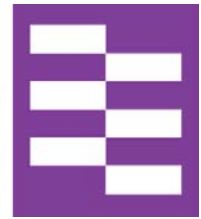


**London
Probation Trust**



London Probation Trust

**Annual Report and Accounts
2013–2014**

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Annual Report and Accounts
2013–2014

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Foreword

Joint Foreword by the Chair and Chief Executive of London Probation Trust

Introduction

The probation service in England and Wales is on the verge of the most significant change in its history. The Transforming Rehabilitation (TR) Programme initiated by the Ministry of Justice brings to fruition structural, organisational and operational changes which will impact on every aspect of current probation activity. As a consequence this is the penultimate London Probation Trust (LPT) Annual Report and the final report to be introduced by both of us in our respective roles as Chief Executive and Board Chair.

Summary of Selected Highlights of 2013/14

In May 2013, an announcement made by the Secretary of State outlined the scope, scale and timescales of the Transforming Rehabilitation programme. From that point LPT began detailed planning for the far-reaching changes proposed. These changes and the impact on the Trust and its staff have been managed with considerable professionalism by the Board, all managers and staff within LPT. It is testament to the calibre of leaders and staff within the Trust that despite the challenges of TR, performance targets against the majority of internal and external measures have been achieved and considerable progress made against the greater part of the business planning objectives for 2013/14.

This year LPT has continued to focus on improving the quality of the services provided both for service users and from an over-arching organisational point of view.

In May we were delighted that LPT was awarded the British Quality Foundation's Recognised for Excellence (R4E) award, achieving four stars. This was the first whole Trust submission and as such to be recognised by as a four star organisation was a significant accomplishment.

With regards to service users, we have, in partnership with User Voice, we have successfully established Service User Councils across the Trust. These events have provided a genuine vehicle for the voice of the recipients of our services to be heard and have resulted in some tangible differences in the way we work. LPT now employs Service User Engagement workers drawn from the pool of previous service users volunteers. Their role is to support the Service User Councils and to use their experience of the Criminal Justice System to support practitioners to engage and motivate current service users.

We have also continued to invest in the development of staff. In 2013/14, the Trust ensured that all managers and staff were trained in Skills for Effective Engagement, Development and Supervision (SEEDS). In addition to training and development, we have maintained a focus on pastoral activities. As part of the BeWell project, over 700 staff participated in the Global Corporate Challenge, covering thousands of miles and shedding pounds in weight. Various social events have been held in support of MIND, our Charity of the Year. These have provided some light relief and generated a significant amount of money.

As a Trust we have continued to explore new ways of working. The following are a selection of the areas of work where we have innovated in 2013/14 as a means of improving what we do:

- RISE – a staff initiated mutual established with support from the Cabinet Office. This has progressed from the germ of an idea to an emerging organisation that has the potential to be a going concern delivering the full range of rehabilitative services on a commercial basis
- Serious Group Offenders Unit – established and making a real impact with a burgeoning reputation with partners across London
- Foreign Nationals Unit – established to co-ordinate and consolidate work with this group of offenders, forming positive working relationships with UKBA and other partners
- Restorative Justice – rolled out Londonwide to with considerable success with high take-up and positive support from sentencers

- Services to Women Offenders – a revised London wide approach has resulted in significant impact on reducing the incidence of suspended sentences
- Child Sexual Exploitation and Trafficking – LPT took the lead in setting the agenda with partners both within the CJS and across other sectors

Finally it is important to note changes to the Board and the leadership team within LPT. This year we have welcomed two new Board members with Geoff Lee and Kate James bringing their experience and differing perspectives to the Trust. We also said farewell to Mark Johnson who made a significant contribution in his time as a Board member.

Having had the opportunity to lead LPT over recent years has been a great privilege. With the changes introduced by the TR programme, it is now time for a new group of leaders to take probation services forward in London. Nick Smart has been appointed as Chief Executive of the London Community Rehabilitation Company and Sara Robinson as Deputy Director for London in the National Probation Service. It is now their challenge to lead probation into the next phase in its history, building on the legacy that LPT has established over the past four years. We wish them well.

Caroline Corby
Board Chair

Heather Munro
Chief Executive

1 July 2014

Vision, Mission and Values

Vision

We will inspire public confidence in probation by reducing reoffending in London.

Our staff will be proud to work for London Probation Trust and London will be a safer place because of the work we do.

Mission

Changing lives for a safer London

London Probation Trust works with offenders to help them lead responsible and law abiding lives. Our over-riding aim is to reduce reoffending and protect the public.

We achieve this by:

- Assessing offenders and making skilled judgments about how to reduce the risk they pose.
- Influencing positive changes in offenders' behaviour.
- Working with other agencies to protect the public.
- Liaising with victims.

Values:

London Probation Trust has five core values which are at the heart of our responsibility to create a safer London.

Engaging with Communities – working together to improve public safety.

Listening – seeking and responding to public and user feedback makes our work more effective.

People – our staff are our greatest resource in our drive to achieve excellence.

Change – we believe in the capacity of offenders to change.

Diversity – recognising and celebrating the richness of difference.

1. Operational and Performance Review 2013–14

Results

Performance Targets and Measures 2013/14

London Probation Trust's performance targets were set by the National Offender Management (NOMS) Director for Probation and Contracted Services and are fully documented in the London Probation Trust Contract.

The table below outlines the targets that were set at the beginning of the financial year 2013/14 and shows whether London Probation Trust has successfully achieved those targets.

Probation Trust Rating System (PTRS) Measures

Offender management	Target	Performance
Reduce the rate of proven reoffending whilst under the management of a provider of probation services	8.6%	7.9%
80% of orders of the Court and Releases from Custody on Licence that are successfully completed	80%	80.5%
To achieve a rating of level 3 or better for creating appropriate records on ViSOR and attendance at both SMB meetings and MAPPA meetings for Level 2 and 3 cases	90%	96.0%
70% of offenders surveyed who have engaged positively with the offender management process	70%	70.2%
90% of OASys assessments assessed as either "Satisfactory" or "Good" on the OASys Quality Assurance	90%	86.0%
Interventions and restrictions	Target	Performance
Percentage of offenders in employment at termination of their order or licence to be at least 51%	51%	54.1%
Percentage of offenders in settled and suitable accommodation at the end of their order or licence to be at least 80%	80%	84.7%
Bail, court and victim work	Target	Performance
90% of victims responding to NOMS Victim Survey satisfied or very satisfied with service received	90%	92.5%

Contract Measures

Offender management	Target	Performance
95% of Pre-Sentence Reports (PSRs) completed within timescales set by the court (inc Remands In Custody)	95%	95.9%
90% of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	95.4%
91% of licence recall requests to reach NOMS Post Release Section within 24 hrs of the decision of the Offender Manager	91%	94.5%
At least 90% 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 PPOs	90%	87.9%

Offender management	Target	Performance
80% of Indeterminate Sentence Prisoner (IPP and Lifer) assessment reports completed by target deadline of date set	80%	90.2%

Interventions & restrictions	Target	Performance
The number of offenders on an order or licence who find and sustain employment to be at least 2,378	2,378	2,847
The number of Accredited Offending Behaviour Programme completions (excluding Sex Offender programmes and Domestic Violence programmes) to be at least 500	500	500
The number of Sex Offender Programme completions to be at least 110.	110	110
The number of Integrated Domestic Violence programme completions to be at least 322	322	324

Management information	Target	Performance
DRR Completions	910	914
ATR Completions	660	758

Specified Activity Requirement Targets

Specified Activity Requirement	Completions Targets	Results*
Structured Supervision Requirement	252	431
Structured Supervision for Women	201	212
Integrated Domestic Abuse Programme – Accelerated (Legacy)	59	463
Domestic Abuse Specified Activity Requirement	165	211
Sexual Offending Specified Activity Requirement	42	20
Internet Sexual Offending Specified Activity Requirement	18	37
Structured Supervision for Anger Management	165	164
Restorative Justice	83	33

Our caseload figures are recorded in the annex section of this report.

* We are unable to report year end results for SARs in view of changes made to the database in readiness for TR. Targets and results, therefore, relate to year to date; Feb 2014.

Strategic Priorities 2013/14

Building on the approach initiated in 2011/12, throughout 2013/14 LPT retained its focus on the three Strategic Priorities aligned to the London Probation Trust mission **Changing lives for a safer London**. These were as follows:

Quality – London Probation Trust planned to build on the improvements made during 2012/13 with the intent of delivering consistently high quality services.

During 2013/14 LPT identified the following priorities:

- continued investment in staff development
- an intensive focus on delivering consistently excellent services
- continued emphasis on offender engagement through the deployment of 'Skills for Effective Engagement, Development and Supervision' (SEEDS) across LPT

- a sustained focus on improved compliance
- deliver sustained quality improvements by implementing improvement actions that emerge from the outcome of our Recognised for Excellence assessment
- plan for Customer Service Excellence submission in 2014
- improved stakeholder relationships, particularly with Sentencers and the Parole Board.

Efficiency – LPT’s approach has been to maintain our commitment to deliver services as efficiently as possible ensuring that they continued to be appropriately targeted, evidence based, responsive to assessed offender need, and reflected unique and specific local community characteristics.

LPT has maintained its commitment to taking actions designed to meet the challenges of on-going budget constraints faced by all public sector organisations. In addition we have taken positive steps to prepare for the introduction of competition to the provision of rehabilitative services in the community.

Growth – Based on our experience of working in partnership with Serco on the Community Payback contract, and in response to the government proposals for competition, LPT had proposed through a process of open dialogue to assess the viability of developing strategic arrangements with providers from the private and voluntary sector. In the event the announcement made by the Justice Secretary in May 2014, which formally launched the TR programme, superseded the Trust’s plans.

Based on a well established and integrated network of relationships with partners (across all sectors) LPT planned to develop and expand the services directly provided or delivered in partnership that meet the assessed needs of offenders and victims. Commissioned activity for 2013/14 focused on the development of Intensive Alternatives to Custody, extending the provision for Restorative Justice and mentoring across London, as well as working with the Deputy Mayor for Policing and Crime to achieve their strategic priorities.

Delivery Against Strategic Objectives

Offender Assessment

LPT retained its commitment to delivering timely and high quality offender assessments to courts and the Parole Board. Our assessments have continued to focus on informing sentencing outcomes and Parole Board decisions, as well as the sentence planning and management process. It has been critical that every assessment completed was focused on the achievement of positive outcomes to be delivered through targeted and evidenced based interventions.

LPT has ensured that all assessments completed have complied with the legislative framework, in particular amendments to sentencing contained in the Legal Aid and Sentencing Act 2012. The Trust has been committed to ensuring that the work planned and delivered was appropriate to address diverse offender needs, supporting them to make positive changes and so reducing the risk of re-offending.

LPT retained its focus on achieving continuous improvements in the quality of services provided. In collaboration with the Parole Board, we have worked to increase confidence and capability of all offender managers in planning for and presenting at oral hearings.

