

**Lincolnshire
Probation Trust**



Reducing crime by changing lives

Lincolnshire Probation Trust

Annual Report and Accounts 2013–2014

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2013–2014

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Contents

Vision, Mission & Values	2
Foreword	3
1. Operational & Performance Review 2013–14	4
2. Management Commentary	8
3. Remuneration Report	13
4. Statement of Accountable Officer’s Responsibilities	16
5. Governance Statement	17
6. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	23
7. Accounts	25
8. Sustainability Report	62

Vision, Mission & Values

Our:

Vision

We will work collaboratively with providers and partners to make Lincolnshire safer, prevent further victims and cut crime.

Mission

To reduce reoffending and improve desistance from crime in Lincolnshire.

Values

In delivering offender management services, we will:

- Be objective and take full account of public protection when assessing risk;
- Be open, honest and transparent;
- Incorporate equality and diversity in all we do;
- Value, empower and support staff, and work collaboratively with others;
- Treat offenders with decency and respect;
- Embrace change, innovation and local empowerment; and
- Use our resources in the most effective way, focusing on outcomes and delivering value for money for the taxpayer.

Foreword

This has been a year of significant change for Lincolnshire Probation Trust, as it implements the changes necessary for the 'Transformation Rehabilitation' agenda, due to operational closure in June 2014. While front line work with offenders and victims has remained our focus and priority, we have inevitably had to divert resources to manage the required changes.

What is particularly pleasing is that despite delivering the necessary changes within the time scales set, staff have continued to deliver excellent services locally. Evidenced by us meeting all our contractual targets, and the Probation Trust Rating System (PTRS) showing the Trust as achieving 'Green' status throughout all the measures. This has been complemented by the Trusts Audit results which have found no significant issues.

Our work with our partners has continued to evidence the value of partnership working in Lincolnshire, and together we have reduced the proven reoffending rate from 34.9% to 32.6% (a drop of nearly 7% from previous rate). Clearly this is encouraging, and demonstrates the value of Probation Services to local communities.

Martin Davies
Chief Executive Officer
18 June 2014

Chris Cook
Chair
18 June 2014

1. Operational & Performance Review 2013–14

Performance Achievements by Lincolnshire Probation Trust in 2013–14

This part of the report sets out the area's performance in respect of Performance Targets and Performance Measures set by NOMS commissioners during the commissioning round negotiations for 2013–14.

Metric Number	Description	Trust Target for 2012–13	Lincolnshire Probation Trust Performance for 2012–13
OM020	x% of orders of the Court and Releases from Custody on Licence are successfully completed	75%	77.3% Target Achieved
OM040	x% of Pre-Sentence Reports (PSRs) are completed within timescales set by the court (inc Remands In Custody)	95%	98.8% Target Achieved
OM005	x% of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	94.7% Target Achieved
OM004	x% of licence recall requests to reach NOMS Post Release Section within 24 hrs of the decision of the Offender Manager	92%	98.4% Target Achieved
OM041	To achieve a rating of level 3 or better for creating appropriate records on ViSOR (OM046) and attendance at both SMB (Strategic Management Board) (OM041A) meetings and MAPPA (Multi Agency Public Protection Arrangements) meetings for Level 2 and 3 cases (OM041B)	90% 75% 90%	100% 100% 99.1% All Targets Achieved
OM029	x% of offenders surveyed who have engaged positively with the offender management process	70%	79.96% Target Achieved
OM039	At least x% of OASys final reviews (terminations) are completed or updated within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 offenders and Prolific and Priority Offenders	90%	89.4% Target Not Achieved
OM026	x% of OASys assessments are assessed as either "Satisfactory" or "Good" on the OASys Quality Assurance	90%	90% Target Achieved
OM027	x% of Indeterminate Sentence Prisoner (IPP and Lifer) assessment reports are completed by target deadline of date set	80%	95.7% Target Achieved
INT008	The number of offenders on an order or licence who find and sustain employment to be at least X	130	119 Target Not Achieved
INT009	Percentage of offenders in employment at termination of their order or licence to be at least x%	48%	52.1% Target Achieved
OM017	Percentage of offenders in settled and suitable accommodation at the end of their order or licence to be at least x%	83%	87.4% Target Achieved
INT003	The number of Accredited Offending Behaviour Programme completions (excluding Sex Offender programmes and Domestic Violence programmes) to be at least x	95	95 Target Achieved
INT001	The number of Sex Offender Programme completions to be at least x	10	25 Target Achieved
INT002	The number of Domestic Violence Programme completions to be at least x	60	60 Target Achieved
INT005	The number of Community Payback completions to be at least x	450	456 Target Achieved
OM032	90% of victims responding to NOMS Victim Survey are satisfied or very satisfied with service received	90%	100% Target Achieved

Activity and Workload Statistics

Number of Standard Delivery Reports prepared for the Courts

Type of Court	2013–2014	2012–2013	2011–2012	2010–2011	2009–2010	2008–2009	2007–2008
Magistrates'	267	481	423	431	501	484	705
Crown	255	443	494	548	564	562	469
Total	522	924	917	979	1,065	1,046	1,174

Number of Fast Delivery Reports prepared for the Courts

Type of Court	2013–2014	2012–2013	2011–2012	2010–2011	2009–2010	2008–2009
Magistrates'	938	886	661	595	702	923
Crown	198	96	31	24	16	5
Total	1,136	982	692	619	718	928

Unpaid Work

	2013–2014	2012–2013	2011–2012	2010–2011	2009–2010	2008–2009
Hours ordered	72,708	88,355	105,252	112,915	114,456	104,017
Hours worked	55,222	67,614	81,891	83,164	84,223	64,628

Caseload

COUNTY	Ord.Type		Mar	Apr 13	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 14	Feb	Mar
Community Rehabilitation Order	1	CRHB	0	0	0	0	0	0	0	0	0	0	0	0	0
Suspended Sentence Sup'n Order	2	SSSO	0	0	0	0	0	0	0	0	0	0	0	0	0
C&YP Act 1969 Supervision Order	5	C&YP	1	1	1	1	1	1	1	1	1	1	1	1	1
CJA Community Order	54	GCS	1,010	997	924	869	856	853	862	843	830	824	836	823	807
CJA Deferred Sentence	55	CDS	0	1	2	2	0	2	3	3	1	1	2	2	1
CJA Suspended Sentence	56	CSS	396	379	376	380	374	371	367	362	353	353	360	360	355
Youth Rehabilitation Order	63	YRO	22	19	17	14	13	13	18	15	17	13	15	13	11
Add Hours – Brch CP/Att Centre	49	CPBR	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Punishment Order	50	CPUN	0	0	0	0	0	0	0	0	0	0	0	0	0
Comm Pun/Rehab Order – Punish	51	CPRP	0	0	0	0	0	0	0	0	0	0	0	0	0
Comm Pun/Rehab Order – Rehab	52	CPRR	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total (Section 1)			1,429	1,397	1,320	1,266	1,244	1,240	1,251	1,224	1,202	1,192	1,214	1,199	1,175
Post Release Cases															
Life Imprisonment	20	LIFE	34	35	34	34	34	33	33	34	34	32	32	32	32
Detained S53/2 S91	21	S532	0	0	0	0	0	2	2	2	2	2	2	1	1
CJA Transitional Custody – YOI	25	DC	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Extended Sent <= 10 yrs	59	EXD	6	6	7	7	7	8	8	8	7	9	10	10	9
CJA Ind Public Prot > 10 yrs	60	EXI	8	10	10	9	9	9	9	9	9	10	10	11	11
Psychiatric Hospital Order	28	PSYC	1	1	1	1	1	0	0	0	0	0	0	0	0
Young Offender Institution	29	YOI	10	9	9	9	11	16	15	14	9	5	9	9	8
Imprisonment	30	UAR	2	3	3	5	6	0	0	0	0	0	0	0	0
Imprisonment	31+22	ACR	8	7	7	6	6	14	13	12	13	13	12	12	11
Young Offender Institution	32	YOIX	39	33	35	33	34	32	35	31	31	33	31	30	33
Imprisonment Extended Sup'n	33	EXSV	0	0	0	0	0	2	2	2	2	2	2	2	3
Cus Extended Supervision Sex	34	EXSS	2	2	2	2	2	0	0	0	0	0	0	0	0
Cus Ext Supervision Violence	35	EXSV	0	0	0	0	0	0	0	0	0	0	0	0	0
Detention and Training Order	36	DATO	0	3	3	2	3	1	1	2	2	1	1	0	0
Section 40 Licence	37	S40	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Adult Custody – Std Det	58	ADC	250	251	258	259	262	256	260	263	261	267	259	265	270
Imprisonment	41	DCR	8	7	7	7	7	0	0	0	0	0	0	0	0
Sub-Total (Section 2)			368	367	376	374	382	373	378	377	370	374	368	372	378
TOTAL (Section 1 + Section 2)			1,797	1,764	1,696	1,640	1,626	1,613	1,629	1,601	1,572	1,566	1,582	1,571	1,553

