2011–12 £000
Net (gain)/loss on revaluation of property, plant and equipment	8	(6)	5
Net (gain)/loss on revaluation of intangibles	9	0	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Pension actuarial (gain)/loss	23	1,657	2,044
Total comprehensive expenditure for the year ended 31 March 2013		1,919	2,130

The notes on pages 37 to 59 form part of these accounts.

All activities derived from continuing operations.

Statement of Financial Position

As at 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Non-current assets			
Property plant and equipment	8	120	123
Intangible assets	9	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		120	123
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	1,017	614
Cash and cash equivalents	13	50	67
Total current assets		1,067	681
Total assets		1,187	804
Current liabilities			
Trade and other payables	14(a)	(658)	(353)
Provisions	15	(30)	(133)
Taxation payables	14(a)	(388)	(284)
Total current liabilities		(1,076)	(770)
Non-current assets plus/less net current assets/(liabilities)		111	34
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(11,396)	(9,400)
Total non-current liabilities		(11,396)	(9,400)
Assets less liabilities		(11,285)	(9,366)
Taxpayers' equity			
General fund	23	(11,298)	(9,373)
Revaluation reserve – property, plant and equipment	24(a)	13	7
Revaluation reserve – intangible assets	24(b)	0	0
		(11,285)	(9,366)

The financial statements on pages 33 to 36 were approved by the Board on 18 June 2013 and were signed on its behalf by

Liz Stafford
Accounting Officer

18 June 2013

The notes on pages 37 to 59 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(268)	(81)
Adjustments for non-cash transactions	6(a)	(61)	(84)
Adjustments for pension cost	4(d)	339	100
(Increase)/decrease in receivables	12(a)	(403)	359
Increase/(decrease) in payables	14(a)	409	(520)
Utilisation of provisions	15	(12)	39
Less movements in property, plant and equipment payable	14(a)	0	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	2
Net cash outflow from operating activities		4	(185)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(21)	(27)
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	0	9
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		(21)	(18)
Cash flows from financing activities			
Net financing received in year	23	0	0
Payments of amounts due to the Consolidated Fund to NOMS		0	(2)
Net financing		0	(2)
Net increase/(decrease) in cash and cash equivalents in the period			
		(17)	(205)
Cash and cash equivalents at the beginning of the period	13	67	272
Cash and cash equivalents at the end of the period	13	50	67
Increase/(decrease) in cash		(17)	(205)

The notes on pages 37 to 59 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2011		(7,242)	0	(7,242)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2011		(7,242)	0	(7,242)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(81)		(81)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		7	7
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	(6)	0	(6)
Pension actuarial (loss)/gain	23	(2,044)	0	(2,044)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2012		(9,373)	7	(9,366)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(268)		(268)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		6	6
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Pension actuarial (loss)/gain	23	(1,657)	0	(1,657)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(11,298)	13	(11,285)

The notes on pages 37 to 59 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2012–13 Government Financial Reporting Manual (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, except for the following:

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

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

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been an increase in the income statement of £189,000.

1.1 Accounting convention

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

1.2 Changes in accounting policies and restatement of comparatives

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

1.3 Going concern

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

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

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be

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

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

1.4 Property, plant and equipment

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

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

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

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

1.6 Impairment

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

1.7 Inventories

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

1.8 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.

1.9 Administration and programme expenditure

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

1.10 Pensions

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

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

1.11 Provisions

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

1.12 Value Added Tax

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

1.13 Corporation Tax

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

1.14 Cash and Cash Equivalents

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

1.15 Financial instruments

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

1.16 Segmental analysis of spend as reported to the Management Board

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

1.17 Third party assets

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

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

Operational Unit	2012–13	2011–12
	Net Expenditure	Net Expenditure
Offender Management	£3,187,000	£3,160,000
Interventions	£898,000	£903,000
Corporate Management	£330,000	£166,000
Support Services	£692,000	£690,000
Other Services	£351,000	£540,000
Approved Premises	£1,096,000	£1,115,000
Total Net Expenditure	£6,554,000	£6,574,000
Contract Income	(£6,554,000)	(£6,574,000)
Overspend/(Underspend)	£0	£0