Strategic Objective	Activity	Outcomes Achieved
Excellent assessments to deliver desired outcomes	Courts: Deploy and monitor the use of the revised service wide Targeting Matrix.	<p>The revised Targeting Matrix was initially piloted and then deployed across LPT. Each LDU developed and implemented local action plans to support deployment. The use and effectiveness of the Matrix was subject to active monitoring to ensure that its deployment delivered the anticipated benefits.</p> <p>In the event, a complete analysis of the impact of the Matrix was superseded by changes to court processes introduced as a result of the MoJ Transforming Rehabilitation (TR) programme.</p>
	Parole Board: Improve the quality of parole assessments and work pre-release with targeted groups of offenders in response the audit of Parole Reports completed in 2012	<p>Activity to improve the quality of Parole Assessments and presentation at oral hearings continued into 2013/14. LDU activities were based on the outcome of the audit of reports completed in 2012/13.</p> <p>The planned LPT audit of parole assessments did not however take place; this decision has been taken in light of the impact of the TR programme on LPT and the LDUs.</p>
Enhance sentencer & Parole Board confidence	Courts: Deliver on our Sentencer Engagement Strategy based on the 2012 Sentencer Survey outcomes	<p>Sentencer forums were held throughout the year as planned. These events combined a specific focus on the implications on the provision of services to court and in the community that will result from the TR programme with presentations focused on Domestic Abuse, Young Adult Offenders and Serious Group Offending.</p> <p>These events were consistently well attended and have provided a valued forum for communication and engagement between LPT and a wide range of sentencers.</p>
	Review and revise communication and collaboration with 'Super Courts'	<p>It was proposed that the revised approach to sentencer engagement was to be managed and subject to review at the Board External Relations Committee. However, in light of the impact on the LPT Board of the changes to LPT as a result of the TR programme, the decision was taken to disband the committee.</p> <p>The LPT Sentencer Communication Strategy was however delivered as planned. This included direct engagement with sentencers at a local level, lead by the relevant LDU ACOs, regular centrally convened sentencer events and newsletters from the Chief Executive.</p>
	Parole Board: Work in collaboration with the Parole Board to develop new initiatives designed to improve the quality of parole assessments and timeliness of parole hearings	<p>LPT has continued to work in collaboration with the Parole Board with a view to improving the quality of the work completed by its staff. In addition, at a local level LDUs have introduced specific activities targeted on the parole process including participation and presentation at Oral hearings.</p>

Administration of Offender Sentence

Throughout 2013/14 London Probation Trust has maintained responsibility for the management of the majority of sentences imposed by the courts. We have worked to ensure that our work with offenders balanced the administration of a proper punishment with rehabilitation. Our focus on public protection has been retained whilst, appropriately targeting activity that is proven to be effective in reducing reoffending. As a result, we aimed to ensure that offenders have been motivated and supported to change.

Our aim was to ensure that every sentence plan was to be informed by evidence and responsive to identified needs; risk management plans were of the highest quality and delivered in a manner that ensured delivery of identified outcomes. In order to secure positive outcomes, the Trust has been committed to continuing to actively support offenders to comply with their sentence ensuring that every contact with an offender is both meaningful and effective. 2012/13 saw a significant improvement in compliance across all measures; it was our intention to build on this, achieving further improvements aligned with objective contained within the Mayor’s Office for Policing and Crime (MOPAC) draft ‘Police and Crime Plan’ for London. Where offenders did not comply with their court order or post-release licence, it was our clear intent to take prompt and appropriate enforcement action.

LPT continued to deploy initiatives designed to improve the quality of work undertaken with all offenders. These included:

- the implementation of ‘SEEDS’ – Skills for Effective Engagement, Development and Supervision: the new practice framework that focuses on effective engagement with offenders and delivery of personalised, outcome focused services that reduce the likelihood of reoffending
- deployment of ‘LEARN2’ – London Enhanced Assessment Review Network an updated more holistic approach to reviewing the quality of work completed with offenders
- The provision for clinical supervision to be available for all staff engaged in offender management

The service that we have provided has reflected the diverse needs of all service users. We also aimed through our investment in service user engagement, to ensure that they were fully engaged in achieving the agreed objectives. The Trust has been committed to continued investment in research and technological solutions as a means of identifying new ways of working proven to reduce reoffending. We have continued to learn from Service User Councils. These have assisted our understanding of the approaches that have led to the greatest impact on the recipients of our services.

Strategic Objective	Activity	Outcomes Achieved
Enhance offender engagement	SEEDS (Skills for Effective Engagement and Development) deployment completed; the approach to offender engagement is embedded and its effectiveness/impact on outcomes (compliance and offender feedback) evaluated	SEEDS has been fully rolled-out across LPT in 2013/14. Action learning sets and LDU peer support processes have been established. However participation was at times affected by operational priorities.
Improve the quality and responsiveness of Sentence Plans	London Enhanced Audit of Risk Network (LEARN 2) fully deployed and its effectiveness/impact on outcomes (qualitative improvements in an integrated approach to assessment, sentence/risk management planning and proposed outcomes) evaluated	As part of the implementation of the LPT Quality Assurance Framework LEARN2 has deployed as planned; the increased scope of LEARN2 meant that the development of the system took longer than anticipated with deployment not commencing until July 2013. Initial experience of using the new version highlighted that more time is required for its completion – this is as a result of it being new and a more comprehensive tool. Further work to assess the impact of deployment on qualitative improvements in practice is required – this will be taken forward in 2014/15 by the newly established Community Rehabilitation Company.

Strategic Objective	Activity	Outcomes Achieved
	<p>The quality of pre-release engagement improved in order to better prepare for resettlement back into the community</p>	<p>Local Delivery Units have initiated a number of activities focused on improving the quality of work undertaken with serving prisoners pre-release; this work has also been informed by service user feedback through local service user councils and Service User Engagement Workers. The range of initiatives have included:</p> <ul style="list-style-type: none"> • Self Assessment Questionnaire to be sent to all prisoners within 10 working days of sentence • All prisoners are provided with information on available local resources prior to release • Improve integration with Approved Premises with timely referrals and move on plans prior to release (where relevant) • All prisoners contacted by letter pre-release. • Phone contact with all lower risk prisoners pre-release • Pre-release plans agreed with all prisoners with housing, drug and alcohol, domestic violence or Schedule 15 offences • Home visits conducted for all cases • Use of video and phone conferencing increased to ensure best use of offender management time.
	<p>Fully deploy new Community Punishment (CP) arrangements to ensure compliance with Contract requirements</p>	<p>The new CP arrangements have been fully deployed across LPT. In this period there has been a particular emphasis on the achievement of the changed performance targets and assurance that LPT met its obligations as defined by the sub-contractual arrangements with SERCO.</p>
	<p>Deploy the new Electronic Monitoring arrangements (once awarded by NOMS – deployment with effect from April 2013)</p>	<p>As a result in changes to the national commissioning process this action has not been taken forward as planned.</p>
<p>Deploy research and evidence based practice</p>	<p>Complete research programme for 2013/14 to include:</p> <ul style="list-style-type: none"> • Trust-wide approach to what works with BME offenders • New roles (PDOs and SCAs) • New National Standards • Service User Councils • Biometric Reporting • Desistance and MAPPA • Analysis of reducing re-offending data 	<p>The research programme planned for 2013/14 was significantly curtailed as a result of priority being given to activity related to the TR programme.</p> <p>However the research completed in this period included:</p> <ul style="list-style-type: none"> • Biometrics project in the Bexley/Bromley LDU • Assessment of the Offender Survey results • Analysis of the Sentencer Survey • A review of practice in relation to Risk of Harm and associated decision making

Rehabilitation

As planned, London Probation Trust continued to undertake a broad range of rehabilitative work with offenders in the community. All services provided or commissioned by the Trust have been based on evidence of what is most effective in reducing reoffending with specific cohorts of offenders. Over the last twelve months LPT planned to focus on the following areas:

- Establish the EXIT programme an Intensive Alternative to Custody (IAC) for 18–24 year olds targeted particularly at offenders identified as being engaged in gang-related offending

- Deploy mentoring services
- Extend access to Restorative Justice throughout London.

In addition, LPT proposed to re-invigorate services provided to women offenders through the implementation of actions detailed in the revised Women Offender Strategy.

The Trust also continued to actively engage with the Deputy Mayor for Policing and Crime to shape and influence their co-commissioning activity – in particular, local approaches to address Serious Group Offending, the specific needs of women offenders and Integrated Offender Management. The Trust also worked to ensure that access to drugs and alcohol services for offenders were maintained as commissioning responsibility transferred to the local authority Directors of Public Health, supported by Health & Wellbeing Boards.

LPT continued to work in partnership with a range of other organisations. By targeting investment we ensured that the Trust has been well placed to deliver services that achieve tangible reductions in reoffending and harm to the community. The Trust has continued to actively review and revise its infrastructure in order to ensure that it continued to support the delivery of the most effective approaches to the management of offenders.

LPT sought to secure complementary services which address specific and differing local needs via commissioning or co-commissioning routes. All services provided and commissioned at the local and London-wide level targeted needs as specified in the Desistance Pathways:

- Housing
- Drugs and Alcohol
- Education, Employment and Training
- Mental and Physical Health
- Attitudes and Thinking
- Finance and Debt Management
- Children and Families
- Women

As planned all services provided have been subject to on-going evaluation to determine their effectiveness. The learning from this process has been used to inform on-going service delivery and local commissioning decisions.

Strategic Objective	Activity	Outcomes Achieved
Commission effective services	Restorative Justice service implemented across LPT	The Restorative Justice service has been successfully deployed across London, providing RJ as a Specified Activity Requirement as part of a Community Order or a Suspended Sentence Order.
	Deploy new services aligned to the desistance pathways, to include: <ul style="list-style-type: none"> • Housing – advice worker located in every LDU • Alcohol – screening deployed • Debt Advice Service in all LDUs 	As planned, Housing Advice Workers have been deployed in all LDUs. These services have been commissioned locally and are delivered by a range of expert providers. Alcohol screening (Brief intervention/IBA tool) has been successfully implemented across LPT. LPT is working in collaboration with StepChange to deliver better services for service users. StepChange is a large UK based debt charity with 20 years experience of providing debt and finance advice. This service is now available in all LDUs.

Strategic Objective	Activity	Outcomes Achieved
	Deploy LPT Women's Strategy to ensure that every female offender has access to women only provision	<p>The revised LPT Women's Strategy was successfully launched and implemented as planned.</p> <p>The Women's Strategy Unit has been established to lead the implementation of LPT's Women Offender's Action Plan which includes partnership work with women's community projects and co-ordinating the work of the LDU Women's Single Point of Contact.</p> <p>Each LDU now has a Women's Single Point of Contact in place to support local developments when working with women.</p> <p>Their role includes:</p> <ul style="list-style-type: none"> • Help increase practitioner confidence in engaging with women offenders • Disseminate information on local Women's community projects • Help increase the number of LDU initiatives for women offenders • Assist in sentencing proposals on women offenders.
Develop partnerships to Grow service provision	Pilot the deployment EXIT (Intensive Alternatives to Custody) in five LDUs; measure the achievement of defined outcomes and plan LPT wide implementation.	<p>The EXIT programme has been piloted in five boroughs:</p> <ul style="list-style-type: none"> • Lewisham • Greenwich • Hackney • Croydon • Southwark <p>The programme consists of three mandatory requirements including specialist CP, supervision and a groupwork programme, accompanied by individual mentoring and access to social pathways to promote and develop life skills and support to achieve full re-integration into the community.</p> <p>An evaluation of the effectiveness of the programme has been initiated. This will be completed in August 2014.</p>

Public Protection

Public protection continued to be of overriding importance in all the work undertaken by London Probation Trust. LPT took action to ensure that services provided have addressed the changing profile of all offenders and established ways of working that provide both public protection as well as delivering purposeful and sustained interventions. This has included the critical role that Approved Premises continue to play in enabling the successful and managed re-integration of offenders who present the highest risk of harm back into the community.

As planned, we have made significant investment in developing and maintaining a workforce that is able to work confidently and effectively with individual offenders who pose significant risk of harm, and with serious group offending. We have been committed to ensuring that our staff group is able to communicate consistently and with clarity with both colleagues and partners, demonstrating their awareness of the impact that offenders have on both their family and the community. In 2013/14, LPT enhanced its approach to the management of high risk offenders by deploying clinical supervision to all offender managers. This initiative provided an enhanced level of support by offering access to specialist psychological resources.

The protection of victims of crime from re-victimisation has remained a priority in shaping on-going risk assessment and in the implementation of risk management plans. We retained our commitment to

improving the quality of the service we provide to victims including continued close liaison with victim-focused agencies, participation in crime prevention initiatives, mediation and reparation work (notably Restorative Justice).

We continued to work in partnership with the Metropolitan Police, children's services and other agencies to manage and reduce the risk of harm presented by offenders; central to this has been the success in achieving full deployment of Multi-Agency Safeguarding Hubs (MASH) in all London Boroughs. We also worked to build on existing partnerships as well as identifying new arrangements that increased the effectiveness of joint public protection work.