COUNTY	Ord.Type	Mar	Apr 13	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 14	Feb	Mar	
Pre-Release Cases															
Life Imprisonment	20	LIFE	66	66	66	66	66	62	61	62	61	64	64	64	65
Detained S53/2 S91	21	S532	2	2	2	2	2	7	7	7	7	7	7	7	7
CJA Transitional Custody – YOI	25	DC	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Extended Sent <= 10 yrs	59+64	EXD	13	13	15	17	17	16	18	16	16	19	18	18	19
CJA Ind Public Prot > 10 yrs	60	EXI	59	58	58	58	57	57	57	57	57	56	56	56	55
Psychiatric Hospital Order	28	PSYC	0	0	0	0	0	0	0	0	0	0	0	0	0
Young Offender Institution	29	YOI	10	8	8	8	9	7	3	4	6	7	2	6	4
Imprisonment	30	UAR	11	9	10	4	4	0	0	0	0	0	0	0	0
Imprisonment	31	ACR	13	12	13	13	12	12	12	13	14	13	14	15	15
Young Offender Institution	32	YOIX	42	42	39	41	36	38	38	40	43	46	44	40	36
Imprisonment Extended Sup'n	33	EXSV	0	0	0	0	0	2	2	2	2	2	2	2	1
Cus Extended Supervision Sex	34	EXSS	3	3	2	2	2	0	0	0	0	0	0	0	0
Cus Ext Supervision Violence	35	EXSV	1	1	1	1	1	1	1	1	1	1	1	1	1
Detention and Training Order	36	DATO	0	1	1	1	1	3	3	1	1	2	1	1	1
Section 40 Licence	37	S40	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Adult Custody – Std Det	58	ADC	349	352	346	338	327	346	353	348	353	355	356	352	356
Imprisonment	41	DCR	0	0	0	0	0	0	0	0	0	0	0	0	0
Imprisonment – No Supv (Pre or Post)	70	CUST	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total (Section 3)			569	567	561	551	534	551	555	551	561	572	565	562	560
TOTAL (Section 1+2+3)			2,366	2,331	2,257	2,191	2,160	2,164	2,184	2,152	2,133	2,138	2,147	2,133	2,113
			Mar	Apr 13	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 14	Feb	Mar
Number of Females included in totals			233	228	217	213	214	205	207	208	199	197	206	212	218
Number of Males included in totals			2,137	2,103	2,040	1,978	1,946	1,960	1,977	1,944	1,934	1,941	1,941	1,921	1,895
Total (Gender)			2,370	2,331	2,257	2,191	2,160	2,165	2,184	2,152	2,133	2,138	2,147	2,133	2,113
Migrant Nationality			172	134	118	116	116	119	129	123	129	135	140	143	138

Martin Davies
Chief Executive Officer
18 June 2014

2. Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from Lincolnshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 60, issued by the Secretary of State under the OM Act.

Principal activities

LPT (Lincolnshire Probation Trust) recognised that their role is to support the National Offender Management service (NOMS) in its aims and intentions and have aligned ourselves to these, and NOMS commissioning priorities. With this in mind, Lincolnshire remained committed to delivering quality services by meeting, and in cases exceeding, NOMS specifications, while recognizing the need to find greater efficiencies.

LPT also aligned the business plan with that of our key partners, such as the Police Crime Commissioner's Plan and the local Community Safety Partnership. LPT have worked with local partners to develop key services around Restorative Justice, Services for Women Offenders and non English speakers.

The Trust recognised that following the Government's consultation 'Transforming Rehabilitation', much is likely to change in the world of Probation.

LPT set three new Strategic objectives which aligned closely with NOMS:

- Reduce Re-offending and Protect the Public
- Improve Efficiency and Effectiveness
- Achieve through the talent of people

The Trust achieved its business plan objectives, achieved a green 3star PTRS rating, managed its finances according to NOMS governance arrangements and managed its overall risks throughout the year. There were no significant issues on overall performance throughout the financial year.

Operational Performance during 2013–14

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

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 25. The Statement of Changes in Taxpayers' Equity is shown on page 28.

Operating costs

The net operating cost before tax for 2013–14 stands at £921k compared to £410k for 2012–13. The main reason for the change is due to pension cost adjustments through the revenue account.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 26 and 27.

The net liabilities position has increased from £13,762k at 31 March 2013 to £16,091k at 31 March 2014. The largest single movement in net liabilities is £2,326k due to the increase in pension cost liability.

Payment of creditors

In the year to 31 March 2014, the percentage of undisputed invoices paid within 30 days by the Trust was 94% compared to 77.1% in 2012–13.

Treatment of Pension Liabilities

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

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

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

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 6.72 days across the Trust (2012–13 11.4 days). This is a significant favourable movement compared to 2012/13 mainly due to revised triggers within sickness policies & procedures and better overall staff absence management.

Personal data related incidents

There were no significant personal data related incidents in 2013–14, which if occurred, would have formally been reported to the Information Commissioner's Office (ICO).

Events after the reporting period

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

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

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

The proportion of staff transferring to the CRC/NPS is approximately 58%/42% being 118.9 wte staff to 87.61 wte respectively.

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

LPT will remain until 31 May 2014 when it ceases trading as a Probation Trust. Humberside, Lincolnshire and York & North Yorkshire Probation Trusts form into the Humberside, Lincolnshire and North Yorkshire Community Rehabilitation Company (HLNYCRC) as from 1 June 2014. Currently there is a competition being run to pass ownership of the HLNYCRC onto the successful bidder sometime in the autumn 2014. Therefore LPT's future developments are somewhat limited, however LPT will continue to deliver on the Transforming Rehabilitation reforms, prepare for the exit of the Trust and transition to the formation of the CRC and to ensure that LPT continues to deliver services to the contract and SLA with NOMS.

Mutuals

There have been a number of individuals from Humberside, Lincolnshire and York & North Yorkshire Probation Trusts management, staff and Richard Barker (Board member) who have contributed to the development of a mutual under a joint venture with The GEO Group UK Ltd to bid for the Humberside, Lincolnshire and North Yorkshire CRC. There were no conflicts of interest declared. The Mutual has been registered with Companies House as Delta Rehabilitation Limited, but will only start trading, if and only if, the joint venture with GEO Group UK Ltd is successful in winning the bid to deliver probation services under the Transforming Rehabilitation competition.

Going Concern

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

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

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

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

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

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

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

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

Communications and employee involvement

In February 2014, Lincolnshire Probation Trust ran its fourth annual staff engagement survey, modelled largely on the topics and questions of the Ministry of Justice (MoJ) staff survey.

