

Humberside
Probation Trust



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Annual Report and Accounts
2013–2014

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Statement of Purpose

To make the diverse communities we serve safer by working with others to protect the public, reduce re-offending and support the victims of crime.

Foreword

Humberside Probation Trust is one of 35 public sector Probation Trusts in England & Wales from which the Government, via its agency the National Offender Management Service (NOMS), commissions a range of offender management services.

The past 12 months have been successful for the Trust as it continued to deliver offender services to a high standard during a period of unprecedented change and, at the time of writing, we have achieved a final rating of 'good performance' within the Probation Trust Rating Scheme.

However, the structure of probation – and the associated delivery of offender services in England and Wales – is changing in June 2014 following the implementation of the Government's '*Transforming Rehabilitation*' (TR) programme. Key aspects of the reforms are:

- The creation of a new public sector National Probation Service, working to protect the public and building upon the expertise and professionalism which are already in place.
- The provision that, for the first time in history, every offender released from custody will receive statutory supervision and rehabilitation in the community. Legislation within the Offender Rehabilitation Act 2014 will extend statutory supervision and rehabilitation to 50,000 of the most prolific group of offenders – those sentenced to less than 12 months in custody who currently receive little or no supervision by Probation Trusts.
- The creation of new *Community Rehabilitation Companies* (CRCs), whose locations align closely with local authorities and Police and Crime Commissioner areas. Under contract to the Ministry of Justice (MoJ)/NOMS, these companies will manage offenders who do not pose a high risk of serious harm, but who are otherwise assessed as being more likely to re-offend. The CRCs will provide offender services to reduce the likelihood of re-offending and the Government's intention is that the market will be opened up to a diverse range of new rehabilitation providers to get the best out of the public, voluntary and private sectors at a local as well as national level.
- The provision of 'through the prison gate' resettlement services, ensuring that most offenders are given continuous support by one provider from custody into the community.
- The introduction of new payment incentives for market providers, giving providers flexibility to provide interventions that works and are unencumbered by bureaucracy, but only paying them in full for proven reductions in re-offending.

Humberside Probation Trust will cease to provide offender services or employ staff on 1 June 2014. It will be replaced by staff transferring to either the National Probation Service (North-East), or to the Humberside, Lincolnshire and North Yorkshire Community Rehabilitation Company.

Staff within Humberside Probation Trust were assigned to their new posts within the NPS and CRC by the end of January 2014, and will transfer employment on 1 June 2014. Work is also progressing to move caseloads and towards transitions to new IT and support systems.

As well as delivering at least 'good', if not 'exceptional' performance during the year, the Trust has also built upon its earlier retention of our five-star British Quality Foundation *Recognised for Excellence* award by retaining our *Investors in People* status – an award which the Trust has maintained since 1997.

In working to achieve these successes, the Trust's staff have again demonstrated their commitment, resilience and dedication. We thank all of our staff, past and present, for their hard work in protecting the public, reducing re-offending and supporting the victims of crime during 40 years of 'Humberside Probation'. The Trust has set the bar high for the National Probation Service and the Community Rehabilitation Company.

Sadness and disappointment about the dissolution of a Trust that is held in very high regard by stakeholders and which has repeatedly demonstrated its professionalism and commitment to business excellence is, at least, tempered by confidence in the quality of staff who transfer to the two organisations within the new arrangement.

Peter Wright
Chief Executive
27 June 2014

Philip Jackson
Board Chair

1. Operational & Performance Review 2013–14

Key Priorities

Humberside Probation Trust's Strategic Business Plan for 2013–14 set out our key aims supported by a set of more detailed action plans. A summary of achievements against these action plans is given under each strategic aim below.

1. To Deliver *Transforming Rehabilitation*

The Trust adopted a project management approach towards *Transforming Rehabilitation* (TR). This included developing a Project Initiation Document and having a project owner, manager and Programme Board.

Although the entire TR transition was not completed by 31/03/14, the Trust has met all milestones required by MoJ/NOMS. Transition has been extended to 01/06/14 and beyond.