Strategic Objective	Activity	Outcomes Achieved
Address complex need to reduce high harm	Established a specialist Serious Group Offending (SGO) unit to provide expert intervention for specific complex high risk offenders across London Probation Trust.	<p>As planned, a specialist Serious Group Offending (SGO) unit has been established. In summary, the aims of this unit include:</p> <ul style="list-style-type: none"> • Improve the management of high risk of harm SGO offenders and to identify and publicise best practice in working with high risk of harm individuals. • Provide advance training across LPT as part of the overall LPT training and development Programme. • Establish effective working relationships with key partner agencies to achieve information sharing across agencies as guided by established information sharing protocols.
	In collaboration with health partners, fully deploy the Personality Disordered Offender Initiative	<p>The Londonwide Personality Disordered Pathways Project has been successfully rolled-out across all LDUs. Central to this service is the allocation of a specialist probation officer resource supported by a dedicated psychologist resource.</p> <p>The project has also supported the establishment of the HMP Belmarsh Enhanced Progression Unit, a resource available for forty prisoners diagnosed with a personality disorder who are provided with specialist support in preparation for their release.</p>
Safeguard children and vulnerable adults	Qualitative improvements to victim orientated offender management practice (in all cases) achieved.	The HMIP report 'An Inspection of the Victim Contact Arrangements in Probation trusts' was published in November 2013. In response, LPT has issued guidance to staff outlining the recommendations and local actions have been initiated to ensure that there is a clear victim focus in all cases.
	Fully deploy MASH arrangements in all LDUs	MASH has been deployed in all LDUs as planned, and a process of embedding these arrangements will take place throughout 2014/15.

Strategic Objective	Activity	Outcomes Achieved
	Qualitative improvements in all identified child protection cases achieved.	<p>Significant emphasis has been placed on increasing staff (in all roles) awareness and understanding of child safeguarding. The range of activities undertaken has included:</p> <ul style="list-style-type: none"> • Briefings and subsequent ‘mop-up’ events for staff were completed in all LDUs • A Londonwide multi-agency Child Sexual Exploitation conference was hosted by LPT • LPT safeguarding procedures and supporting processes have been updated • Training for staff and managers has been reviewed and revised modules implemented • The impact of changes on other policies and procedures has been subject to review – NB overseas travel, home visiting <p>In February LPT was subject to an inspection by HMIP as part of its revised Inspection of Adult Offender work programme. The areas for improvement that emerged from this inspection will be incorporated into the business plans for the NPS and CRC for London.</p>

Effective Organisation

The introduction of competition into the provision of probation services became a reality early in 2014/15. Our experience of working alongside SERCO in the successful bid to provide Community Payback in London both informed our approach to the TR programme and provided an insight into the challenges ahead. As a consequence LPT established a strategic approach to the management of the programme locally. A committee was established to oversee the ordered implementation of the proposals in LPT and to maximise the opportunities that emerged.

By identifying further efficiencies and building upon the strength of our established organisational approach that has been based around the range of strategic partnerships (across all sectors) we continued to provide services which are proven to deliver tangible reductions in reoffending and harm to the community.

LPT has through a process of review and managed change continued to develop an efficient infrastructure focused on supporting the delivery of the most effective approaches to the management of offenders. The Trust continued to prioritise the achievement of qualitative improvements in the delivery of services as well as upgrading internal policy and procedures. By further developing the quality of services delivered, LPT received the externally validated quality awards; Recognised for Excellence (R4E) and Customer Service Excellence.

LPT continued to demonstrate its commitment to support staff at all grades in improving the quality of the work for which they are responsible. The review of Professional Development and Learning redefined learning priorities and the approaches deployed bringing a better alignment with the needs of individuals and the Trust.

Strategic Objective	Activity	Outcomes Achieved
Transform the Operating Environment	Enhance HR policies and procedures to improve completion of formal processes	Revised HR policies and procedures were launched with managers and staff briefed in their deployment. However, in light of impact of the MoJ TR programme and the re-assignment of key HR resources, the planned review of the effectiveness of their implementation was not taken forward.
	A revised more targeted performance management framework and approach is deployed	LPT launched its Performance Improvement Programme focused on review of Appraisal outcomes and implementation of actions identified within the process. This programme, whilst primarily aimed at identifying approaches to address poor performance, also reviewed and validated instances where staff were assessed as being 'exceptional'.
	Quality Management Framework developed and deployed (as defined by the NOMS requirement)	LPTs Quality Assurance Framework (QAF) was developed in accordance with the guidance provided by NOMS. This framework brought together a number of existing activities within a single framework. These include: <ul style="list-style-type: none"> • SEEDS • LEARN2 • The work of the Practice Development Officers • PDL Training Plan • Clinical Supervision A senior manager was assigned to lead on the implementation of the QAF and a practitioner forum was established providing staff with the opportunity to influence the development of activities aimed at introducing qualitative improvements.
	LDU IT needs met and proposed innovations initiated	The following IT innovations that enhance the services provided across LPT have been developed and implemented: <ul style="list-style-type: none"> • Increased Service desk availability • Intranet improvements deployed • Internet accessibility improved • Web-based hosting of LPT applications delivered
	Develop systems to produce accurate cost-base analysis to enhance strategic planning	Significant attention was devoted to ensuring that the LPT PREview submission was both as detailed and accurate as possible. This process, led by the Finance and Business Intelligence Units, incorporated a process of internal and external objective validation. With the impending closure of the Trust and changes resulting from the MoJ TR programme, PREview will not be taken forward as the costing model for probation. However, the investment made on the submission in this year enabled LPT to evidence to NOMS the resources required to enable the NPS and CRC for London to function effectively.
	Respond to outcome of R4E evaluation and plan improvements identified	The recommendations included in the R4E evaluation were incorporated into the LPT Business Plan 2013/14. However, in light of the MoJ TR programme, LPT has not taken forward plans for a further R4E submission.
	ATLAS Business Process Project Implemented	The ATLAS business processes project has been launched with all core operational processes available via Londoni.

Strategic Objective	Activity	Outcomes Achieved
	Stage two of the LPT Estates Strategy implemented	The MoJ TR programme has had a significant influence on LPT Estates Strategy. This has limited the Trust's ability to implement the range of changes and improvements planned at the start of the year.
	BeWell (well-being project) delivered	<p>The BeWell project was launched as a result of the suggestions received from staff. The project initiated a number of activities including;</p> <ul style="list-style-type: none"> • Flu jabs – issued to 400 staff • Discounted gym membership provided by Fitness First • Health screening provided in May and June • Global Corporate Challenge commenced in May with 79 teams from LPT participating • Membership of the CSSC Sports and Leisure promoted • The BeWell project intranet page has been developed with links to a range of advice and information pertaining to healthy lifestyles and nutrition • Bi-monthly campaigns focused on specific well-being issues to be launched across LPT in March • Advice on the provision of on-site exercise classes <p>The project also developed a network of BeWell Ambassadors who are responsible for promoting the aims of the project in each LDU and for generating ideas.</p> <p>In addition, action has been taken to improve the communication with Occupational Health and Employee Assistance providers, providing them with bi-annual sickness covering the major causes of absence and establishing regular meetings between the two providers to ensure that they work together for the benefit of LPT.</p> <p>In light of the potential impact on staff of the MoJ TR programme, the project was engaged in the process of commissioning a programme intended to provide both practical and personal support to staff during a period of significant change.</p>
Develop excellent people	Align Professional Development and Learning (PDL) resources to meet operational needs	The Professional Development and Learning Plan and Programme was developed and has been delivered in line with LPT operational priorities. In addition to delivering to the Probation Qualification Framework, significant training resources have been assigned to SEEDS, LEARN2, leadership development and development of administrative staff.
	Conduct annual analysis of supervision and appraisal records to better inform organisational development	An analysis of supervision, appraisal and personal development plans has been completed as a part of the Performance Improvement Programme. The outcome of this process informed the development of the PDL plan, ensuring that training delivered met both organisational and individual priorities.
	Clinical Supervision deployed	Clinical Supervision has been commissioned and has been provided by senior staff from the Portman Clinic, Tavistock Centre and Portman NHS Foundation Trust.
	Achieve Customer Services Award	A project was initiated to prepare LPT's submission. However, in light of the MoJ TR programme, the decision was taken to scale back the scope of this project with the resources re-deployed to the change programme.

Strategic Objective	Activity	Outcomes Achieved
Increase profile and influence with stakeholders	Define measures to determine influence and perception of LPT with external stakeholders	<p>It was proposed that the revised approach to engagement with external stakeholders was to be managed and subject to review at the Board External Relations Committee. However, in light of the impact on the LPT Board of the changes to LPT as a result of the TR programme, the decision was taken to disband the committee.</p> <p>The following actions were completed:</p> <ul style="list-style-type: none"> • Acid Test (externally commissioned review) of communication approaches completed and actions identified • Offender Survey completed in October • Sentencer Survey completed in November
Prepare for a competitive future	<p>Respond to and continue to influence the outcome of the MoJ review of Probation Services</p> <p>Develop new business models that will sustain a public service in London into the future</p>	<p>The scope and scale of the proposed changes to probation were announced by the Secretary of State in May. In response, LPT established a programme focused on managing the process of local transition that resulted from the MoJ TR programme.</p> <p>This programme, lead by a senior manager and under the governance of the LPT Board, has been responsible for managing the wide-range programme of change. As a result, LPT will cease to deliver public services from 1 June 2014, with the CRC and NPS for London taking over responsibility for the provision of probation services.</p>

Communications and Employee Involvement

London Probation Trust has developed a Staff Engagement Map which sets out the staff engagement activities under way in the Trust. The aim of staff engagement is to ensure employees align their energy, passion and commitment to the vision, mission and values of London Probation Trust.

High levels of staff engagement benefit both staff, who feel confident that they are making a difference and proud to work for London Probation Trust, and the organisation itself on our excellence journey.

Internal Communications Channels

There is a comprehensive range of internal communications channels which are outlined in London Probation Trust's Internal Communications Framework. These channels include:

- London i – our intranet. Content management is devolved to Local Delivery Units and Departments. The design and structure is continually refreshed to ensure it meets user needs and preferences.
- All London Round Up – weekly round up of messages. Any staff member can submit a message for possible dissemination to colleagues. In 2012/13, we reviewed our e-bulletins and streamlined them in response to staff feedback.
- LPToday – online staff magazine – news and features. The aim of the magazine is to share best practice and create a sense of unity and common purpose in a geographically disparate organisation. Staff are encouraged to submit articles and suggestions for features.
- The Chief's Blog – which this year went interactive, giving staff an opportunity to post comments and ask questions.
- Meetings – a regular series of meetings take place across the organisation to ensure communication flows are effective.
- Transforming Rehabilitation changes – a comprehensive and dynamic stakeholder communications plan was created to keep external partners and staff updated about the Government reforms and to encourage dialogue.

Listening to Staff

The Senior Management Team is keen to involve staff and listen to their ideas and views via a range of feedback schemes including:

- Staff Forum – a bi-monthly meeting of staff from across the Trust to exchange views.
- Staff Survey – an opportunity for staff to feed in views which are benchmarked against the previous year’s results and against those of other Trusts.
- Staff Suggestion Scheme – staff are encouraged to suggest small and major improvements to the way we work and new ideas. Responses are published to the whole organisation.
- Staff Roadshows – regular interactive events for staff to meet the Senior Management Team to hear updates on latest developments and pose questions.
- Acid Test – a representative sample of staff took part in individual, face-to-face interviews to talk about change and the future. The questions aimed to find out people’s understanding of strategy and priorities and their own role in delivering them, as well as the obstacles facing the Trust. The responses helped to shape communications and, in particular, how staff are supported through the Transforming Rehabilitation changes.
- Trade union liaison – there is structured involvement and consultation with representatives of recognised trade unions. During 2013/14 a new Transforming Rehabilitation liaison meeting was set up to focus specifically on the implications for staff of the Government reforms.

Recognising Staff

The LPT Awards recognise our staff and celebrate their achievements in a range of categories including: Customer Service, Developing Community Engagement, Equality and Diversity, Innovation, Leadership, Lifetime Achievement, Offender Management, Quality and Victim Services.

Staff can also nominate service users who have who have made significant progress or achievement over the period of their supervision and service users can nominate staff who have helped them make positive changes in their lives.