The response rate increased to 65% of all staff, with particular improvements noticeable in the section on Line Manager Effectiveness:

- 75% of staff stated their line manager motivated them to be more effective in their job
- 87.5% felt their line manager was considerate about their life outside work
- 75% said their line manager utilised their skills to achieve the Trust's strategic direction

In the Recognition, Review and Feedback section:

- 76.5% of staff received regular feedback on their work
- whilst 84% agreed that their line manager recognised a job well done

Results for the section on Learning and Career Development also improved:

- 100% of staff believed they had the skills needed to do their job effectively
- 84% said they could access the right learning and development opportunities
- 80% stated that learning and development activities had helped to improve their performance
- and 74% said that this helped to develop their career

Staff diversity

LPT set 8 diversity objectives, relating to offenders and staff. LPT has made significant improvements in relation to data collection and improved services, as evidenced by the staff survey, offender survey and manager effectiveness. These are reported at the Local Equality & Diversity (LEAD) Committee, Human Resources Committee and formal Board meeting as part of our annual Equality & Diversity report for 2013/14.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FRoM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 23.

Total audit fees reported in the Accounts are £18,711. The audit fees for 2013–14 are made up of external provision with National Audit Office.

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

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

The Lincolnshire Probation Trust Management Board

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

- Adoption of NOMS Strategy, LPT Strategic Plans including business plan, budget and internal audit plan

- Close monitoring of quarterly performance information, risk register, PTRS, Budget, Trust balanced scorecard and Transforming Rehabilitation documents and information through various Board meetings, Audit Committee meetings, Human Resources Committee meetings and Scrutiny meetings.
- Both internal and external audit attend all Audit Committee meetings and provide written reports on progress against set agreed plans.
- Set Chief Executive's objectives and hold quarterly meetings to provide progress. A Remuneration Committee sits on a quarterly basis to discuss CEO performance and to provide the basis and evidence to support any performance related pay during the 2013/14 year. See Remuneration report immediately below.

The Chair and other members of the Board apart from the Chief Executive were all appointed by the Secretary of State for Justice.

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

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

Position	Name	Date appointment commenced
Chief Executive	Martin Davies	9 Jan 2012
Chair	Chris Cook	1 April 2004
Member	Peter Clay	20 February 2006
Member	Sue Burris	1 April 2007
Member	Alan Phillips	1 April 2007
Member	Fred Mann	1 April 2007
Member	Paula Noble	1 April 2007
Member	Richard Barker	1 April 2010
Member	Jane Coleman	1 April 2010

There were no resignations during 2013/14.

One Board member is involved with the setting up of the Mutual, however has signed Annex B (declaration form signed by all staff/board members who are assisting the mutual stating that they will comply with all competition rules) and has declared such status at all Board/Trust meetings and takes no part in related Board/Trust business. There were no other conflicting interests declared.

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.

Martin Davies
Accountable Officer
18 June 2014

3. Remuneration Report

Appointments

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

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

A) REMUNERATION – AUDITED

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
Chief Executive	70–75	65–70	0–5	0–5	0	0	39	31	110–115	100–105
Officer										
Chair	15–20	15–20	0	0	0	0	0	0	15–20	15–20
Board members										
Peter Clay	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Sue Burris	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Alan Phillips	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Fred Mann	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Paula Noble	0–5	0–5	0	0	0	0	0	0	0–5	0–5
ane Coleman	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Richard Barker	5–10	0–5	0	0	0	0	0	0	5–10	0–5

Salary costs are basic pay only excluding employer NI and pension costs.

Chief Executives are entitled to performance related pay under Standing Committee for Chief Officer Grades (SCCOG) up to a maximum of 4% of basic pay. The Remuneration Committee are satisfied that the objectives were met.

There were no directors exit packages during this financial year.

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2002, with the exception of the Chief Executive and the Chair. The Trust at its discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band)	£75,000–£80,000	£65,000–£70,000
Median for other staff	£25,797	£27,298
Pay multiple ratio	3.0:1	2.67:1

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

2012/13 has been recalculated to take account of salary costs as set out below for comparison purposes.

Salary

Salary' includes the total gross salary costs including overtime and unsocial hours.

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.

Mutuals

LDU (Local Delivery Unit) West Director is involved with the setting up of the Mutual, however has signed Annex B and has declared such status at all Board/Trust and SMT (Senior Management Team) meetings and takes no part in related Board/Trust/SMT business. There were no other Directors involved in the mutual.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2014 £000s	CETV at 31 March 2013 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Chief Executive	69 + 25 lump sum	24 + 6 lump sum	138	118	20

This scheme provides benefits on a 'final salary' basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses current market valuation factors for the start and end of the period.

Martin Davies
Accountable Officer

18 June 2014

4. Statement of Accountable Officer's Responsibilities

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

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

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

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

5. Governance Statement

Scope and Responsibility

I have been the Accountable Officer and Chief Executive Officer for Lincolnshire Probation Trust since 9th January 2012. As such, it falls to me to provide this governance statement to accompany the statement of accounts for the year 2013–14.

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Lincolnshire Probation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Manage Public Money.

In undertaking this role, I support the achievement of the overall policies, aims and objectives set by Ministers through the Chief Executive of the National Offender Management Service (NOMS) and operate within an overall framework of risk control management pertaining to these policies, aims and objectives.

In particular, the Lincolnshire Probation Trust operated in 2013–14 within the terms of a contract with the National Offender Management Service (NOMS).

The purpose of the system of Governance Statements

The system of internal control is designed to manage risk to a reasonable level rather than 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 Probation Trust, NOMS and Ministry of Justice policies, aims and objectives
- to evaluate the likelihood of those risks being realised and the impact, should they be realised
- to report the risks to the Trust Board and to manage them efficiently, effectively and economically

The system of internal control has been in place for the year ended 31 March 2014 and up to the date of approval of the Annual Report and the Accounts. It accords with Treasury guidance.

Compliance with Corporate Governance Code 2011

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

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

The Code refers to Board members upholding the seven Nolan principles of public life; these are incorporated into the Governance Framework for Lincolnshire Probation Trust "They will exercise their

role through influence and advice, supporting as well as challenging the executive” **Corporate Governance in central government department; Code of Good Practice 2011 (page 7).**

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

The Code refers to the role of ministers and departmental Accountable Officers. The Trust's Accountable Officer is the Chief Executive and is responsible for similar areas to those of Departmental Accountable Officer. These cover:

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

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

The Board has begun a programme of periodic review of the skills and qualities of Non Executive members to evaluate and improve on its effectiveness. These are carried out annually by the Chair in accordance with the Code of Good Practice.

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

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

The Board meets bi monthly and consists of a Chair, 7 Non Executive Directors (excluding the Chair) and 1 Executive Director (the Chief Executive). The Trust Board Secretary and other Senior Managers are also in attendance.

During the year the Board has held four main meetings, four extra-ordinary meetings and five Audit & Performance Committee meetings with 85% attendance from Executive and Non Executive Directors.

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

The Board introduced an Activity Board report which was to assure themselves what they were doing against their various roles and portfolios. This was reported at the Board meetings and was used as part of the overall appraisal system for Board members.

Capacity to handle Risk

Organisational risk assessment and the management and implementation of risk plans continue to be the highest priority for all managers. The practice of risk assessment and management is central to all the activities of the Lincolnshire Probation Trust and is familiar to all staff.

Training in risk assessment and risk management forms part of the area's 'mandatory' training plan for all staff from the point of induction, as well as for Board members. An area reference manual, available electronically to all staff, provides further guidance, assistance and direction to staff in relation to managing and reducing organisational and operational risks. National advice, guidance and instructions, e.g. probation instructions, and reports of Her Majesty's Inspectorate of Probation (HMIP), are assimilated into area policy and procedures.

The Board, Chief Executive Officer and Senior Management Team have championed risk management throughout the organisation, ensuring that risk analysis informs all decisions concerning the management of resources and that all staff members are accountable for their contribution to the management of key risks through annual, individual performance appraisal objectives. A fully revised organisational risk policy and procedure was introduced in June 2010, which extended the analysis and management of organisational risk to operational unit level. This has remained in place throughout 2013–14.

The Risk and Control Framework

The Board of Lincolnshire Probation Trust meets four times each year to consider the Trust's plans and strategic direction within the financial parameters made available through the national funding formula. The Board approves an annual business development plan and monitors its performance throughout the year. It also receives routine financial monitoring reports from the Treasurer/Head of Finance.