Net Assets

Operational Unit	2012–13	2011–12
	Total Assets	Total Assets
Interventions	£100,000	£93,000
Support Services	£20,000	£30,000
Total Net Assets	£120,000	£123,000

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012-13			2011-12
	Total £000	Permanently- employed staff £000	Others £000	Total £000
Wages and salaries	4,255	4,220	35	4,893
Social security costs	322	322	0	361
Other pension costs	750	750	0	698
Sub-total	5,327	5,292	35	5,952
Less recoveries in respect of outward secondments	(330)	(330)	0	(502)
Total staff costs	4,997	4,962	35	5,450
Administration-related staff costs	4,997	4,962	35	5,450
	4,997	4,962	35	5,450

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

0 persons (2011-12: **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:

	2012-13			2011-12
	Total	Permanently- employed staff	Others	Total
	149	148	1	141
	149	148	1	141

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2012–13			2011–12		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	3	3	0	0	0
£10,000–£25,000	0	1	1	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	4	4	0	1	1
Total resource cost £000	0	36	36	0	12	12

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

4. Pensions costs

The benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory, and intended to be fully funded scheme which provides benefits which provide 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 1/60th 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

A full actuarial valuation was carried out at 31 March 2010 by Mercers. For 2012–13, employers' contributions of £611,661 were payable to the LGPS (2011–12 £661,355) at a rate of 16.5%. The Scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme. Hymans Robertson have been the Scheme's Actuary since 1 April 2011.

Since 1 April 2011 early retirement costs have been included within the Actuarial pension valuation and calculated on the same basis as the pension fund assets and liabilities in accordance with IAS19. The pension figures in **Note 4** are based on the current version of IAS19. Changes to IAS19 come into effect for the financial year to 31 March 2014. The changes will be adopted retrospectively for the prior year, in accordance

with IAS8. The effect of the change to IAS19 on the statement of comprehensive income to 31 March 2013 will be an increase of income of £189,000. This will be disclosed in the report covering the year to 31 March 2014. Partnership accounts are excluded under IAS19.

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

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

Mortality Assumptions:

Life expectancy is based on the Self-administered pension schemes (SAPS) year of birth tables with member category specific adjustments. Improvements are based on the Continuous Mortality Investigation (CMI) committee's 2009 model methodology with a 1% p a long term trend. Based on these assumptions the average life expectancies at age 65 are: Current Pensioners – Males 21.9 years; Females 23.6 years. Future Pensioners – Males 22.8 years; Females 25.9 years.

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

	2012-13			2011-12		
	Expected long-term rate of return	Value as a percentage of total scheme assets	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	4.5%	73%	17,540	6.3%	71%	14,984
Government bonds	4.5%	9%	2,163	3.9%	10%	2,005
Other bonds	4.5%	9%	2,162	3.9%	10%	2,005
Property	4.5%	9%	2,162	4.4%	10%	2,111
Other	0.0%	0%	0	0.0%	0%	0
Total	4.5%	100%	24,027	5.7%	100%	21,105

(Present value of scheme liabilities)

(35,423)

(30,505)

Surplus/(deficit) of the scheme

(11,396)

(9,400)

Net pension asset/(liability)

(11,396)

(9,400)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	748	698
Past service cost	0	0
Effect of curtailment	2	0
Effect of settlement	0	0
Total operating charge	750	698

	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(1,197)	(1,413)
Interest on pension scheme liabilities	1,461	1,531
Net interest costs	264	118

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	(1,657)	(2,044)
Irrecoverable surplus (if applicable)	0	0
Total shown in other comprehensive expenditure	(1,657)	(2,044)

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

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	30,505	27,884
Current service cost	748	698
Interest cost	1,461	1,531
Contributions by members	252	267
Actuarial (gains)/losses on liabilities*	3,579	1,173
Benefits paid	(1,056)	(970)
Past service cost	0	0
Unfunded benefits paid	(68)	(78)
Curtailments	2	0
Settlements	0	0
Closing present value of liabilities	35,423	30,505