Staff, partners & stakeholders are aware of all aspects of TR following our efforts to communicate the change, which include numerous staff briefings, the Chief Executive's blog, a staff conference and team meetings, partnership briefings, and a stakeholder newsletter.

2. To achieve targets under the Probation Trust Rating Scheme

The Trust has achieved a final rating of 'good performance' within the Probation Trust Rating Scheme.

The Trust marginally exceeded the challenging OM20 target of 73.5%, with nine out of the past twelve months meeting or exceeding the target (five of the last six). The OM20 target measures the proportion of orders and licences successfully completed.

3. To meet contract targets to improved audit quality

The Trust met the target in relation to Sex Offender Treatment Programme (SOTP) completions (35) and Integrated Domestic Abuse Programme (IDAP) completions (45). Both were delivered to improved audit quality in

respect of the Accredited Programmes (Improvement) Project.

4. To achieve commissioning intentions

Three Integrated Quality Assurance Model audits were completed during 2013/14. The results of the December 2013 audits were compared and analysed in relation to the December 2012 'benchmarking' audit. This demonstrated Trust-wide improvements in all (6) phases other than 'review'.

An adult women triage arrangement has been put in place within Hull's Together Women Project (TWP) with funding from the Rank Foundation. The arrangement is widely regarded and viewed as a model of good practice attracting national interest.

Multi-Agency Women's Services Forums have been established in all key locations.

Contract Monitoring for TWP in Hull and Governance Structures are fully in place, reporting to the Rank Project Board, Reducing Re-offending Boards and Community Safety Partnership.

5. To develop Restorative Practice and Reparation

The Trust is viewed as a prime mover for the development of Restorative Justice across its area. The Chief Executive chairs the Humberside Restorative Justice Forum and has worked with the Police and Crime Commissioner's office to determine future funding and direction. Trust practitioners are trained and have delivered multi-agency conferencing.

Restorative Justice progress reports have been submitted to the Trust's Executive Team and the County Restorative Justice Forum, which is chaired by the Chief Executive.

6. To reduce victimisation

Humberside Probation Trust has directly consulted with the Police and Crime Commissioner's offices, mapping Victim Services across Humberside and participating in a Victim Services Summit.

The Trust's Victims Unit Manager has produced an Action Plan in line with new Probation Instruction Victims Contact Scheme.

7. Target offenders to reduce re-offending

Professional Judgement guidance has been reviewed to reflect Offender Management expectations following arrest incidents.

The Trust has continued to work with Humberside Criminal Justice Board (HCJB) to develop a predictor tool which takes account of national and local offender profiles and HCJB data. This work has been passed to the Community Rehabilitation Company to continue.

8. To deliver improved offender outcomes

Directors of Probation in all locations are core members of Troubled Families (TF) Steering Groups and Operational Groups and the Trust's offenders are gradually being included in Troubled Families cohorts.

The Trust has sought to influence the TF agenda – however, very few offenders have to date been included in the cohorts. In North East Lincolnshire, we are represented at Troubled Families Executive meetings.

9. To strengthen partnerships

All locations are currently reviewing and re-commissioning Drug and Alcohol Treatment. Humberside Probation Trust has been invited to contribute to procurement processes and Service Level Agreements.

Hull and East Riding have developed accommodation pathways with Local Authority leads, resulting in new protocols and improved provision.

A Youth to Adult Transitional Protocol has been implemented within the Trust with agreement from Youth Offending Services Heads of Service.

Throughout the Transforming Rehabilitation Programme, the Trust has had full commitment to continuing and developing partnerships.

10. To reduce the risk of harm

Humberside Probation Trust's Personality Disorder Steering Group is fully operational, with Terms of Reference and a core attendance in place. A Regional Personality Disorder Group has also been established.

A Personality Disorder operational model has been established and is currently being embedded. A contract has been signed by the Department of Health and Leeds and Yorkshire Partnership Foundation Trust. Robust reporting and contract monitoring is in place.

The Trust's delivery has been described as "best practice" by commissioners.