To ensure the Board monitors its own performance effectively the following measures and standards are in place:

- Board Self assessment questionnaires which are reviewed for training needs and gap analyses
- National Governance training and conference events
- Board Appraisals
- Chair Appraisals
- Staff survey questions regarding the effect and commitment of the Board
- Board performance score card.

The Trust Board has approved a suite of policies to promote sound governance and sets the standards of operation and ethics against which the area operates, examples being:

- Statements of vision, mission and values
- Codes of conduct for staff and Board members
- Management statement and financial memorandum
- Standing financial instructions
- Standing orders
- Risk management policy
- Register of interests

All of the above have been revised during 2012–13 and/or up-dated in 2013–14, and the new 'Trust Financial Services Handbook' has been adopted and implemented.

The Trust has an Audit and Performance Committee and the Board receives periodic reports from that Committee concerning internal control, risks and performance. The Chair of the Audit and Performance Committee is also a member of the Trust Board.

Further mechanisms of quality assurance and control come from the CEO's update at each of the Trust Board meetings of which Board members can challenge both the CEO and Directors for performance or budgetary information. In addition there has been four extra-ordinary Board meetings to discuss the various Transforming Rehabilitation objectives.

The Audit and Performance Committee receives regular reports from Internal Audit (NOMS Audit and Corporate Assurance (ACA)) and National Audit Office (NAO). The ACA provide an independent opinion on the adequacy and effectiveness of the Board's system of internal control, together with recommendations for improvement. The Trust Board receives, periodically, further independent assurance on its operations from HM Inspectorate of Probation (HMIP).

The Trust produces a Strategic Plan and an annual business development plan, approved by the Board, that sets out the actions the Trust intends to take to achieve the objectives set out in the Strategic Plan. The business development plan sets out the Trust's objectives for the year in furtherance of the

performance targets and to enhance its underlying capabilities. Managers are consulted in the production of the business development plan and are expected to ensure that all staff are aware of its contents and their role in achieving its objectives. This is reinforced by performance objectives for individual staff members, set in their annual appraisal, which derive from the business development plan. The plan is available electronically to all staff at all times, as are quarterly reports on progress against its objectives. This year, as in previous years, over 90% of achievable objectives in the plan are expected to have been fully or substantially met.

Financial management and control systems are in place to ensure that the Trust is able to manage its financial resources effectively and efficiently. This is supported by the mandatory financial framework Audit which Internal Audit has concluded as Green.

A risk management framework is in place. Risks are identified from the business development plan as well as a broader scanning of the external and internal operating environments. Senior managers review, both individually and in collaboration with the wider management team, all aspects of the business development plan on a quarterly basis.

LPT produces a risk register, based on a broad assessment of both the internal and external operating environments presently and predictably in the near and further future. This risk framework categorises business risks as very high, high, medium, low or very low, both in relation to likelihood and impact. Those that are assessed as high or very high on both criteria require the risk owner to produce an action plan to reduce the risk. The Trust level risk register and the plans are reported to the Board, via the Audit and Performance Committee, which provides a commentary and recommendations. Each senior manager provides a letter of assurance to the Chief Executive Officer at the end of the financial year, confirming their actions during the year in compliance with the Trust's organisational risk management processes.

The key risks identified in 2013/14 were as follows:

- A balanced budget despite setting a £161k deficit.
- Quality Assurance Framework is insufficient and/ or completion is significantly delayed
- The White Paper on Transforming Rehabilitation will describe a new service delivery model for Probation. The Trust needs to be able to respond in an appropriate manner.
- Delivery of Trust Close Down action plan, within the time frames specified within plan, and in keeping with TR agenda.

All of the risks were reduced throughout the year and managed to appropriate levels. This is reported to the Audit and Performance Committee.

The Trust's Audit and Performance Committee receives regular reports for scrutiny, outlining current performance against national targets and business plan objectives. The Audit and Performance Committee also considers risk management and, in particular, progress in areas of high or very high business risk. The organisational risk register is considered by the Audit and Performance Committee at each of its meetings. The Committee makes recommendations for further more detailed reporting to the Board on risks that it believes warrant a broader discussion. The Chair of the Committee prepares an annual report of the work of the Committee to the Accountable Officer.

Within this framework, in 2013–14, no serious business risks were identified.

The Work Load Management Tool introduced in 2011/12 continues to be used effectively, monitoring and moving resource to meet need for over 40% of staff. This is coupled with a much more comprehensive performance management framework. The Trust has also introduced a new intranet, making the access of policies and procedures, along with internal communication much stronger.

Policies and procedures are in place to ensure the security of all information, particularly that held electronically, and 100% of staff at work have completed and passed the on-line security assessment.

The area has implemented all aspects of the national information security policies and has undertaken a self-assessment of its work on implementation. An information security group is in place, which meets to review information security issues. The Chair of the Audit and Performance Committee attends this meeting.

External stakeholders are consulted on key risk areas, both specifically and through the range of continuing multi-agency arrangements in which the Lincolnshire Probation Area participates, e.g. MAPPA, Supporting People, Drug and Alcohol Action Team, Safeguarding Boards for children and vulnerable adults, Community Partnership Board, Lincolnshire Criminal Justice Board and Reducing Re-offending Board. Staff and Board members occupy key roles in these Boards.

Performance against the contract agreed with NOMS is monitored by way of quarterly reviews and changes are agreed, as required, through a formal notice of change procedure. In 2013–14, area progress on the contract requirements has been deemed satisfactory by NOMS throughout the year.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of internal audit and executive managers within Lincolnshire Probation Trust who have responsibility for the development and maintenance of the internal control framework. Comments are also made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Trust Board and the Audit and Performance Committee and a system to address weaknesses and ensure continuous improvement is in place.

Risk is treated dynamically, evidenced by the change, from quarter to quarter, in risk profile within the risk register. All risks have reduced over the year.

The Audit and Performance Committee reviews the findings of internal audit, and the steps taken by management to implement any recommendations, organisational performance, progress on business development plan objectives and the analysis of business risk. The Audit and Performance Committee's findings are the subject of highlight reports to the full Trust Board by the Chief Executive Officer. Both Audit and Performance Committee and Trust Board provide effective critical oversight to the work of the Chief Executive Officer and Senior Management Team. This year has seen five areas of work being audited, with results of Green and two Green/Amber. This has resulted in the Audit Manager confirming the following:

“we can give a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control”

The Chair of the Committee concludes:

The Audit and Performance Committee considers that, during the period of this report, it fully discharged its responsibilities in accordance with its terms of reference. The Committee is also satisfied that it is able to provide the Accountable Officer with assurance:

- *on the accounts it has reviewed subject to the satisfactory conclusion of the matters raised by the National Audit Office*
- *that issues pertinent to the 2013/14 Governance Statement and any longer term significant control issues that the Committee considers the Accountable Officer should give attention to are managed appropriately*
- *on the quality of both Internal and External Audit, their approach to the discharge of their effective responsibilities, and the reliance that can be placed on their work.*

The overall Internal audit rating is Green

Review	Grading
Absence Management	Green
Key Financial Controls	Green
Quality Assurance Management	Green
Workload Management Tool (2012/13)	Amber/Green
Communications Between OMs and Programmes	Amber/Green

During 2013–14, internal audit reviewed progress against the recommendations in their reports in 2012–13 and was satisfied that there had been no high risk recommendations to act on and that recommendations had been implemented by due dates.

Performance against the Trust's contract requirements and the national Probation Trust Rating System (PTRS) has continued to be a high priority, with a strong performance outcome.

Staff Mutual

Staff in Lincolnshire have taken the opportunity to form a Mutual along with colleagues in Humberside and North Yorkshire. The aim of the mutual is to bid in partnership with a private firm for the right to own and deliver the 'Humberside, Lincolnshire and North Yorkshire Community Rehabilitation Company'. In order to facilitate staffs rights to form such a mutual, the Trust has put certain restrictions in place to guarantee the integrity of the competition. In order to achieve this, all staff involved in the Mutual have been required to declare their involvement. These staff then have their access to information that is commercial or competition sensitive restricted. In addition, certain staff, myself included, have signed a declaration to allow us to receive sensitive data/information that is not freely available. Controls have been placed on the IT systems which restricts access to this data to only those who have signed the necessary declaration. When attending senior meetings all parties must declare their 'Declaration of side' and when deemed appropriate are excluded from part of any meeting which may contain sensitive information. The Trust has fully complied with all the guidance issues by NOMS competition team.