We are very proud of the recognition we achieved at a national level during 2013/14 including:

- David Forbes, London Probation Trust’s Research Manager, won the 2014 National Probation Lifetime Achievement Award.
- Ildid Davies, London Probation Trust’s Head of Public Protection, was awarded Member of the Order of the British Empire (MBE)
- London Probation Trust was runner-up in the Grassroots Excellence category in the prestigious Guardian Public Services Awards for our work with the charity User Voice in developing Service User Councils.
- London Probation Trust’s IT Department was a finalist in the ‘Innovation’ category for the British Quality Foundation Achievement Awards
- London Probation Trust’s intranet, London i, won the ‘Intranet’ category at the Institute of Internal Communications Gala Awards.

Staff Diversity Profile

Results of the latest available Diversity Profile are shown in the following tables.

Gender

	Female	Male
This year	71.1%	28.9%
Last year	68.3%	31.7%
% change	4.2%	-9.0%

Age

	Under 31	31–40	41–50	51–60	61+
This year	13.4%	28.2%	27.1%	24.9%	6.4%
Last year	15.3%	25.0%	29.1%	23.9%	6.7%
% change	-12.6%	13.1%	-6.8%	3.9%	-4.2%

Length of Service

	Length of Service					Average
	<1	1–5	6–10	11–20	20+	
This year	5.8%	23.9%	32.7%	24.3%	13.3%	10.1
Last year	2.0%	26.6%	35.8%	23.1%	12.5%	10.6
% change	194.6%	-10.1%	-8.5%	5.4%	5.1%	

Sexual Orientation (Staff Survey 2013 – based on 753 responses)

Sexual Orientation	2013
Bi-Sexual ,Gay Woman, Gay Man	5.3%
Heterosexual	86.3%
Other / Prefer not to say	8.4%
Total	100%

Ethnicity

	Grand Total
Headcount	2,297
White	43.88%
Black	30.78%
Asian	7.49%
Mixed	4.01%
Other	0.70%
Not Known	13.14%

Starters by Band, Gender, Age and Ethnicity

Band	Gender		Age				Ethnicity		
	Female	Male	Under 31	31–40	41–50	51–60	White	BAME	Not Known
Percentage	64.35%	35.65%	48.7%	17.4%	22.6%	11.3%	10.4%	4.2%	85.4%

Leavers by Gender and Age

Band	Gender		Age				
	Female	Male	Under 31	31–40	41–50	51–60	61+
Percentage	64.7%	35.3%	25.3%	27.6%	23.0%	10.9%	13.2%

Leavers by Ethnicity

Band	White	Black	Asian	Mixed	Not Known
Percentage	47.7%	16.7%	6.3%	1.7%	27.6%

Length of Service by Band

Band	<1	1–5	6–10	11–20	20+
Percentage	4.0%	45.4%	24.7%	15.5%	10.3%

Human Resource Procedures

Type	2013–2014
Capability	12
Disciplinary	39
Employment Tribunal	0
Grievance	8
Harassment	16
Other	5
Total	80

Disciplinary by Gender, Age and Ethnicity

Category	Number	Cases/1000 Staff
Gender		
Male	26	15.9
Female	13	19.6
Age		
Under 31	3	9.7
31–40	9	13.9
41–50	15	24.1
51–60	11	19.3
61+	1	6.8
Ethnicity		
White	13	12.9
Black	15	21.2
Asian	5	29.1
Mixed	1	10.9
Not Known	5	15.7

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2013–14, which were formally reported to the Information Commissioner's Office (ICO).

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification of steps
April 2013	Unauthorised access	Offender manager accessed offender information	1	ICO & NOMS
April 2013	Information compromised	Offender manager disclosed offender recall to another offender	2	ICO & NOMS
May 2013	Unauthorised removal of offender information	Offender information found at offender manager's house by police	Approx 50	ICO & NOMS
Feb 2014	Information compromised	Offender information sent to external email address in error	31	ICO & NOMS

In all the above cases, a risk assessment was carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident.

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 London 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 75, issued by the Secretary of State under the OM Act.

Principal activities

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

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

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 5 to 21.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 41. The Statement of Changes in Taxpayers’ Equity is shown on page 44.

Operating costs

The net operating cost before tax for 2013–14 stands at £14,024k compared to £3,472k for 2012–13. The reason for the increase is due to the effect of an actuarial pension cost increase and a £1m NOMS contract income reduction to assist NOMS at the end of the financial year.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 42 and 43.

The net liabilities position has decreased from £218,314k at 31 March 2013 to £213,593k at 31 March 2014. The largest single movement in net liabilities is £5.8m due the movement in the valuation of the Pension liability.

Payment of creditors

In the year to 31 March 2014, the Trust paid 24,670 trade invoices with a value of £44,845k. The percentage of undisputed invoices paid within 30 days by the Trust was 99% and was also 99% in 2012–13.

Treatment of Pension Liabilities

Past and present employees of the Trust (if eligible) 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 LPT Board have seen the guarantee. The Trust is no longer required to pay employer contributions to the fund as at that date.

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 London 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 and its ability to meet contribution requirements 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 was 9.6 days across the Trust (2012–13 was 9.91 days).

Staff diversity

London Probation Trust has a commitment to diversity. London Probation Trust continues to be eligible to use the 'Two Tick' disability status in our recruitment campaigns. Information on progress towards equality objectives is published on the London Probation Trust website. For staff with disabilities, a reasonable adjustment strategy has been developed. Training is available for managers and systems and processes are in place to assist managers in managing their staff.

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:

London Probation Trust ceased delivering services from 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. Staffing split is 48% to the CRC (1,148 FTE) and 52% to the NPS (1,251 FTE). 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.

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 77 to 80.

Mutuals

London Probation Trust is not involved in developing a mutual venture to bid for either a prime or sub contractor as part of the forthcoming privatisation of probation services. An employee of London Probation Trust has set up a legal entity called RISE Mutual CIC, which intends to subcontract offender

intervention services from prime contractors. London Probation Trust has no financial transactions with RISE Mutual CIC, and has maintained an ethical wall. London Probation Trust has funded internal finance and HR advice to the value of £83,052 as part of day-to-day support to ongoing intervention services, some of which may assist RISE in bidding for a sub contract in the future.

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

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

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

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

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

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

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

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 39.

Total audit fees reported in the Accounts are £250,000. The audit fees for 2013–14 are made up of:

- £141,000 payable to our external auditor, the National Audit Office (NAO),
- £90,000 payable to our internal auditors, the Ministry of Justice and
- £19,000 payable to Renom Ltd and PwC for the audit of EU projects.

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 London Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014, are shown below on pages 30 to 38.

The Chief Executive is appointed by the Trust Board and is a member of the Board. The Chair and other members of the Trust Board are appointed by the Secretary of State.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 26 to 29.

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

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Heather Munro	
Chair	Caroline Corby	
Board Members	Carol Butler	
	David Newman	
	Dolores Currie	
	Mark Johnson	Resigned June 2013
	Josephine Channer	
	Lara Fielden	Appointed Deputy Chair June 2013
	Alan Plunkett	
	Catherine James	Appointed July 2013
	Geoff Lee	Appointed October 2013

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.

Sonia Crozier
Accountable Officer
10 June 2014

3. Remuneration Report

Appointments

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

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

A) REMUNERATION – AUDITED

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials								
Heather Munro Chief Executive Officer	130–135	130–135	0–5	6–10		-	-5	48
Caroline Corby Chair	25–30	25–30				100		
Carol Butler Board Member	6–10	11–15				-		
David Newman Board Member	0–5	6–10				-		
Geoff Lee (from Oct 13) Board Member	0–5	-				-		
Emma Mandley Board Member	-	0–5				-		
Dolores Currie Board Member	0–5	0–5				-		
Lara Fielden Board Member	6–10	0–5				-		
Mark Johnson Board Member	-	-				-		
Josephine Channer Board Member	0–5	0–5				-		
Alan Plunkett Board Member	-	0–5				-		
Catherine James Board Member	0–5					-		

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.

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

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.

Chief Executive Costs

The employment terms of employment of the Chief Executive are for the appointed members to determine, with the approval of the Secretary of State. The Chief Executive was paid Performance Related Pay (PRP) in accordance with the contract of employment at a rate of 4%. The payment of PRP was based upon an assessment of performance of the Chief Executive against agreed annual objectives, undertaken by the Board Chair and approved by the remuneration committee. The Chief Executive opted for voluntary redundancy and received a total payment of £247,196, of which £171,155 was paid in accordance with an Enhanced Voluntary Redundancy scheme initiated by the Ministry of Justice as part of the Transforming Rehabilitation programme. The amount paid was calculated on the basis of a number of weeks pay per year of continuous service, up to a maximum number of weeks within the Ministry of Justice approved scheme. In accordance with the Local Government Pension Scheme, the Chief Executive was entitled to early retirement, the capitalised cost of which was £76,041, payable by the employer to the London Pension Fund Authority.

Director and other staff median calculation

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)	£130,000–£135,000	£130,000–£135,000
Median for other staff	£31,262	£30,952
Pay multiple ratio	4.2:1	4.3:1

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

Salary

'Salary' includes the gross salary alone, excluding overtime.

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
Heather Munro	223	(4)	1,445	1,361	36

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.

Sonia Crozier
Accountable Officer
10 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 London 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. Heather Munro was Accountable Officer until 31 May 2014, when she retired. Accountable Officer responsibilities for the purposes of the statement of accounts for London Probation Trust for the year to 31 March 2014 passed to Sonia Crozier on 1 June 2014. Sonia Crozier was formerly Deputy Chief Executive of London Probation Trust.

5. Governance Statement

Governance Management Framework

The Operational Management throughout the year was overseen through the Trust Board governance arrangements in accordance with the provisions of the Governance Handbook.

During the year the Board met regularly, increasing the frequency in response to the demands of the Transforming Rehabilitation programme. Full use was made of the committee infrastructure for the purpose of scrutiny and exercise of delegated authority, although the frequency of some meetings was reduced

London Probation Trust Board

Under the standing orders, the following business requires the consideration of the Probation Trust Board or relevant committee:

- Approval of the LPT annual plan
- Approval of the Trust's committee structure
- Approval of amendments to standing orders and standing financial instructions
- Approval of the annual report and accounts
- Approval of the budget
- Matters involving capital expenditure in excess of an amount set by the board
- Major issues of policy (the decision whether a matter involves a major issue of policy in any case of doubt falling to the chair for determination) matters delegated to committees but on which, nevertheless, they decide it is appropriate to seek the confirmation of the Trust Board.
- Notification of any incidents of serious further offending by offenders supervised by officers of the Trust
- Notification of any reportable health and safety incidents
- Any other matter not delegated to a committee or the Chief Executive

Board Performance and Effectiveness

During the year the Trust Board assessed its own effectiveness. In addition to attending formal meetings the Trust Chair spent time working at Headquarters on at least a weekly basis where she was located with the senior management team. This enabled her to have an ongoing dialogue with the Chief Executive and Directors in relation to strategic issues, including matters in relation to the Board performance and effectiveness. The Chair's high level of visibility enabled her to monitor the effectiveness of the Board and the performance of individual Board members. This was supplemented by the role of the Governance Director, who was able to alert the Chair to any Board related issues and comment on performance. A record was kept of Board member attendance at Board and committee meetings.

Meetings took place between the Board Chair and individual Board members, although in the light of the decision to abolish probation trusts advice was given by NOMS that formal Board member appraisals would not be required. There were risk assessments and review of the Risk Register and how risks are managed.

Under the leadership of the Board Chair, Board members sustained a high level of commitment for the duration of the Transforming Rehabilitation Programme throughout 2013/14, during which there were eight meetings of the Trust Board. Standing items included:

- Chief Executive Reports
- Operational performance
- Sickness absence
- Finance and budgeting
- Employee performance and attendance

- Governance
- Strategic planning
- Issues arising under the TR programme in relation to the Trust contract and employment practice
- Risk management

Matters considered during the year also included:

- Diversity
- Commercial activity
- Serious further offences
- During 2013/14, the Trust Secretary supported the Trust Board and the Chief Executive in their obligation to act in accordance with instructions and guidance issued from time to time by NOMS, the Treasury and the Cabinet Office, including Managing Public Money.