* Includes changes to actuarial assumptions

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

	2012–13	2011–12
	£000	£000
Opening fair value of assets	21,105	20,628
Expected return on assets	1,197	1,413
Actuarial gains/(losses) on assets	1,922	(871)
Contributions by the employer	675	716
Contributions by members	252	267
Benefits paid	(1,056)	(970)
Net increase from disposals and acquisitions	0	0
Unfunded benefits paid	(68)	(78)
Curtailments	0	0
Settlements	0	0
Closing fair value of assets	24,027	21,105

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

	2012–13	2011–12	2010–11	2009–10	2008–09
	£000	£000	£000	£000	£000
Fair value of assets	24,027	21,105	20,628	18,359	13,539
Present value of liabilities	35,423	30,505	27,884	27,132	19,840
Surplus/(deficit)	(11,396)	(9,400)	(7,256)	(8,773)	(6,301)
Experience gains/(losses) on scheme assets	1,922	(871)	874	3,820	(4,336)
Experience gains/(losses) on scheme liabilities	139	(568)	517	(5,922)	4,638
Percentage experience gains/(losses) on scheme assets	8%	(4%)	4%	21%	(32%)
Percentage experience gains/(losses) on scheme liabilities	0%	(2%)	2%	(22%)	23%

4i. Sensitivity analysis

Changes in assumptions at 31 March 2013	Approx %age increase to Employer Liability	Approx monetary amount
	%	£000
0.5% increase in Real Discount Rate	10%	3,456
1 year increase in member life expectancy	3%	1,063
0.5% increase in the salary increase rate	3%	1,119
0.5% increase in the pension increase rate	6%	2,275

5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	35	35
	0	0
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. Probation Trusts are therefore subject to corporation tax on their profits and 'profit' for this purpose means income and chargeable gains.

6. Other administrative costs and programme costs

6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	0		0	
Interest charges	0		0	
Accommodation, maintenance and utilities	640		636	
Travel, subsistence and hospitality	129		157	
Professional services	75		80	
IT services	224		214	
Communications, office supplies and services	82		77	
Other staff related	78		82	
Offender costs	42		91	
Other expenditure	976		599	
External Auditors' remuneration – statutory accounts	38		30	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration and expenses	14		16	
		2,298		1,982
Non-cash items				
Depreciation of tangible non-cash assets	30		32	
Amortisation of intangible non-cash assets	0		0	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	0		0	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	(91)		(116)	
Early retirement provisions not required	0		0	
		(61)		(84)
Total		2,237		1,898

6b. Programme costs

Current expenditure	0	0
Total	0	0
Total other administration and programme costs	0	0

7. Income

7a. Administration income

Income receivable from the sponsoring department – NOMS
 Rent receivable from minor occupiers of Probation estate property:

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 administration income

	2012-13		2011-12	
	£000	£000	£000	£000
	6,524		6,562	
		6,524		6,562
		0		0
		0		0
		0		0
		338		227
		77		79
		0		0
		216		151
		110		401
		7,265		7,420
	0		0	
	0		0	
	0		0	
		0		0
		7,265		7,420

7b. Programme income

EU income from NOMS
 EU income from other Government departments
 Other EU income
 Other programme income

Total programme income

Total income

	0		0	
	0		0	
	0		0	
	0		0	
		0		0
		7,265		7,420

8. Property, plant and equipment

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	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

8. (Continued)

	2011-12					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	0	90	157	0	0	247
Additions	0	0	27	0	0	27
Disposals	0	0	(24)	0	0	(24)
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	0	0	0	1
As at 31 March 2012	0	91	160	0	0	251
Depreciation						
As at 1 April 2011	0	31	80	0	0	111
Charge in year	0	14	18	0	0	32
Disposals	0	0	(15)	0	0	(15)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
As at 31 March 2012	0	45	83	0	0	128
Carrying value as at 31 March 2012	0	46	77	0	0	123
Carrying value as at 31 March 2011	0	59	77	0	0	136
Asset financing						
Owned	0	46	77	0	0	123
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	0	46	77	0	0	123

9. Intangible assets

The Trust has no intangible assets (2011–12 – nil).