Board Attendance

Name	Role	Meetings Held / Meetings Attended
Martin Davies	Chief Executive	13/10
Chris Cook	Board Chair	13/12
Richard Barker	Board member	13/6
Sue Burris	Board member	8/1 – Off sick and not a member of Audit Committee
Peter Clay	Board member/Audit Chair	13/13
Jane Coleman	Board member	13/9
Fred Mann	Board member/Chair of HR Committee and JNCC	8/7 – Not a member of Audit Committee
Paula Noble	Board member	13/11
Alan Phillips	Board member	13/11

Meetings held in 2013/14 = Board (4), Extra-ordinary (4) and Audit Committee (5)

Martin Davies
Accountable Officer
18 June 2014

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

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

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

Sir Amyas C E Morse
Comptroller and Auditor General

30 June 2014

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a)	7,259	6,976
Other expenditure	6	2,108	2,065
Total Expenditure		9,367	9,041
Income	7	(9,087)	(9,167)
Net operating costs		280	(126)
Net interest cost on pension scheme	4(c)	641	536
Net operating costs before taxation		921	410
Taxation	5	0	0
Net operating costs after taxation		921	410

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	(2)	(5)
Net (gain)/loss on revaluation of intangibles	9	0	0
Items that will not be reclassified subsequently to net operating costs:			
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Remeasurement of post employment benefits	23	1,410	2,486
Total comprehensive expenditure for 31 March 2014		2,329	2,891

The notes on pages 29 to 59 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	8	27	59
Intangible assets	9	0	1
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		27	60
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	705	1,119
Cash and cash equivalents	13	207	364
Total current assets		912	1,483
Total assets		939	1,543
Current liabilities			
Trade and other payables	14(a)	(297)	(496)
Provisions	15	(48)	(124)
Taxation payables	14(a)	(240)	(566)
Total current liabilities		(585)	(1,186)
Non-current assets plus/less net current assets/(liabilities)		354	357
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(16,445)	(14,119)
Total non-current liabilities		(16,445)	(14,119)
Assets less liabilities		(16,091)	(13,762)
Taxpayers' equity			
General fund	23	(16,112)	(13,781)
Revaluation reserve – property, plant and equipment	24(a)	19	17
Revaluation reserve – intangible assets	24(b)	2	2
		(16,091)	(13,762)

The financial statements on pages 25 to 28 were approved by the Board on 18 June 2014 and were signed on its behalf by

..... Accountable Officer

18 June 2014

The notes on pages 29 to 59 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(921)	(410)
Adjustments for non-cash transactions	6	14	172
Adjustments for pension cost	4(c)	916	408
(Increase)/decrease in receivables	12(a)	414	(192)
Increase/(decrease) in payables	14(a)	(525)	(622)
Utilisation of provisions	15	(65)	0
Less movements in property, plant and equipment payable	14(a)	0	0
Net cash outflow from operating activities		(167)	(644)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	0	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	10	0
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		10	0
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period		(157)	(644)
Cash and cash equivalents at the beginning of the period	13	364	1,008
Cash and cash equivalents at the end of the period	13	207	364
Increase/(decrease) in cash		(157)	(644)

The notes on pages 29 to 59 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(10,885)	14	(10,871)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2012		(10,885)	14	(10,871)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(410)		(410)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		5	5
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)		0	0
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Remeasurement of post employment benefits	23	(2,486)	0	(2,486)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(13,781)	19	(13,762)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(921)		(921)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		2	2
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)		0	0
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Remeasurement of post employment benefits	23	(1,410)	0	(1,410)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2014		(16,112)	21	(16,091)

The notes on pages 29 to 59 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

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

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

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

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

1.2 Accounting convention

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

1.3 Changes in accounting policies and restatement of comparatives

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

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

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

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

Those that impact on the Trust are:

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

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

1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Revaluation

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

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

1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

1.7 Impairment

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

1.8 Intangible non-current assets

The Trust recognises intangible non-current assets only if it is probable that future service potential will flow to the Trust and the cost of the asset can be measured reliably. Intangibles comprise internally developed software for internal use, software developed by third parties and licenses for purchased software.

The minimum level for capitalisation of an intangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the software range from 3 to 10 years. Licences are amortised over the length of the licence.

As there is no active market for these intangible assets, their fair value is assessed at the re-valued amount less any accumulated amortisation and accumulated.

Intangible assets are restated at each Statement of Financial Position date using Services Producer Price Index published by the Office for National Statistics.

1.9 Non-current assets held for sale

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

1.10 Inventories

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

1.11 Operating income

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

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

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

1.12 Other Expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3, Note 6, Note 7 and Note 28.**

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

1.13 Pensions

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

scheme. Retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

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

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

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

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

1.14 Leases

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

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental

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

Finance leases

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

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

Operating leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the SoCNE on a straight-line basis.

1.15 Provisions

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

1.16 Value Added Tax

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

1.17 Deferred Tax

There are no deferred tax items that occur within the accounts (2012–13 £0).

1.18 Corporation Tax

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

1.19 Cash and Cash Equivalents

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

1.20 Financial instruments

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

1.21 Segmental analysis of spend as reported to the Management Board

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

1.22 Third party assets

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

2. Statement of Operating Costs by Operating Segment

Operational Unit	2013–14	2012–13
	Net Expenditure £000	Net Expenditure £000
Corporate Services	2,285	1,990
LDU East	3,640	3,740
LDU West	2,540	2,960
Total Net Expenditure	8,465	8,690
Contract Income	(8,460)	(£8,690)
Overspend/(Underspend) on contract	5	0
Pension Liabilities	916	410
Overspend/(Underspend)	921	410

This states the operating costs of the Trust split over the Directorates spent against the contract income received from NOMS. The figures above balancing to the Statement of Comprehensive Net Expenditure are due to the pension liabilities. See page 25.

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Restated
	£000	£000	£000	£000
Wages and salaries	6,007	5,751	256	5,968
Social security costs	428	428	0	431
Other pension costs	1,235	1,235	0	972
Sub-total	7,670	7,414	256	7,371
Less recoveries in respect of outward secondments	(411)	(411)	0	(395)
Total staff costs	7,259	7,003	256	6,976

Restatement of comparatives

In the prior year costs were split between administration and programme related costs. For 2013–14 all staff costs have been aggregated in to one classification. This has no impact on total staff costs. See also **Note 1.12**.

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**.

No persons (2012–13: 2 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £0).

3b. Average number of persons employed

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

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Total
	201	187	14	190
	201	187	14	190

36 **3c. Reporting of compensation schemes – exit packages**

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0	0	0	0
£10,000–£25,000	0	0	0	0	0	0
£25,000–£50,000	0	0	0	0	0	0
£50,000–£100,000	0	0	0	0	1	1
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	0	0	0	1	1
Total resource cost £000	0	0	0	0	65	65

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 / are met from the pension scheme (delete as appropriate) and are included in the above figures. Ill health retirement costs are met from the pension scheme and are excluded from the above table. The Trust have no exit packages in 2013/14.

4. Pensions costs

These calculations relate principally to Lincolnshire Probation Trust's (LPT) participation in the Lincolnshire County Council Pension Fund which is part of the Local Government pension scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007, the LGPS (administration) regulations 2008 and the LGPS (Transitional Provisions) Regulation 2008. It is contracted out of the State Pension Scheme. LPT pay an employers rate of 18.3% of pay whilst employees pay at a variable rate dependant on salary bandings. The pension results contained within these accounts are provided solely for LPT as the employer for the purpose of complying with International Accounting Standard 19 "Employee benefits" for the period ending 31 March 2014. The figures contained are the actual results and valuation for 31 March 2014 and was produced by Hymans Robertson (Actuary) on 29 April 2014.