Committees of the Board

The Board Committee structure is designed to ensure closer scrutiny of the Trust's activity and use of resources. They operate with a planned agenda cycle which includes a number of standing items and items with planned review dates, as well as capacity to review matters as and when required. The key Governance items covered in 2013/14 included:

- Strategic Planning, Business Planning and Budget setting;
- Financial Performance against Budget;
- Year End Annual and Financial Reports including Internal and External Audit feedback;
- Review of Performance;
- Review of Risk Register;
- Approval of contracts.

The following committees of the Board were operational during the year:

Audit Committee

The Trust must have an Audit Committee.

Purpose

To assist the Trust's responsibilities for issues of risk management, financial control, governance and associated assurance. The Committee is responsible for reviewing the financial management and probity of LPT.

Responsibilities

The Committee advises the Accountable Officer and the Trust on:

- The strategic processes for risk, control and the annual Governance Statement.
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- The planned activity and results of both internal and external audit
- Adequacy of management response to issues identified by audit activity, including external audit's management letter
- Assurances relating to the corporate governance requirements for the organisation.
- Compliance with the Corporate Governance Code.

In addition to the above, the Committee will consider and undertake such other matters as the Trust may require.

During 2013/14 the Audit Committee met on four occasions.

Corporate Business Committee

Purpose

The purpose of the Corporate Business Committee is to scrutinise, consider, advise and make recommendations to the Executive and/or to the Trust on strategic and operational matters relating to the areas of responsibility of the Corporate Director, including, Finance and Accounting, Business Planning, Human Resources, Information Technology, Estates, Procurement and Tenders, and Business Development.

The Committee has delegated authority to approve contracts and income generating activity where approval of the Board is required.

Terms of Reference

The terms of reference for the Committee are to review the strategies, policies, resources, procedures and controls relating to the following functions of the Trust with a view to ensuring that they meet its current and future obligations and requirements:

- Business Planning including Sustainability
- Finance and Accounting
- Procurement , Commissioning and Contracting
- Obligations to the Ministry of Justice and others
- Business Development
- Human Resources including Equality
- Information Technology
- Estates
- Health and Safety
- Risk including Business Continuity
- Information Security, including obligations to the Information Commissioner.

Delegated Powers

The Trust Board has delegated to the Committee:

- All the responsibilities and powers contained in the standing orders relating to contracts exceeding the limit delegated to the Chief Executive.
- Authority to approve the acceptance of contracts by the Trust for the delivery of services where projected income is likely to be in excess £250,000 per annum.
- Authority to approve major procurement activity i.e. where there is, in the opinion of the Executive, a likelihood of significant financial cost and/or risk to the organisation; or, where more than five members of Trust staff are likely to become subject to TUPE.
- Any exercise of delegated authority must take into account the advice of the Trust Treasurer and the Governance Director or other suitable persons nominated by them.

During 2013/14 there were six meetings of the Corporate Business Committee.

Service Delivery Committee

Purpose

The main purpose of the Service Delivery Committee is to scrutinise, consider, advice and make recommendations to the Executive and/or the Trust on strategic and operational matters relating to:

- a) The operational performance of the organisation, and
 - b) The quality of the operational procedures of the organisation and their application;
- and to report thereon to the Trust as necessary and appropriate.

Terms of Reference

The Group is a scrutiny body with no executive powers. The terms of reference for the Committee are as follows:

- Review and provide oversight of the Probation Trust Reporting System and other performance results.
- Identify and prioritise areas of performance that require attention, including requesting the preparation of ad hoc reports as required.
- Review any performance improvement plans, including audit reports and any other performance plans in place derived from business plans or performance improvement initiatives.
- To be appraised of reports and recommendations received from NOMS relating to the performance of the Trust.
- To receive reports from Her Majesty's Inspector of Probation.
- Agree quality objectives for the Trust, a mechanism for measurement and monitor the results.
- To scrutinise the effective deployment of resources within the LP Area including workload management.
- To keep under review the operations risk register.
- Receive the minutes of meetings of the Serious Further Offences Committee and ensure that the Trust Chair and Chief Executive are advised of any matter of significant reputational risk.
- Receive Ombudsman's reports on behalf of the Trust.
- Receive information and keep under review management information and actions in relation to external complaints.
- To consider any other matters where requested to do so by the Trust.

The Committee has no delegated powers.

During 2013/14 there were four meetings of the Service Delivery Committee.

Remuneration Committee

Purpose

The purpose of the Remuneration Committee is to:

- Make decisions on behalf of LPT on the remuneration and terms of service of the Chief Executive and other senior staff.
- Monitor and endorse the exercise of delegated powers on the part of the Chief Executive and delegates in respect of the payment of market supplements, honoraria and enhanced conditions of service to officers graded at the level of Assistant Chief Officer or above.

Terms of Reference and Delegated Authority

- To make decisions on behalf of LPT on all aspects of the remuneration, including performance related pay, and terms of service of the Chief Executive, Directors and Assistant Chief Officer graded staff ("senior staff").
- Advise on and oversee appropriate contractual arrangements for all senior staff including the proper calculation and scrutiny of severance payments.
- Monitor and endorse the exercise of delegated powers on the part of the Chief Officer and delegates in respect of the payment of market supplements, honoraria and enhanced conditions of service to senior staff.
- Receive from the Chief Executive annual appraisal summaries in respect of members of the Senior Management Team and other senior staff as considered necessary.
- Consider any other matter where requested to do so by the Trust Board or Chief Executive concerning the pay and conditions of staff.

In making all decisions, the Committee will take account of:

- National guidance,
- The Trust's contract with the Secretary of State,
- Any other contractual obligation.

The Committee will ensure that fairness, equity, consistency and best practice are applied. The Committee is authorised by the Trust to review and approve any activity within its terms of reference.

During 2013/14 there were two meetings of the Remuneration Committee.

Transforming Rehabilitation Committee

Purpose

The establishment of a Committee of the Board to act as programme board for the TR Project and related activity as well as identify risks of the TR Programme was approved at the June 2013 Board meeting. It is responsible for ensuring that the benefits required from the TR Programme are realised and that the risks arising from the programme are identified and appropriate action taken (including communicating with the risk owners). The Trust Board delegated to the Committee authority to make decisions arising from the Contract between the Trust and the Secretary of State.

Terms of Reference

The terms of reference for the Committee are:

- To promote an environment where the projects and associated work streams can succeed in delivering the changes for the benefits of the Programme.
- Support the Chief Executive's authority to lead the Programme on a day to day basis.
- Promote ethical governance and leadership.
- Set the direction of the Programme and set key milestones.
- Approve the Project Boards Programme Plan and receive reports on delivery of the objectives.
- Receive reports on the allocation of resources to the Programme and ensure that the appropriate resources required by the projects within the Programme are being made available when required.
- Take decisions as necessary throughout the life of the Programme.
- Exercise a reasonable level of scrutiny to ensure legal and contractual compliance.

Delegated Powers

- Authority in relation to consenting or disputing any variation of the Trust Contract, including any variation by way of a Probation Instruction/Circular or a mandatory variation notice.
- Authority to approve an Exit Management Plan.
- Authority to approve arrangements for the delivery of Exit Management Services.
- Authority to approve any matter that in the opinion of the Trust Chair arises from the Transforming Rehabilitation Programme, including matters arising from the development of the LPT mutual, that would otherwise be reserved to the Board.

During 2013/14 there were seven meetings of the Transforming Rehabilitation Committee.

Serious Further Offences Committee

Purpose

The Serious Further Offences Committee was a sub-committee of the Service Delivery Committee. Its purpose being to:

- Monitor compliance by London Probation Trust with guidance issued by NOMS for the notification and review of serious further offences; and
- Monitor steps taken by the Executive to implement action plans and learning points arising from reviews.

The above was to be carried out in accordance the requirements of PC41/2006 (Revised Notification and Review Procedures for Serious Further Offences) and any subsequent Probation Circular or other authority.

Terms of Reference

The Committee exercises responsibility on behalf of the Trust Chair and the Trust Board as follows:

- Receiving regular reports from the Head of Public Protection on the Initial Reviews, Full Reviews and Further Independent Reviews undertaken;
- Receiving a copy of each Full Review (these will be distributed amongst the individual members of the Committee);
- Receiving details of key learning points and areas for improvement that are forwarded by the Head of Inspection & Standards to the PPU
- Monitoring the implementation of all Action Plans and areas of improvement by way of receipt of the brief report on final completion of the Action Plan that is forwarded to the PPU.
- Approving the annual analysis of Initial Reviews, Full Reviews and Action Plans within the London Region prepared by the Head of Public Protection for the Trust and the PPU.

In reading a Full Review members of the Committee, whilst not duplicating the process carried out by the PPU will, in the context of the governance of London Probation, consider exploring with the Head of Public Protection, Service Delivery Director and ultimately the Chief Executive, whether:

- This is a 'new' problem area, a persistent one or one that has reared its head again
- This indicates a London management issue
- The action to be taken raises strategic and resource issues requiring Trust discussion
- The Review findings, taken alongside NSMART monitoring and OMI data, tells the Committee anything about LPT's improvement trajectory in risk of harm work; and
- Whether there are impediments to effectively reviewing SFOs that require attention by the Chief Executive and/or the Trust.

The Committee has no delegated powers.

During 2013/14 there were four meetings of the SFO Committee.

External Relationships Committee

Purpose

The purpose of the External Relations Committee is to enhance the external reputation and influence of London Probation Trust.

Terms of Reference

To achieve its purpose, the Committee will:

- Develop a dynamic external narrative for London Probation Trust
- Define, and keep under review, the Trust's priority external stakeholders
- Create, and monitor the delivery of, an External Stakeholder Relations Strategy and Action Plan for priority stakeholders
- Support Assistant Chief Officers to develop action plans for Local Delivery Units and portfolios.
- Maintain a strategic overview to ensure effective communication with partners and stakeholders and receive feedback.

The Committee has no delegated powers.

The Committee met only once during 2013/14 as its relevance reduced with the introduction of the TR Programme.

Other Committees and Partnership Groups

Some Committees and Groups have membership extending beyond members of the Trust. Their composition, terms of reference and procedures are jointly agreed with the membership. They are set out in the Governance Handbook.

- Probation and Courts Forum – met on three occasions.

- Health and Safety Committee (legal requirement) – met on four occasions.
- Joint Negotiation and Consultative Committee – met on four occasions.

There was also an Audit Committee in operation throughout the year. The work of the Audit committee is set out below and further indicated elsewhere in this document.

Board Attendance

Meeting Name	Board	Audit	CorpBus	Ext Rel	H&S	JNCC	RemCom	PCF	ServDel	TRC	SFO
Total number of meetings for 2013/14	8	4	6	1	4	4	2	3	4	7	4
Attendance	Note										
Caroline Corby	8/8			1/1		1/1	2/2	1/1		7/7	
Heather Munro	8/8	4/4	2/6	1/1		3/4	1/2	2/3		7/7	
Alan Plunkett	6/8	1/4	2/6	0/1				1/2		2/7	
Carol Butler	8/8	1/1	2/3					0/1	4/4	5/7	4/4
David Newman	6/8	4/4	6/6						3/4	6/7	3/4
Dolores Currie	7/8	2/4	4/6		4/4	4/4	1/2				
Josephine Channer	8/8		2/3	1/1	3/4	4/4			2/3	0/7	
Lara Fielden	7/8				2/2		2/2	3/3	4/4	7/7	4/4
Mark Johnson	0/1			0/1		0/1					
Catherine James	6/6	2/2	3/4					2/2		5/7	
Geoff Lee	4/5	2/3			2/2				1/2	4/5	

Accountable Officer's Responsibilities

Internal Control – Scope of responsibility

I was appointed Accountable Officer for London Probation Trust on 30th May 2014 for the purpose of producing and finalising London Probation Trusts' annual accounts for 2013–2014. These responsibilities relate solely to the annual accounts work. Nick Smart is now the Accountable Officer for all other activities with effect from 30th May 2014. My predecessor, Heather Munro, was Accountable Officer for London Probation Trust for the period from 1 April 2010 to 29 May 2014. Heather Munro has provided detailed written assurances that have enabled me to place reliance upon internal control and governance for the period 1 April 2013 to 31st March 2014.