10. Impairments

The Trust has no impairments to disclose (2011–12 – nil).

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13 £000	2011–12 £000
Amounts falling due within one year		
Trade receivables	0	9
VAT	0	0
Deposits and advances	0	0
Receivables due from Probation Trusts	119	80
Receivables due from NOMS agency	829	388
Receivables due from Ministry of Justice – core	0	0
Receivables due from Ministry of Justice – NDPBs	0	0
Receivables due from HM Courts & Tribunals Service (HMCTS)	0	0
Receivables due from Office of the Public Guardian (OPG)	0	0
Receivables due from all other Government departments	9	14
Other receivables	2	46
Prepayments	46	71
Accrued income	12	6
	1,017	614
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	1,017	614

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	975	468	0	0
Balances with local authorities	6	14	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	981	482	0	0
Balances with bodies external to Government	36	132		0
Total	1,017	614	0	0

13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	67	272
Net change in cash and cash equivalents	(17)	(205)
Balance at 31 March	50	67
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	50	67
Balance at 31 March	50	67

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	65	34
Other payables	65	4
Accruals	104	73
Deferred income	96	17
Staff payables	42	85
Bank overdraft	0	0
Payables due to Probation Trusts	103	26
Payables due to NOMS Agency	72	0
Payables due to Ministry of Justice – core	0	0
Payables due to Ministry of Justice – NDPBs	0	0
Payables due to HM Courts & Tribunals Service (HMCTS)	0	0
Payables due to Office of the Public Guardian (OPG)	0	0
Payables due to all other Government departments	34	17
Unpaid pensions contributions due to the pensions scheme	77	97
Long-term liabilities due within one year	0	0
Operating income to be surrendered (interest received)	0	0
Non-current asset accruals	0	0
	658	353
Tax falling due within one year		
VAT	243	133
Corporation tax	35	35
Other taxation and social security	110	116
	388	284
Total amounts falling due within one year	1,046	637
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	1,046	637

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	718	310	0	0
Balances with local authorities	57	17	0	0
Balances with NHS bodies	21	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	796	327	0	0
Balances with bodies external to Government	250	310	0	0
Total	1,046	637	0	0

15. Provisions for liabilities and charges

	2012–13	2011–12
	£000	£000
Balance at 1 April	133	210
Provided in year	54	54
Provisions not required written back	(145)	(170)
Provision utilised in the year	(12)	39
Unwinding of discount	0	0
Balance as at 31 March	30	133

	2012–13	2011–12
	£000	£000
Analysis of expected timing of discount flows		
Not later than one year	30	133
Current liability	30	133
Later than one year and not later than five years	0	0
Later than five years	0	0
Non-current liability	0	0
Balance as at 31 March	30	133

The Provision disclosed is a short term provision and relates to a confidential HR issue.

16. Capital commitments

The Trust has no capital commitments (2011–12 – nil).

17. Commitments under lease

17a. Operating leases

The Trust has no operating leases (2011–12 – nil).

17b. Finance leases

The Trust has no finance leases (2011–12 – nil).

18. Other financial commitments

The Trust has no other financial commitments (2011–12 – nil).

19. Deferred tax asset

The Trust has no deferred tax assets (2011–12 – nil).

20. Financial instruments

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

21. Contingent liabilities

The Trust has no contingent liabilities (2011–12 – nil).

22. Losses and special payments

22a. Losses statement

The Trust has no losses to disclose (2011–12 – nil).

22b. Special payments schedule

The Trust has no special payments to disclose (2011–12 – nil).

23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(9,373)	(7,242)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(9,373)	(7,242)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(268)	(81)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	(6)
Actuarial gains and losses	(1,657)	(2,044)
Balance at 31 March	(11,298)	(9,373)

24. Revaluation reserve

24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	7	0
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	7	0
Arising on revaluations of PPE during the year (net)	6	1
Transferred to General Fund	0	6
Balance at 31 March	13	7

24b. Intangibles

	2012–13	2011–12
	£000	£000
Balance at 1 April	0	0
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	0	0
Arising on revaluations of intangibles during the year (net)	0	0
Transferred to General Fund	0	0
Balance at 31 March	0	0

The Trust has no revaluation reserve relating to intangible assets.