4a. Pension costs

- For 2013–14, employers' contributions of £1,010,000 were payable to the LGPS (2012–13 £1,113,000 restated) as a fixed 18.3%.
- The schemes' Actuary reviews employer contribution rates make reference to the triennial review and that those effects have been incorporated under IAS19.
- On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to the Greater Manchester Pension Fund (GMPF). The Trust is no longer required to pay employer contributions to the fund.
- Future contributions are referred to in **Note 27**.

Partnership accounts are excluded under IAS19.

The approximate employer's pension contributions for the three years are:

- Employer's contributions for 2013–14 were 18.3% of salaries; and,
- Employer's contributions for 2014–15 will be 20.3% of salaries until dissolution on 31 May 2014.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.8%
Rate of increase in salaries	4.1%	5.1%
Rate of increase for pensions in payment and deferred pensions	2.8%	4.5%
Discount rate	4.3%	4.5%

Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption shown thereafter

Mortality Assumptions

- Current pensioners – Males = 22.2 years Females = 24.4 years.
- Future pensioners Males 24.5 years Females = 26.8 years

Vita curves with improvements in line with CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised above.

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	25,681	25,681
Funded liabilities	(39,252)	0	(39,252)
Unfunded liabilities	(548)	0	(548)
Opening balance at 1 April (restated)	(39,800)	25,681	(14,119)
Current service costs	(1,251)	0	(1,251)
Past service costs (including curtailments)	(34)	0	(34)
Gains and losses on settlements	0	0	0
	(1,285)	0	(1,285)
Net Interest (cost)/income	(1,799)	1,158	(641)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	(453)	(453)
Gain/(loss) from change in demographic assumptions	(895)	0	(895)
Gain/(loss) from change in financial assumptions	645	0	645
Experience gains/(losses)	(707)	0	(707)
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(957)	(453)	(1,410)
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	1,010	1,010
Plan participants	(339)	339	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,170	(1,170)	0
Unfunded benefit payments	36	(36)	0
Closing balance at 31 March	(42,974)	26,529	(16,445)
Plan assets	0	26,529	26,529
Funded liabilities	(42,411)	0	(42,411)
Unfunded liabilities	(563)	0	(563)
Closing balance at 31 March	(42,974)	26,529	(16,445)

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	22,284	22,284
Funded liabilities	(33,509)	0	(33,509)
Unfunded liabilities	0	0	0
Opening balance at 1 April	(33,509)	22,284	(11,225)
Current service costs	(979)	0	(979)
Past service costs (including curtailments)	(6)	0	(6)
Gains and losses on settlements	0	0	0
Total service costs	(985)	0	(985)
Net interest (cost)/income	(1,614)	1,078	(536)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	1,952	1,952
Gain/(loss) from change in demographic assumptions	0	0	0
Gain/(loss) from change in financial assumptions	(4,468)	0	(4,468)
Experience gains/(losses)	30	0	30
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(4,438)	1,952	(2,486)
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	1,113	1,113
Plan participants	(336)	336	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,046	(1,046)	0
Unfunded benefit payments	36	(36)	0
Closing balance at 31 March	(39,800)	25,681	(14,119)
Plan assets	0	25,681	25,681
Funded liabilities	(39,252)	0	(39,252)
Unfunded liabilities	(548)	0	(548)
Closing balance at 31 March	(39,800)	25,681	(14,119)

4d. Plan assets are comprised as follows

	2013-14			2012-13		
	Quoted	Total	%	Quoted	Total	%
	£000	£000		£000	£000	
Equity instruments						
Consumer	4,881	4,881	18%	4,786	4,786	19%
Energy and utilities	1,948	1,948	7%	2,088	2,088	8%
Financial institutions	3,135	3,135	12%	2,754	2,754	11%
Information technology	725	725	3%	920	920	4%
Manufacturing	896	896	3%	1,061	1,061	4%
Other	3,369	3,369	13%	2,916	2,916	11%
	14,954	14,954	56%	14,525	14,525	57%
Debt instruments						
UK Government	488	488	2%	509	509	2%
Corporate bonds (investment grade)	827	827	3%	830	830	3%
Other	316	316	1%	335	335	1%
	1,631	1,631	6%	1,674	1,674	7%
Property						
UK	2,494	2,494	9%	2,197	2,197	9%
Overseas	402	402	2%	476	476	2%
	2,896	2,896	11%	2,673	2,673	11%
Cash and cash equivalents	408	408	2%	291	291	1%
Investment funds						
Equities	1,239	1,239	5%	1,276	1,276	5%
Bonds	1,673	1,673	6%	1,516	1,516	6%
Other	2,274	2,274	9%	2,023	2,023	8%
	5,186	5,186	20%	4,815	4,815	19%
Other	1,454	1,454	5%	1,703	1,703	7%
Total	26,529	26,529	100%	25,681	25,681	100%

There were no unquoted assets.

4e. Sensitivity analysis

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate % Increase to Employer Liability	Approximate % monetary amount £000
Change in assumptions at 31 March 2014:		
0.5% decrease in real discount rate	10%	4,333
1 year increase in member life expectancy	3%	1,289
0.5% increase in the salary increase rate	4%	1,596
0.5% increase in the pension increase rate	6%	2,663

To qualify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

5. Taxation

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

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

6. Other Expenditure

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	8		7	
Interest charges	0		0	
Accommodation, maintenance and utilities	648		586	
Travel, subsistence and hospitality	209		208	
Professional services	147		82	
IT services	354		329	
Communications, office supplies and services	258		243	
Other staff related	177		154	
Offender costs	169		152	
Other expenditure	90		99	
External Auditors' remuneration – statutory accounts	19		19	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration	15		14	
		2,094		1,893
Non-cash items				
Depreciation of tangible non-cash assets	24		34	
Amortisation of intangible non-cash assets	1		2	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	0		12	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	(11)		124	
Early retirement provisions not required	0		0	
		14		172
Total		2,108		2,065

Restatement of comparatives

In the prior year costs were split between administration and programme related costs. For 2013–14 all costs have been aggregated in to one classification. This has no impact on total costs. See also **Note 1.12**.

7. Income

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	8,461		8,695	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		8,461		8,695
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		30		1
Other income from NOMS		0		29
Other income from rest of MoJ Group		0		0
Other income from other Government departments		529		205
Miscellaneous income		67		237
		9,087		9,167
Interest received:				
From bank	0		0	
From car loans	0		0	
From other sources	0		0	
Total interest received		0		0
Total income		9,087		9,167

Restatement of comparatives

In the prior year income was split between administration and programme related income. For 2013-14 all income has been aggregated in to one classification. This has no impact on total income. See also **Note 1.12**.

8. Property, plant and equipment

	2013-14					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2013	62	111	39	12	0	224
Additions	0	0	0	0	0	0
Disposals	(23)	(9)	(8)	0	0	(40)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	1	0	0	2
As at 31 March 2014	39	103	32	12	0	186
Depreciation						
As at 1 April 2013	26	98	39	2	0	165
Charge in year	14	8	0	2	0	24
Disposals	(14)	(8)	(8)	0	0	(30)
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 2014	26	98	31	4	0	159
Carrying value as at 31 March 2014	13	5	1	8	0	27
Carrying value as at 31 March 2013	36	13	0	10	0	59
Asset financing						
Owned	13	5	1	8	0	27
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2014	13	5	1	8	0	27

8. (Continued)

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	63	150	53	12	0	278
Additions	0	0	0	0	0	0
Disposals	(8)	(43)	(16)	0	0	(67)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	7	4	2	0	0	13
As at 31 March 2013	62	111	39	12	0	224
Depreciation						
As at 1 April 2012	15	112	51	0	0	178
Charge in year	16	14	2	2	0	34
Disposals	(8)	(31)	(16)	0	0	(55)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	3	3	2	0	0	8
As at 31 March 2013	26	98	39	2	0	165
Carrying value as at 31 March 2013	36	13	0	10	0	59
Carrying value as at 31 March 2012	48	38	2	12	0	100
Asset financing						
Owned	36	13	0	10	0	59
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	36	13	0	10	0	59