All but one Serious Further Offence review undertaken within the Trust have achieved 'good' ratings.

Quarterly returns within the required template have been communicated to the Public Protection Mental Health Group and all have been 'signed off' by the Trust's Board Chair and endorsed by our Public Protection Committee.

All learning/action plans have been shared with the Integrated Quality Assurance Model lead and, where required, failings examined within the IQAM process. Where systematic failings have been identified, Quality Improvement Plans have been delivered – for instance Risk Management Plans.

11. To lead Multi-Agency Public Protection Arrangements (MAPPA)

A Learning Disability Pathway for Hull and East Riding was agreed and put in place. Learning Disability training was commissioned and is in place across all locations.

A MAPPA audit was carried out and a report presented to the MAPPA Strategic Management Board. An Action plan was developed and delivered by the MAPPA Performance Quality Assurance sub group.

12. To safeguard adults and children

The Trust revised its Working Together requirements and processes, which were then circulated across the organisation. The Safeguarding Children Policy was updated with these new requirements and a Practice Development Event on Safeguarding Children took place in all locations.

The Integrated Quality Assurance Model includes priority audit of Safeguarding cases. A further thematic IQAM Audit is being held to check compliance with new instructions.

Section 11 Audits were completed in all locations and the findings reported to our Public Protection Committee. Section 11 Audits are undertaken by Local Safeguarding Children Board's using a self assessment toolkit to assess whether partners are fulfilling their statutory obligations. Compliance with Section 11 is a statutory requirement for the Probation Service. Action Plans are in place and being monitored under the Integrated Quality Assurance Model.

13. To develop organisational capacity and capability

The Chief & Chairs' Alliance Meeting across Humberside, Lincolnshire and York & North Yorkshire Probation Trusts is in place and continues to meet on a regular basis. The Trusts have supported the development of a staff mutual (Delta Rehabilitation Ltd).

Two rounds of employee consultation and engagement meetings have been completed at all locations by the Trust's Chief Executive & Board Chair.

The Trust has met all ethical wall requirements place upon it by MoJ/NOMS.

We again secured Investors in People status following reassessment during 2013

14. To advance technology

nDelius was fully implemented within all timescales to required standards. An independent audit showed the implementation plans were good and the system is now embedded.

15. To improve performance and quality

To ensure the use of the Integrated Quality Assurance Model (IQAM) is embedded within operational management, IQAM quarterly reports have been discussed at IQAM-T, Local Delivery Units, Operations Directors, Executive and Board meetings. Regular briefings have been issued to share findings and Quality Improvement Plans to address weaknesses.

Assistant Directors oversee the process to ensure Offender Managers receive IQAM feedback in supervision from Senior Probation Officers.

Audit recommendations were all completed within required timeframes. IQAM is now fully operating with three audits in 2013 and Quality Improvement Plans to address weaknesses.

Peter Wright
Chief Executive
27 June 2014

Highlights

Linda Boyne, Humberside Probation Trust's longest serving member of staff, received the Lifetime Achievement Award at the National Probation Awards. Linda joined the Humberside Probation Service in 1974 as a Clerical Officer. She became a Probation Officer in 1996 and currently works in Offender Management.

One member of staff received a commendation and four received certificates in the Butler Trust's annual awards. In addition, one member of staff was shortlisted for a Women of Achievement award.

Humberside Probation Trust's Celebrating Achievement Awards recognise staff who have gained qualifications, won certificates and completed long service milestones. At the Trust's final ceremony, 39 members of staff received awards – equal to 14% of the organisation or one in seven staff.

Sickness levels fell to 8.8 days per person in 2013–14, a decrease of 0.6 days compared to the previous year.

The Yorkshire and Humberside Circles of Support and Accountability (COSA) project in Humberside is part of a regional response to sexual offending, delivered by Humbercare and working in close partnership with criminal justice agencies.

The aim of the service is to reduce the risk of future sexual offending by supporting and holding to account those who have committed sexual offences in the past.