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 Government Accounting requirements.

I am also required to comment on the inter-relationship of Probation Trusts and can confirm that London Probation Trust, which covers the entire London Region, does not have material relationships with other probation trusts. Collaboration for operational purposes as part of a cohesive public service does take place between London Probation Trust and other probation trusts.

The purpose of the system of internal control

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 Service, Probation Trust and departmental aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31st March 2014 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to handle corporate risk

A comprehensive risk register has been approved by the Board. This identifies the key business risks and is reviewed by the Audit Committee.

The fragmentation and partial privatisation of probation services as part of Transforming Rehabilitation was a focus for risk management during 2013/14. Specific new risks were identified with the transfer of a large number of cases at short notice between the successor entities to London Probation Trust, and aspects of the new operating model designed for the successor entities.

The Transforming Rehabilitation Manager at London Probation Trust is responsible for risk management and the internal risk owners. These reports follow a series of regular meetings which are held with managers. Such meetings occur at least monthly, prior to Audit Committee meetings, and also reported to the Transforming Rehabilitation Committee. London Probation Trust senior management and Board has identified a number of operational risks with Transforming Rehabilitation that are within the control of the Ministry of Justice. The Ministry of Justice has been made aware of these risks during 2013/14.

A risk aware and control conscious environment has been fostered throughout the organisation through training of managers. Aspects of planning and review are now based on business risk assessments. All major projects also have their own risk register. The most significant project for 2013/14 has been the Exit Management Plan for Transforming Rehabilitation.

There were four personal data incidents that were reported to the Information Commissioners Office; however, appropriate measures were put in place to mitigate potential risk to individuals.

Risk and Control framework

The Trust has many policies and procedures in place designed to manage a wide range of operational, financial, information technology, human resources and health and safety risks. Policies and procedures are initiated and circulated in accordance with an established process and are also accessible on our intranet. Monitoring mechanisms are in place to ensure that they are adhered to and corrective action is taken where necessary. Mechanisms also exist to ensure that all data produced is of good quality.

Each operational unit has a data analyst in place to quality assure operational performance data and to investigate variances where these arise. Operational data is then monitored centrally. Similarly HR data is regularly produced and monitored by the Workforce Planning Project Board. Finance data is reviewed by the Finance team and is also subject to review by our Auditors. All types of data are also reported to the appropriate Board group.

Assessment and review of effectiveness of Corporate Governance and Internal Control

As Accountable Officer, I also have responsibility for assessing Corporate Governance and for reviewing the effectiveness of the systems of internal control in place.

My review of the effectiveness is informed by the work of the Board and its Committees, the internal auditors and the executive managers within the London Probation Trust who have responsibility for the development and maintenance of the governance and internal control framework, and comments made by the external auditors in their annual letter and other reports. Additionally, HM Inspectorate of Probation (HMIP) is a source for my review of effectiveness. In addition, in 2013/14 I have used a follow-up data protection audit report from the Information Commissioner to inform me regarding Information Assurance matters. I have also been advised on the effectiveness of the system of internal control by the

Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

- During 2013/14, there was an inspection of adult offending work in London during 2013/14 by HMIP which is yet to be published but there were no cases highlighted as causing major concern.
- The existing Board Committee structure was sustained and continued to be effective during the year. An additional Committee was introduced for the purpose of oversight of the Trust's activity in relation to the Transforming Rehabilitation Programme
- Our Internal Audit provider has advised me that they can provide, for 2013/14, an opinion that three areas – Key Financial Controls, Reasonable Adjustments and Programme Referrals were well controlled.
- As Accountable Officer, I have also taken steps to ensure that risk management is embedded further into the culture of the organisation, and as part of the exit management planning around Transforming Rehabilitation.
- I am also required to report on Information Assurance matters. This has been highlighted as a priority within London Probation Trust and Information Security matters are regularly considered by SMT members together with the senior manager responsible. This ensures that appropriate actions are in place. During the year, four incidents related to data loss were reported to the Information Commissioner. In 2012/13, London Probation Trust asked the Information Commissioner to undertake a voluntary audit. As a response our enhancement programme increased activity, and a follow-up report issued by the Information Commissioner in October 2013 noted significant progress in all scope areas. Subsequently, a further review of Information Assurance was undertaken by our Internal Audit provider who reported an amber green rating in December 2013.
- Work undertaken by our Internal Audit provider included audits of key financial controls, reasonable adjustments, programme referrals, staff supervision, accidents/incidents, safeguarding children and disciplinary/capability procedures.
- The Safeguarding Children Internal Audit Report issued in February 2014 did identify a number of weaknesses in control, and in this case an improvement action plan is in progress. All other locally commissioned work was given a green/amber rating.
- In overall terms, our Internal Audit provider has advised me that they can provide for 2013/14, an opinion that London Probation Trust's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Trust are being effectively managed.

The Audit Committee reports the issues discussed direct to the Board. The Committee agreed the Internal Audit Plan and the External Audit Plan for the year and has received reports on the work undertaken during the period. The Committee also monitors progress on recommendations made. Recommendations for improvement made by Internal Audit are implemented, virtually all of these being within the timescale agreed. Progress made on clearing recommendations is monitored by the Audit Committee. Any outstanding internal recommendations will be communicated to the successor entities.

The performance of Internal and External audit is also monitored by the Audit Committee. A major aspect of their work is to review the risk register in terms of achievements and progress on planned actions and to establish the effect of counter measures applied. They also ensure that the risk register has been reviewed, updated and scrutinised by the appropriate Board sub group.

Based on information available to me, my overall assessment is that London Probation Trust has adequate governance and internal control arrangements in place and key risks are effectively managed.

Sonia Crozier
Accountable Officer
30 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 London 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 London 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

1 July 2014

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

	Notes	2013–14 £000	2012–13 Restated £000
Expenditure			
Staff costs	3(a)	107,166	107,671
Other expenditure	6	25,638	32,255
Pension liability transfer to Serco		0	(8,022)
Total Expenditure		132,804	131,904
Income	7	(128,869)	(139,008)
Net operating costs/ (gains)		3,935	(7,104)
Net interest cost on pension scheme	4(c)	10,089	10,576
Net operating costs before taxation		14,024	3,472
Taxation	5	(59)	112
Net operating costs after taxation		13,965	3,584

Other Comprehensive Expenditure

	Notes	2013–14 £000	2012–13 Restated £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	1	(33)
Net (gain)/loss on revaluation of intangibles	9	(2)	2
Net (gain)/loss on revaluation of available for sale financial assets		-	-
Remeasurement of post employment benefits	23	(18,685)	(18,268)
Total comprehensive net expenditure for 31 March 2014		(4,721)	(14,715)

The notes on pages 45 to 74 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Non-current assets			
Property, plant and equipment	8	872	557
Intangible assets	9	521	971
Total non-current assets		1,393	1,528
Current assets			
Trade and other receivables	12(a)	6,411	9,802
Cash and cash equivalents	13	8,494	11,796
Total current assets		14,905	21,598
Total assets		16,298	23,126
Current liabilities			
Trade and other payables	14(a)	(6,935)	(10,897)
Provisions	15	-	(4)
Taxation payables	14(a)	(2,480)	(4,171)
Total current liabilities		(9,415)	(15,072)
Non-current assets plus/less net current assets/(liabilities)		6,883	8,054
Non-current liabilities			
Pension liability	4(c)	(220,476)	(226,368)
Total non-current liabilities		(220,476)	(226,368)
Assets less liabilities		(213,593)	(218,314)
Taxpayers' equity			
General fund	23	(213,736)	(218,456)
Revaluation reserve – property, plant and equipment	24(a)	94	95
Revaluation reserve – intangible assets	24(b)	49	47
		(213,593)	(218,314)

The financial statements on pages 41 to 44 were approved by the Board on 10 June 2014 and were signed on its behalf by

Sonia Crozier
Accountable Officer

30th June 2014

The notes on pages 45 to 74 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 after taxation	23	(13,965)	(3,584)
Adjustments for non-cash transactions	6	714	(7,412)
Adjustments for pension cost	4(c)	12,793	13,024
(Increase)/decrease in receivables	12(a)	3,391	(4,090)
Increase/(decrease) in payables	14(a)	(5,653)	1,379
Utilisation of provisions	15	-	(45)
Net cash outflow from operating activities		(2,720)	(728)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(557)	(454)
Purchase of intangibles	9	(25)	(47)
Proceeds on disposal of property, plant and equipment	8	-	1
Net cash outflow from investing activities		(582)	(500)
Cash flows from financing activities			
Net financing received in year	23	-	-
Net financing		-	-
Net increase/(decrease) in cash and cash equivalents in the period		(3,302)	(1,228)
Cash and cash equivalents at the beginning of the period	13	11,796	13,024
Cash and cash equivalents at the end of the period	13	8,494	11,796
Increase/(decrease) in cash		(3,302)	(1,228)

The notes on pages 45 to 74 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		(233,140)	104	(233,036)
Prior period adjustment	23/24	-	-	-
As restated at 1 April 2012		(233,140)	104	(233,036)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(3,584)		(3,584)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		33	33
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	-	-	-
Net gain/(loss) on revaluation of intangibles	24(b)	-	5	5
Transferred to General Fund from tangibles revaluation reserve	24(b)	-	-	-
Movement in donated assets	23	-	-	-
Transferred from revaluation reserve	23	-	-	-
Remeasurement of post employment benefits	23	18,268		18,268
Net NOMS financing received in year	23	-	-	-
Balance as at 31 March 2013		(218,456)	142	(218,314)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(13,965)		(13,965)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		(1)	(1)
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	-	-	-
Net gain/(loss) on revaluation of intangibles	24(b)		2	2
Transferred to General Fund from tangibles revaluation reserve	24(b)	-	-	-
Movement in donated assets	23	-	-	-
Transferred from revaluation reserve	23	-	-	-
Remeasurement of post employment benefits	23	18,685	-	18,685
Net NOMS financing received in year	23	-	-	-
Balance as at 31 March 2014		(213,736)	143	(213,593)

The notes on pages 45 to 74 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 adverse accumulated movement of the pension liability falling due in future years and the annual operating costs of the Trust.

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 London Community Rehabilitation Company (CRC) or the National Probation Service (NPS). The MoJ will ensure that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

From 1 June 2014, the Trust ceased delivering services

On this date the operations of the Trust transferred to the Secretary of State for Justice on behalf of the Ministry of Justice. The operations are administered by a new National Probation Service

(NPS) and 21 Community Rehabilitation Companies (CRCs).

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

A Statutory Instrument to dissolve the Probation Trust, under Section 5(1)(c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

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

As the functions previously provided by the Trust will continue to be provided initially by public sector entities and commissioned by the MOJ/NOMS 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.

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 £10,000, 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 and 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 reserve.

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 £10,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

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 2013.

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

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

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

1.14 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

The Trust has no finance leases.

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 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, the Ministry of Justice and others. These are not deemed as trading activities by HMRC and are not subject to corporation tax on them.

However, London Probation Trust is subject to Corporation Tax on income derived from bank interest and any surpluses on sub contracted Community Payback work with SERCO.

1.18 Cash and Cash Equivalents

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

1.19 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.

1.20 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**.

1.21 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	Restated Net Expenditure £000
Community Payback	-	10,160
Service Delivery Unit	16,854	17,666
Offender Management	75,883	73,603
Corporate Centre	40,136	33,554
CP Case Management	243	26
Total Net Expenditure	133,116	135,009
Contract Income from NOMS	(119,151)	(131,425)
Overspend/(Underspend)	13,965	3,584

Operating costs are shown net of income, except for NOMS contract income.

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	87,207	75,287	11,920	87,586
Social security costs	6,042	6,042	-	6,572
Other pension costs	16,954	16,954	-	16,554
Sub-total	110,203	98,283	11,920	110,712
Less recoveries in respect of outward secondments	(3,037)	(3,037)	-	(3,041)
Total staff costs	107,166	95,246	11,920	107,671

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**. The change in other pension costs relates primarily to the estimation of the average pensionable payroll which for 2013–2014 is £67,127,000 (2012–2013; £65,729,000), in addition to an actuarially assessed average reduction in the length of time until retirement of employees from 23 years to 19 years. The Trust implemented Automatic Enrolment in August 2013. As a result 232 additional employees became members of the Local Government Pension Scheme.