9. Intangible assets

	2013–14				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2013	0	19	0	0	19
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2014	0	19	0	0	19
Amortisation					
As at 1 April 2013	0	18	0	0	18
Charge in year	0	1	0	0	1
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2014	0	19	0	0	19
Carrying value as at 31 March 2014	0	0	0	0	0
Carrying value as at 31 March 2013	0	1	0	0	1
Asset financing					
Owned	0	0	0	0	0
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2014	0	0	0	0	0

9. (Continued)

	2012-13				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2012	0	19	0	0	19
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	0	19	0	0	19
Amortisation					
As at 1 April 2012	0	16	0	0	16
Charge in year	0	2	0	0	2
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	0	18	0	0	18
Carrying value as at 31 March 2013	0	1	0	0	1
Carrying value as at 31 March 2012	0	3	0	0	3
Asset financing					
Owned	0	1	0	0	1
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2013	0	1	0	0	1

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	6	5
VAT	0	0
Deposits and advances	0	0
Receivables due from Trusts	21	7
Receivables, Accrued Income and Prepayments due from NOMS Agency	519	932
Receivables, Accrued Income and Prepayments due from MoJ Group	0	17
Receivables, Accrued Income and Prepayments due from other Government departments	123	117
Other receivables	0	0
Prepayments	12	22
Accrued income	24	19
	705	1,119
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	705	1,119

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	541	956	0	0
Balances with local authorities	93	59	0	0
Balances with NHS bodies	29	58	0	0
Balances with public corporations and trading funds	0	0	0	0
	663	1,073	0	0
Balances with bodies external to Government	42	46	0	0
Total	705	1,119	0	0

13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	364	1,008
Net change in cash and cash equivalents	(157)	(644)
Balance at 31 March	207	364
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	207	364
Balance at 31 March	207	364

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	87	101
Other payables	3	0
Accruals	106	202
Deferred income	18	16
Staff payables	75	25
Bank overdraft	0	0
Payables due to Probation Trusts	0	21
Payables, Accruals and Deferred Income due to NOMS Agency	5	129
Payables, Accruals and Deferred Income due to MoJ Group	0	0
Payables, Accruals and Deferred Income due to other Government departments	3	2
Unpaid pensions contributions due to the pensions scheme	0	0
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	0
	297	496
Tax falling due within one year		
VAT	110	566
Corporation tax	0	0
Other taxation and social security	130	0
	240	566
Total amounts falling due within one year	537	1,062
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	537	1,062

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	245	716	0	0
Balances with local authorities	3	2	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	248	718	0	0
Balances with bodies external to Government	289	344	0	0
Total	537	1,062	0	0

15. Provisions for liabilities and charges

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	124	0	124
Provided in year	0	0	0	0	0
Provisions not required written back	0	0	(11)	0	(11)
Provision utilised in the year	0	0	(65)	0	(65)
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	48	0	48

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	48	0	48
Current liability	0	0	48	0	48
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	48	0	48

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	0	0	0
Provided in year	0	0	124	0	124
Provisions not required written back	0	0	0	0	0
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	124	0	124

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	124	0	124
Current liability	0	0	124	0	124
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	124	0	124

The provision at the reporting date £48 is for the closure of one office. The 2012/13 provision was for closure of one office £48, legal fees £11 and staff exit plans £65.

16. Capital commitments

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

17. Commitments under leases

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
Other		
Not later than one year	4	8
Later than one year and not later than five years	0	4
Later than five years	0	0
Total	4	12

The operating leases are for photocopiers 2013–14 £4 (2012–13 – £12)

17b. Finance leases

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

18. Other financial commitments

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

19. Deferred tax asset

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

20. Financial instruments

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

21. Contingent liabilities

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

22. Losses and special payments

22a. Losses statement

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	3	1
Fruitless payments	6	3	3	0
Store losses	0	0	0	0
Total	6	3	6	1
Details of cases over £300,000				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Store losses	0	0	0	0
Total	0	0	0	0

Losses Payments total £3K and relate to four payments for postage and other costs, plus the loss of cash from one office and the confiscation of a small amount of cash by police for evidence purposes.

22b. Special payments schedule

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	0	0	0	0
Total	0	0	0	0
Details of cases over £300,000				
Special payments	0	0	0	0
Total	0	0	0	0

There were no special payments over £300K.

23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(13,781)	(10,885)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(13,781)	(10,885)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(921)	(410)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	(1,410)	(2,486)
Balance at 31 March	(16,112)	(13,781)

24. Revaluation reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	17	12
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	17	12
Arising on revaluations of PPE during the year (net)	2	5
Transferred to General Fund	0	0
Balance at 31 March	19	17

24b. Intangibles

	2013–14	2012–13
	£000	£000
Balance at 1 April	2	2
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	2	2
Arising on revaluations of intangibles during the year (net)	0	0
Transferred to General Fund	0	0
Balance at 31 March	2	2

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.

Mutuals

There have been a number of individuals from Humberside, Lincolnshire and York & North Yorkshire Probation Trusts management, staff and Board members who have contributed to the development of a mutual under a joint venture with The GEO Group UK Ltd to bid for the Humberside, Lincolnshire and North Yorkshire CRC. The Mutual has been registered with Companies House as Delta Rehabilitation Limited, but will only start trading, if and only if, the joint venture with GEO Group UK Ltd is successful in winning the bid to deliver probation services under the Transforming Rehabilitation competition.

26. Third-party assets

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

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2014
	£000	£000	£000	£000
Hilary Sternfield Account	2	0	0	2
Other	0	0	0	0
	2	0	0	2

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

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

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

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

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

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

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

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

Pensions

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

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

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

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

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

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

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

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	207
Other comprehensive expenditure	2,684
Total comprehensive expenditure	2,891
Restatement:	
Increase in programme expenditure (interest costs)	203
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(203)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	410
Other comprehensive expenditure	2,481
Total comprehensive expenditure	2,891

Extract from the Statement of Changes in Taxpayers' Equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(13,781)
Restatement:	0
Increase in net operating expenditure	203
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(203)
General fund balance as at 31 March 2013 after restatement	(13,781)

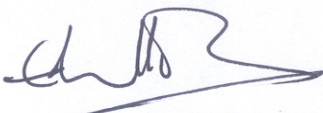
Administration and programme income and expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3**, **Note 6** and **Note 7**.

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

This is the third Sustainability Report for Lincolnshire 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 9 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