25. Related party transactions

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

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

26. Third-party assets

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 banks deposits with the Bank of Scotland. 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 2012
	£000	£000	£000	£000
Bank Deposit	72	0	0	72
	0	0	0	0
	0	0	0	0
	72	0	0	72

27. Events occurring after the reporting period

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

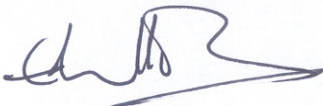
As at the date of the Audit Certificate, the following reportable events had occurred:

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

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

5. 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 5 buildings.

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

- be a low carbon business in which carbon management and sustainability are embedded within decision making,
- 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
Non-financial indicators (tCO ₂ e)	Total gross emissions for scopes 1 & 2	261.8	239.5	219.4	223.3
	Electricity: green/renewable	37.1	32.0	33.2	34.1
	Total net emissions for scopes 1 & 2	224.7	207.5	186.2	189.2
	Travel emissions scope 3	91.1	74.6	58.0	42.4
	Total gross GHG emissions (all scopes)	352.9	314.1	277.4	265.7
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	213,930	184,265	191,255	196,851
	Electricity: renewable	71,310	61,422	63,752	65,617
	Gas	555,718	548,239	415,443	406,551
	Other energy sources	0	0	0	0
	Total energy	840,958	793,926	670,449	669,019
Financial indicators	Expenditure on energy	£46,637	£32,171	£58,730	£58,926
	Expenditure on official business travel	£190,185	£187,177	£157,210	£114,509

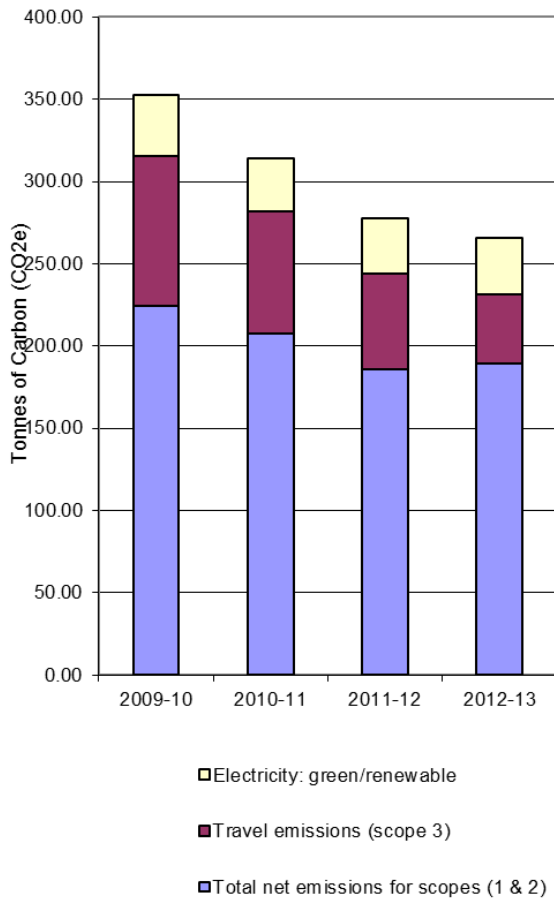
Note:

Scope 1 relates to direct greenhouse gas emissions (boilers, vehicles etc)

Scope 2 relates to energy indirect emissions (energy consumption)