One person (2012–13; 4 persons) retired early on ill-health grounds which was not allowed for in the IAS19 assumptions. The total accrued pension liabilities in the year amounted to nil (2012– 2013; £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
	2,398	2,122	276	2,502

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	-	13	13	-	38	38
£10,000–£25,000	-	2	2	-	40	40
£25,000–£50,000	-	1	1	-	23	23
£50,000–£100,000	-	1	1	-	1	1
£100,000–£150,000	-	-	-	-	-	-
£150,000–£200,000	-	-	-	-	-	-
£200,000+	-	1	1	-	-	-
Total number of exit packages by type	0	18	18	-	102	102
Total resource cost £000	0	445	445	-	1,755	1,755

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

There are no net savings due to events occurring after the Balance Sheet Date, see **Note 27**.

4. Pensions costs

Pension benefits have been provided through the London Pension Fund Authority (LPFA), a statutory body which administers the fund in accordance with the Local Government Pension Scheme Regulations 2007/08. From the 1st June 2014 administration of the Local Government Pension Scheme will transfer to Greater Manchester Pension Fund. It is intended to be a fully funded scheme which provides benefits on a final salary basis at a normal retirement age of 65. Members are eligible to retire earlier; either they meet the 85 year rule or have employers consent to leave prior to that age. Pensions are paid in line with the CPI index which is currently 2.8% on benefits that have accrued at a rate of 1/60th of pensionable salary for each year of service. From the 1st April 2014 the pensionable salary will accrue at a rate of 1/49th.

4a. Pension costs

A full actuarial valuation was carried out at 31st March 2013 by Barnett Waddingham and the effects have been incorporated under IAS19. This full scheme valuation is undertaken every three years in order to review the employer's contributions. The contribution rate reflects benefits as they are accrued, not when the costs are actually incurred and they reflect the past experience of the scheme. Members' contributions range from 5%–7%, dependent on salary band. For 2013–2014 employer contributions were £13,750,000 (2012–2013 £13,470,407).

Member contributions will be subject to change from the 1 April 2014 and any benefits accrued from this date will be based on a career average basis, with various protections in place for those members in the scheme before the changes take effect. Employer contributions from 1 June 2014 will not be required to be paid by the Probation Trust as it has ceased delivering services. Future contributions are referred to in **Note 27** Events occurring after the reporting period.

Partnership accounts are excluded under IAS19.

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

- Employer's contributions for 2013–14 were 20.5% of salaries; and
- Employer's contributions for 2014–15 will be 20% of salaries up to the 31st May thereafter employer's contributions for 2014–15 will be 14% of salaries for CRC employees; and 20% for NPS employees;
- Employer's contributions for 2015–16 will be confirmed.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8	2.6
Rate of increase in salaries	4.6	4.3
Rate of increase for pensions in payment and deferred pensions	2.8	2.6
Discount rate	4.5	4.6

Mortality Assumptions: The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2012 Model allowing for a long term rate of improvement of 1.5 % per annum.

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		383,701	383,701
Funded liabilities	(604,000)		(604,000)
Unfunded liabilities	(6,069)	-	(6,069)
Opening balance at 1 April (restated)	(610,069)	383,701	(226,368)
Current service costs	(16,350)	(576)	(16,926)
Past service costs (including curtailments)	(28)	-	(28)
Gains and losses on settlements		-	
	(16,378)	(576)	(16,954)
Net Interest (cost)/income	(27,752)	17,663	(10,089)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)		(3,917)	(3,917)
Gain/(loss) from change in demographic assumptions	(249)	-	(249)
Gain/(loss) from change in financial assumptions	(30,309)	-	(30,309)
Experience gains/(losses)	52,640	520	53,160
	22,082	(3,397)	18,685
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers		14,250	14,250
Plan participants	(4,523)	4,523	-
Payments from plans			
Benefit payments	17,777	(18,219)	(442)
Unfunded benefit payments	442		442
Closing balance at 31 March	(618,421)	397,945	(220,476)
Plan assets		397,945	397,945
Funded liabilities	(612,530)		(612,530)
Unfunded liabilities	(5,891)		(5,891)
Closing balance at 31 March	(618,421)	397,945	(220,476)

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets		342,554	342,554
Funded liabilities	(576,550)		(576,550)
Unfunded liabilities	(5,638)		(5,638)
Opening balance at 1 April	(582,188)	342,554	(239,634)
Current service costs	(15,405)	(559)	(15,964)
Past service costs (including curtailments)	(590)	-	(590)
	(15,995)	(559)	(16,554)
Net interest (cost)/income	(26,129)	15,553	(10,576)
Remeasurement			
Returns on plan assets, excluding amounts included in interest cost		33,286	33,286
Gain/(Loss) from change in financial assumptions	(14,462)		(14,462)
Experience gains/(losses)	(556)		(556)
	(15,018)	33,286	18,268
Foreign exchange differences	-	-	-
Effect of business combinations on disposals	-	-	-
Contributions			
Employers	0	14,106	14,106
Plan participants	(4,429)	4,429	-
Unfunded benefits	-	-	-
Receipt/(Payment) of bulk transfer value		(6,782)	(6,782)
Payments from plans			
Benefit payments	18,447	(18,886)	(439)
Unfunded benefit payments	439	-	439
Liabilities extinguished on settlements to Serco	14,804	-	14,804
Closing balance at 31 March	(610,069)	383,701	(226,368)
Plan assets		383,701	
Funded liabilities	(604,000)		-
Unfunded liabilities	(6,069)		
Closing balance at 31 March	(610,069)	383,701	(226,368)

4d. Plan assets are comprised as follows

	2013–14		2012–13	
	£000	%	£000	%
Property				
Property funds	11,938	3%	-	-
	11,938	3%	0	-
Cash and cash equivalents	11,938	3%	7,674	2%
Investment funds				
Equities	210,911	53%	280,102	73%
Commodities	3,979	1%	-	-
Infrastructure	15,918	4%	-	-
Alternative assets	0		57,555	15%
	230,808	58%	337,657	88%
Other				
LDI/ Cashflow matching	23,877	6%	-	-
Target return portfolio	119,384	30%	38,370	10%
	143,261	36%	38,370	10%
Total	397,945	100%	383,701	100%

4e. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to discount rate			
Present value of total obligation	607,572	618,421	629,474
Projected service cost	15,230	15,586	15,949
Adjustment to mortality age rate assumption			
	+1yr	none	-1yr
	£000	£000	£000
Present value of total obligation	598,450	618,421	638,392
Projected service cost	15,104	15,586	16,067
Adjustment to pension increases and deferred revaluation			
	+0.1%	0%	-0.1%
	£000	£000	£000
Present value of total obligation	627,964	618,421	609,057
Projected service cost	15,955	15,586	15,224

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

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

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax charge (income)	(59)	112
Total	(59)	112

The Trust is a 'corporate body' in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS, the Ministry of Justice and others. These are not deemed as trading activities by HMRC and are not subject to corporation tax on them. However, London Probation Trust is subject to Corporation Tax on income derived from bank interest and any surpluses on sub contracted Community Payback work with Serco.

6. Other Expenditure

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	148		286	
Accommodation, maintenance and utilities	9,506		12,217	
Travel, subsistence and hospitality	1,038		985	
Professional services	1,586		1,521	
IT services	4,633		6,415	
Communications, office supplies and services	1,792		2,178	
Other staff related	1,964		3,026	
Offender costs	2,730		3,805	
Other expenditure	1,277		950	
External Auditors' remuneration – statutory accounts	141		141	
External Auditors' remuneration – other	19		17	
Internal Auditors' remuneration	90		104	
		24,924		31,645
Non-cash items				
Depreciation of tangible non-cash assets	241		143	
Amortisation of intangible non-current assets	477		467	
Impairment of non-current assets	-		-	
(Profit)/loss on disposal of tangible non-current assets	-		-	
(Profit)/loss on disposal of intangible non-current assets	-		-	
Other provisions provided for in year	(4)		-	
Early retirement provisions not required	-		-	
Effect of Transfer of assets/liabilities for Community Payback to Serco	-		(8,022)	
		714		(7,412)
Total		25,638		24,233

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	119,151		131,425	
Rent receivable from minor occupiers of Probation estate property:	-		-	
		119,151		131,425
EU income from NOMS		-		-
EU income from other Government departments		-		296
Other EU income		2,513		2,192
Other income received from Probation Trusts		212		224
Other income from NOMS		485		69
Other income from rest of MoJ Group		83		-
Other income from other Government departments		2,165		266
Miscellaneous income (Includes Serco CP contract)		4,164		4,379
		128,773		138,851
Interest received:				
From bank	96		157	
Total interest received		96		157
Total income		128,869		139,008

Restatement of comparatives

In the prior year income was split between administration and programme related income. For 2013-14 all income has been aggregated into one classification. This has no impact on total income. See also **Note 1.12** and **Note 28**.

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	392	1,321	41	681	-	2,435
Additions	498	15	-	44	-	557
Disposals	-	(37)	-	-	-	(37)
Indexation/revaluation	(4)	(5)	-	9	-	-
As at 31 March 2014	886	1,294	41	734	0	2,955
Depreciation						
As at 1 April 2013	249	1,051	-	578	-	1,878
Charge in year	144	62	6	29	-	241
Disposals	-	(37)	-	-	-	(37)
Indexation/revaluation	(2)	(4)	-	7	-	1
As at 31 March 2014	391	1,072	6	614	0	2,083
Carrying value as at 31 March 2014	495	222	35	120	-	872
Carrying value as at 31 March 2013	143	270	41	103	0	557
Asset financing						
Owned	495	222	35	120	-	872
Carrying value as at 31 March 2014	495	222	35	120	0	872

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	287	1033	25	554	-	1,899
Additions	60	240	39	115	-	454
Disposals	-	-	(25)	-	-	(25)
Indexation/revaluation	45	48	2	12	-	107
As at 31 March 2013	392	1321	41	681	0	2,435
Depreciation						
As at 1 April 2012	166	942	24	553	-	1685
Charge in year	55	73	-	15	-	143
Disposals	-	-	(24)	-	-	(24)
Indexation/revaluation	28	36	-	10	-	74
As at 31 March 2013	249	1,051	0	578	-	1,878
Carrying value as at 31 March 2013	143	270	41	103	-	557
Carrying value as at 31 March 2012	121	91	1	1	0	214
Asset financing						
Owned	143	270	41	103	-	557
Carrying value as at 31 March 2013	143	270	41	103	-	557

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	-	1,758	612	-	2,370
Additions	-	-	25	-	25
Indexation/revaluation	-	7	2	-	9
As at 31 March 2014	0	1,765	639	0	2,404
Amortisation					
As at 1 April 2013	-	1,030	369	-	1,399
Charge in year	-	351	126	-	477
Indexation/revaluation	-	5	2	-	7
As at 31 March 2014	0	1,386	497	0	1,883
Carrying value as at 31 March 2014		379	142		521
Carrying value as at 31 March 2013	0	728	243	0	971
Asset financing					
Owned		379	142		521
Carrying value as at 31 March 2014	0	379	142	0	521

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	-	1,701	609	-	2,310
Additions	-	47	-	-	47
Indexation/revaluation	-	10	3	-	13
As at 31 March 2013	-	1,758	612	-	2,370
Amortisation					
As at 1 April 2012	-	680	244	-	924
Charge in year	-	344	123	-	467
Indexation/revaluation	-	6	2	-	8
As at 31 March 2013	-	1,030	369	-	1,399
Carrying value as at 31 March 2013	-	728	243	-	971
Carrying value as at 31 March 2012	-	-1,021	365	-	1,386
Asset financing					
Owned	-	728	243	-	971
Carrying value as at 31 March 2013	-	728	243	-	971

10. Impairments

There were no impairments in the year 2013–14.

11. Assets held for sale

There were no assets held for sale at the reporting date.