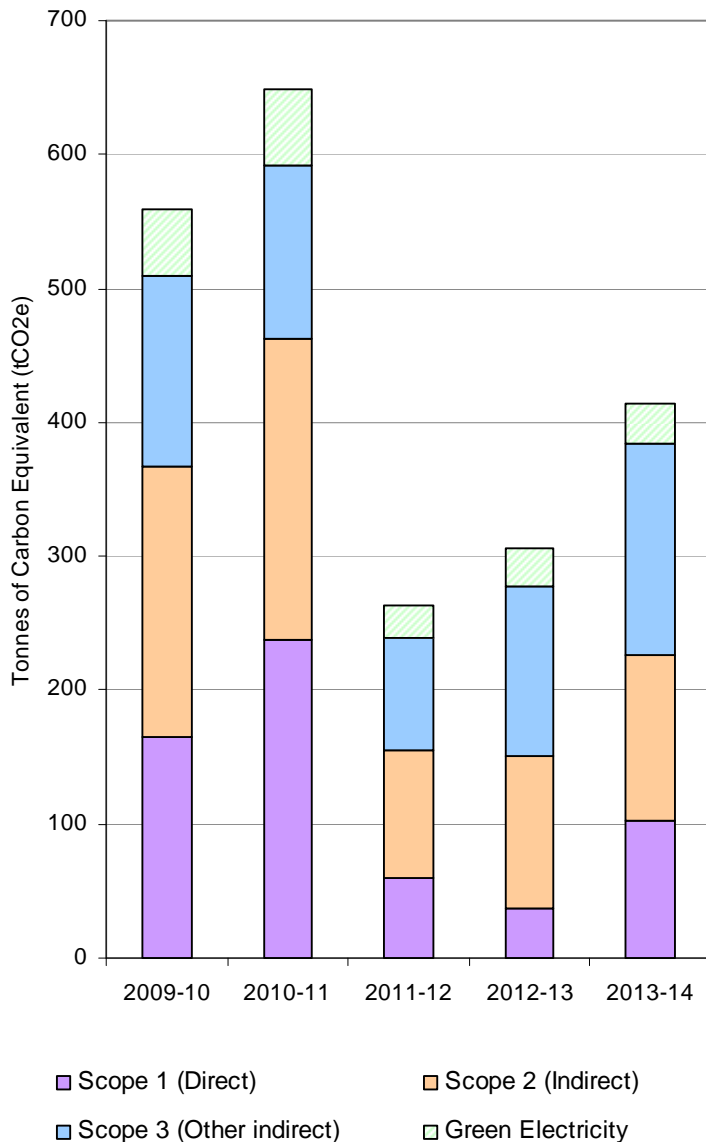
Lincolnshire Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	164.4	238.1	59.7	37.1	103.1
	Scope 2 (indirect): Supplied energy (electricity and heat)	202.9	224.9	95.5	113.2	122.9
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	141.8	129.6	83.7	126.9	157.7
	Total gross GHG emissions	509.1	592.5	238.9	277.2	383.7
	Electricity: green/renewable	50.7	56.2	23.9	28.3	30.7
	Total net GHG emissions	458.4	536.3	215.1	248.9	353.0
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	308,177	378,560	160,813	190,499	206,648
	Electricity: renewable	102,726	126,167	53,604	63,500	68,949
	Gas	728,887	1,157,315	193,046	59,054	403,485
	Other energy sources	0	0	0	0	0
	Total energy	1,139,790	1,662,062	407,463	313,053	679,282
Financial indicators	Expenditure on energy (£)	£60,877	£90,999	£32,483	£24,579	£63,432
	Expenditure on official business travel (£)	£400,000	£400,000	£367,959	£322,184	£275,907

Greenhouse Gas Emission by source



Performance commentary (including targets)

LPT has 9 buildings listed as follows:

- The Annexe Boston Office, 3rd Floor County Hall Annex, BOSTON, PE21 6LX
- Grange House, 46 Union Street, GRANTHAM, Lincolnshire, NG31 6NZ
- The Town Hall, North Parade, SKEGNESS, Lincolnshire, PE25 1DA
- Broadgate House, Westlode Street, SPALDING, Lincolnshire, PE11 2AF
- 4-6 Corporation Street, LINCOLN, Lincolnshire, LN2 1HN
- Probation Centre, U1 Carlton Centre Carlton Road, BOSTON, Lincolnshire, PE21 8LN
- Louth Police Station, Eastfield Road, LOUTH, Lincolnshire, LN11 7AN
- The Police Station, Morton Road, GAINSBOROUGH, Lincolnshire, DN21 2SY
- 205 Yarborough Road, LINCOLN, Lincolnshire, LN1 3NQ

LPT has a strong sustainability culture which it is developing with its staff through policies introduced but has very little control over utility bills and details received in the above figures.

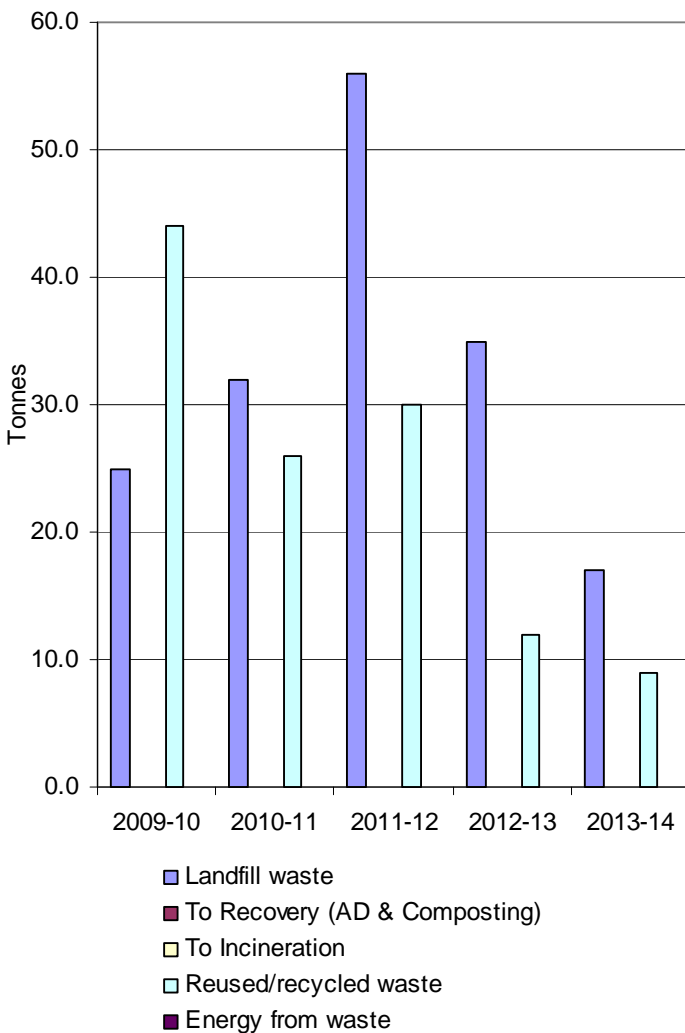
Controllable impacts commentary

LPT believes that this area of activity is under developed as LPT have no control over budget or bill enquiry procedure with supplier.

Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	25	32	56	35	17
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	44	26	30	12	9
		Energy from waste	0	0	0	0	0
		Total waste arising	69	58	86	47	26
Financial indicators	Non-hazardous waste	Landfill waste	0	0	0	0	0
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	0	0	0	0	0
		Energy from waste	0	0	0	0	0
		Total waste costs (£)	0	0	0	0	0

Waste by final disposal



Performance commentary (including targets)

LPT has actively worked with its staff on its sustainability processes and educating them on disposal of waste. These efforts have been rewarded in the latest results shown.

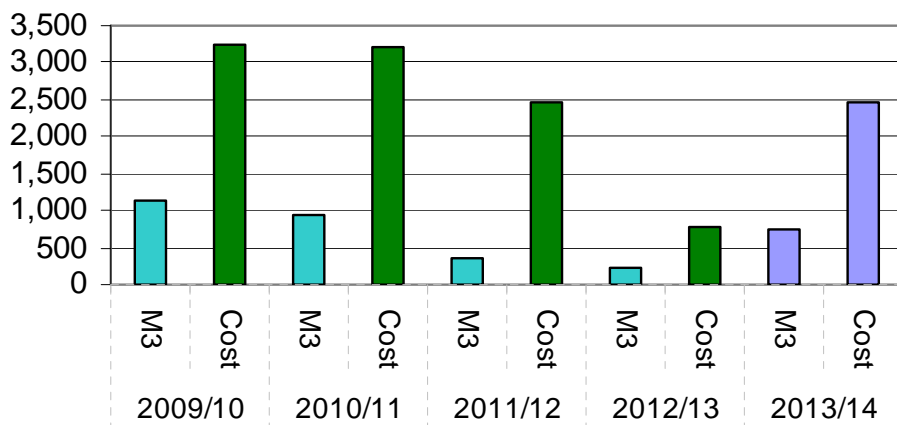
Controllable impacts commentary

LPT procedures introduced have assisted the control of waste to landfill.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres: m³)	1,144	940	357	236	750
Financial indicators	Total water supply costs (£)	£3,244	£3,222	£2,473	£768	£2,457

Water (consumption and costs).



Performance commentary (including targets)

LPT has actively worked with its staff on its sustainability processes and educating them on disposal of waste. These efforts have been rewarded in the latest results shown. In addition LPT has previously acknowledged that the water consumption being recorded in its largest building in Lincoln office may be incorrect due to the meter details being used.

Controllable impacts commentary

LPT believes that this area of activity is under developed as LPT have no control over budget or bill enquiry procedure with supplier

Paper

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