Scope 3 relates to other indirect greenhouse gas emissions such as staff travel

GHG Emissions by scope



Performance commentary

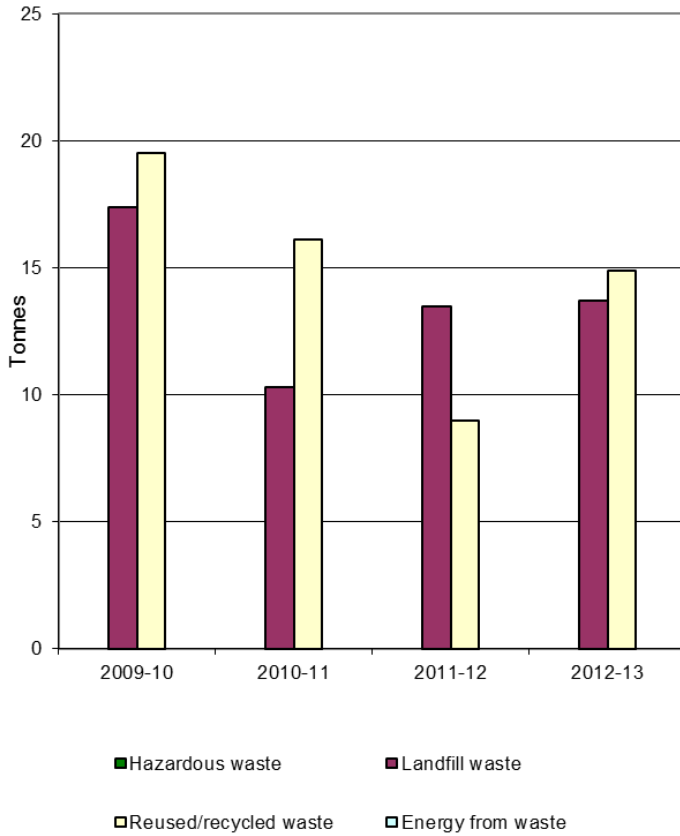
Buildings occupied by Warwickshire Probation Trust are; Warwickshire Justice Centre, Nuneaton; Warwickshire Justice Centre, Leamington Spa; Rugby Court Centre, Rugby; McIntyre House Approved Premises, Nuneaton; Augustus House Approved Premises, Leamington Spa. There has been a steady reduction in total GHS emissions, largely related to the move into new accommodation in 2010. In 2012-13 a new travel policy with greater use of videoconferencing reduced travel costs.

Waste

Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste
	Non-hazardous waste	Landfill waste
		Reused/recycled waste
		Energy from waste
	Total waste arising	

	2009-10	2010-11	2011-12	2012-13
	17	10	14	14
	20	16	9	15
	37	26	23	29

Waste by final disposal



Performance commentary

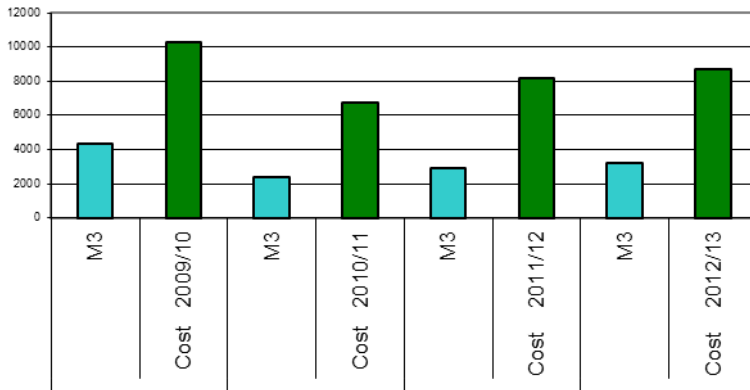
It is anticipated that there will be a step change in recycled waste following the introduction of recycling in the Justice Centres in 2013.

Water

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

	2009-10	2010-11	2011-12	2012-13
Total water consumption (cubic metres)	4,310	2,397	2,905	3,204
Total water supply costs (£)	10,244	6,774	8,209	8,711

Water. Total consumption and costs.



Performance commentary

The reasons for the changes in water consumption are not fully understood.

Paper

Cost (excluding VAT)

	2009-10	2010-11	2011-12	2012-13
Cost (excluding VAT)	£4,518	£4,510	£4,725	£4,319

Performance commentary

It is anticipated that once the CJS digital efficiency project is fully implemented there will be a further reduction in paper costs.



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