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year		
Trade receivables	350	840
Deposits and advances	190	187
Receivables due from Trusts		25
Receivables, Accrued Income and Prepayments due from NOMS Agency	4484	6,578
Receivables, Accrued Income and Prepayments due from other Government departments	552	419
Prepayments	67	218
Accrued income	768	1,535
	6,411	9,802
Amounts falling due after more than one year	0	0
Total	6,411	9,802

12b. Intra-Government receivables

	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)	4,514	6,752	-	-
Balances with local authorities	379	220	-	-
Balances with NHS bodies	143	50	-	-
	5,036	7,022	0	0
Balances with bodies external to Government	1,375	2,780	-	-
Total	6,411	9,802	0	0

13. Cash and cash equivalents

	2013-14	2012-13
	£000	£000
Balance at 1 April	11,796	13,024
Net change in cash and cash equivalents	(3,302)	(1,228)
Balance at 31 March	8,494	11,796
The following balances at 31 March are held at:		
Commercial banks and cash in hand	8,494	11,796
Balance at 31 March	8,494	11,796

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	1,176	1,487
Accruals	3,840	5,526
Deferred income	1,690	3,430
Staff payables	10	16
Payables due to Probation Trusts	4	3
Payables, Accruals and Deferred Income due to NOMS Agency	12	413
Payables, Accruals and Deferred Income due to MoJ Group	68	-
Payables, Accruals and Deferred Income due to other Government departments	135	22
	6,935	10,897
Tax falling due within one year		
VAT	2,509	4,059
Corporation tax	(29)	112
Other taxation and social security		
	2,480	4,171
Total amounts falling due within one year	9,415	15,068
Amounts falling due after more than one year	0	0
Total	9,415	15,068

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)	2,564	4,588	-	-
Balances with local authorities	134	3	-	-
Balances with NHS bodies	1	3	-	-
Balances with public corporations and trading funds	0	15	-	-
	2,699	4,609	0	0
Balances with bodies external to Government	6,716	10,459	-	-
Total	9,415	15,068	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	-	-	4	-	4
Provisions not required written back	-	-	(4)	-	(4)
Balance as at 31 March	0	0	0	-	0

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	-	-	49	-	49
Provision utilised in the year	-	-	(45)	-	(45)
Balance as at 31 March	-	-	4	-	4

	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	-	-	4	-	4
Current liability	-	-	4	-	4
Later than one year and not later than five years	-	-	-	-	-
Later than five years	-	-	-	-	-
Non-current liability	-	-	0	-	0
Balance as at 31 March	-	-	4	-	4

There were no provisions at the reporting date (2012–13; £4).

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	70	109
Later than one year and not later than five years	9	75
Later than five years	-	-
Total	79	184

The Trust has a three year lease for the provision of photocopiers throughout its estate.

17b. Finance leases

The Trust has not entered into any finance leases.

18. Other financial commitments

The Trust has not entered into non-cancellable financial contracts (which are not leases).

19. Deferred tax asset

The Trust does not hold any deferred tax assets

20. Financial instruments

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

21. Contingent liabilities

The Trust has a contingent liability identified in May 2014 for disputed costs associated with IT licences for finance and human resources software.

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	6	1	6	1
Claims abandoned	-	-	1	2
Administrative write-offs	2	1	3	8
Total	8	2	10	11
Details of cases over £300,000				
Total	0	0	0	0

There have been no loss payments over £300,000.

22b. Special payments schedule

There are no special payments for the financial year ended 31st March 2014.

23. General fund

	2013–14 £000	2012–13 £000
Balance at 1 April	(218,456)	(233,140)
Prior period adjustment (Note 28)		-
Balance restated at 1 April	(218,456)	(233,140)
Financing		
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(13,965)	(3,584)
Re-measurement of post employment benefits	18,685	18,268
Balance at 31 March	(213,736)	(218,456)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14 £000	2012–13 £000
Balance at 1 April	95	62
Prior period adjustment (Note 28)	-	-
Balance restated at 1 April	95	62
Arising on revaluations of PPE during the year (net)	(1)	33
Transferred to General Fund	-	-
Balance at 31 March	94	95

24b. Intangibles

	2013–14 £000	2012–13 £000
Balance at 1 April	47	42
Prior period adjustment (Note 28)	-	-
Balance restated at 1 April	47	42
Arising on revaluations of intangibles during the year (net)	2	5
Transferred to General Fund	-	-
Balance at 31 March	49	47

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, members of the Management Board, members of key management staff or other related parties, or their related parties have undertaken any material transactions with the Trust as detailed:

Name	LPT Role	Related Party Organisation	Role	LPT Expenditure
Caroline Corby	Chair	Probation Association	Director	£51,000
Mark Johnston (Apr 2013–June 2013)	Board Member	User Voice	CEO	£142,868
Paul Davies	Governance Director	Essex County Council	Legal Services (until 30 1.2014)	£149,179
		CALM	Mediator	£3,150
		Probation Chiefs' Association	Company Secretary	£10,175
		Probation Association	Adviser	£51,000
Josephine Channer	Board member	Barking and Dagenham Council	Councillor	£4,272

Mutuals

London Probation Trust is not involved in developing a mutual venture to bid for either a prime or sub contractor as part of the forthcoming privatisation of probation services. An employee of London Probation Trust has set up a legal entity called RISE Mutual CIC, which intends to subcontract offender intervention services from prime contractors. London Probation Trust has no financial transactions with RISE Mutual CIC. It has funded internal finance and HR advice to the value of £83,052, as part of day to day support to ongoing intervention services, some of which may assist RISE in bidding for a sub contract in the future.

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
RBS Bank Accounts	55	-	(4)	51
	-	-	-	-
	55	0	(4)	51

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 delivering services from 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 and staff 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 delivering services from 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 to which each member is transferred.

All other balances

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

In the current year, the Trust has applied the 2011 amendments to IAS 19 *Employee Benefits* (revised 2011), which are mandatory for accounting periods beginning on or after 1 January 2013. The standard requires retrospective application, which has resulted in a prior period adjustment. The prior period comparatives have been restated accordingly in **Notes 3 and 4**.

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	(1,463)
Other comprehensive expenditure	(13,252)
Total comprehensive expenditure	(14,715)
Restatement:	
Increase in programme expenditure (interest costs)	5,047
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(5,047)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	3,584
Other comprehensive expenditure	(18,299)
Total comprehensive expenditure	(14,715)

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	218,456
Restatement:	
Increase in net operating expenditure	5,047
Decrease in re-measurement of defined benefit obligation (previously actuarial loss)	(5,047)
General fund balance as at 31 March 2013 after restatement	218,456

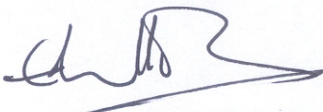
Administration and programme income and expenditure

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 second Sustainability Report for London 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 58 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 its 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

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

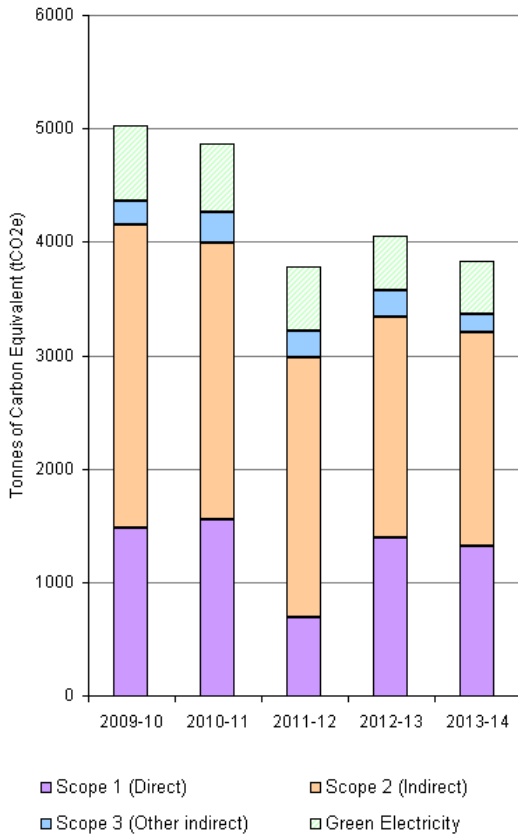
Our sustainability performance is shown in the following tables:

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Total gross emissions for scopes 1 & 2	4,147	3,993	2,977	3,334	3,198
	Electricity: green/renewable	666	611	571	486	470
	Total net emissions for scopes 1 & 2	3,481	3,382	2,406	2,848	2,728
	Travel emissions scope 3	0	57	45	69	50
	Total gross GHG emissions (all scopes)	4,147	4,050	3,022	3,403	3,248
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	4,047,442	4,113,039	3,843,063	3,270,017	3,164,844
	Electricity: renewable	1,349,147	1,371,013	1,281,020	1,090,005	1,054,948
	Gas	8,055,263	8,206,680	3,524,340	7,562,278	7,159,847
	Other energy sources	-	-	-	-	-
	Total energy	13,451,852	13,690,732	8,648,423	11,922,300	11,379,639
Financial indicators	Expenditure on energy	£787,353	£688,424	£715,658	£734,371	£836,496
	Expenditure on official business travel	£N/A	£N/A	£364,029	£191,936	£126,351

Greenhouse Gas Emission by source

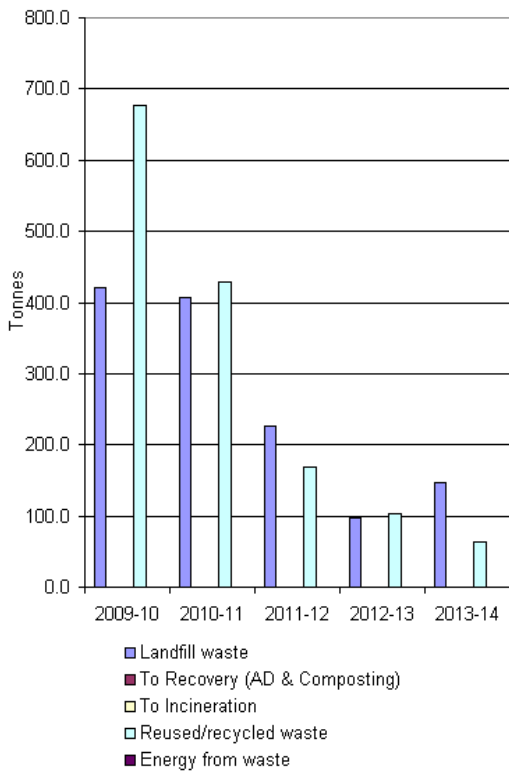


Waste

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

	2009-10	2010-11	2011-12	2012-13	2013-14
	-	-	-	-	-
	420	407	227	97	148
	678	428	169	103	64
	-	-	-	-	-
	1,098	835	396	200	212
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	0	0	0	0	0

Waste by final disposal

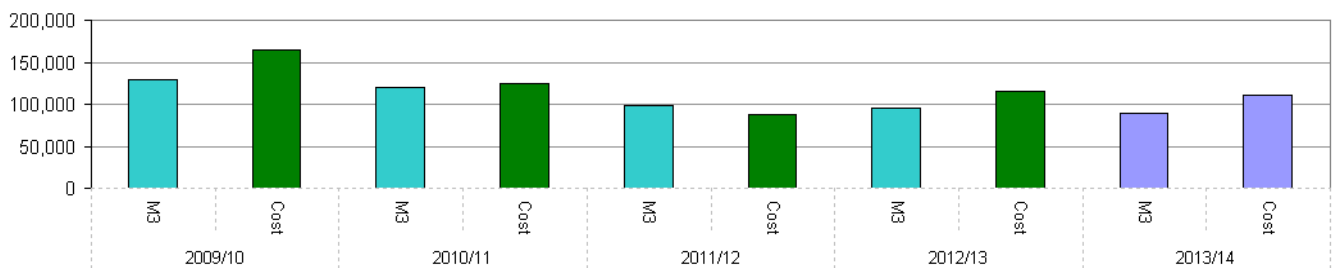


Water

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

2009-10	2010-11	2011-12	2012-13	2013-14
129,242	120,645	97,812	95,305	89,155
£163,852	£124,841	£88,047	£115,514	£111,126

Water (consumption and costs).



Paper

Cost (excluding VAT)

2009-10	2010-11	2011-12	2012-13	2013-14
£552,416	£508,078	£462,815	£444,080	£420,392

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