This is achieved by supporting former offenders, who are committed to not re-offending again, in safely leading fulfilling and productive lives. Circles work alongside the Police, Probation, local Multi-Agency Public Protection Panels and other professionals, and are supported by Circles UK, a charity supported by the Ministry of Justice.

Re-Focus has replaced Chance to Change as a specified activity in Grimsby following an evaluation of the former programme. The new Re-Focus specified activity has defined targeting criteria and is underpinned by the principles of Restorative Justice.

Re-Focus continues to address the same issues as Chance to Change, with additional sessions focusing on accommodation, finances and employment provided by partnership agencies. It is suitable for offenders aged 25 plus, male or female, who are assessed as posing a low risk of serious harm and a low to medium risk of re-offending.

In North East Lincolnshire, the Trust, in collaboration with Humberside Police Neighbourhood Policing Teams, Voluntary Action North East Lincolnshire (VANEL) and local partners have successfully developed a Locality Scheme, involving increased collaboration and joint working between partner agencies, working around a designated locality and to improve offender access to local provision. This has been hugely successful, resulting in reduced arrest incidents, improved successful completions, and more home visits facilitating more effective offender engagement. The scheme will shortly be implemented in another locality within North East Lincolnshire.

Use of the Buddi tag within Integrated Offender Management was extended with funding until the end of the financial year for Buddi to run alongside the G4S (now EMS) tagging system. This enables a robust comparison of the systems to be made, which in turn will influence the choice of a provider for 2014–15 and beyond.

The Trust carried out its sixth annual sentencer survey, which was the first since the introduction of the new Court model. It showed that overall sentencer satisfaction has risen to 97%.

We again carried out our survey of offenders to find out their experience of Probation supervision.

Offenders more than two months into their order or licence – excluding those subject to stand-alone unpaid work or stand alone curfew requirements – were asked to complete an Offender Management feedback questionnaire containing questions regarding different aspects of their engagement.

Trusts are set a target for the number of completed questionnaires returned based on caseload figures. Humberside's 2013 target was 254 completed questionnaires – and we actually had 395 returned. The information was collated and submitted to NOMS.

The questions regarded different aspects of offender engagement. The target set for all Probation Trusts is 76% of offenders having an overall positive experience of engagement. In 2013, Humberside scored 83%. Feedback from offenders is a significant indicator of how well the Trust is engaging with them to reduce their offending.

During the year we analysed our eleventh Staff Satisfaction Survey. The survey showed that 87% of staff who took part felt valued by internal and external service users (90% in 2012/13) and 83% thought Humberside Probation Trust was a good place to work (93% in 2012/13).

The survey coincided with the staff assignment process, which was obviously a very difficult and uncertain time for all our people.

Results

Achievement by Trust in 2013/14

In this section you can read about our performance against priority targets set by the National Offender Management Service (NOMS).

1) Probation Trust Rating System (PTRS)

The PTRS is an annual performance assessment which assesses the 35 probation trusts in England and Wales by looking at 10 performance indicators. Overall the Trust achieved a Band 3 rating of ‘good performance’.

Key:

4* – exceptional performance	★
3 – good performance	
2 – requiring development	
1 – serious concerns	

	Target	Performance	
OM21 – Reducing re-offending	-5.72%	6.42%	
INT09 – Proportion of offenders in employment at termination of their order or licence	40%	52%	
OM17 – Proportion of offenders in settled accommodation at the end of their order or licence	80%	88.4%	
OM26 – Proportion of OASys assessments assessed as either ‘Satisfactory’ or ‘Good’ on the OASys quality assurance	90%	97%	★
OM32 – Proportion of victims responding to survey that are satisfied or very satisfied with service received.	95%	100%	
OM41A – MAPPA effectiveness: Strategic Management Board (SMB) attendance	75%	100%	★
OM41B – MAPPA effectiveness: Level 2 & 3 meeting attendance	90%	100%	★
OM46 – MAPPA effectiveness: VISOR effectiveness	90%	100%	★
OM29 – Offender feedback	76%	83%	★
OM20 – Proportion of orders or licences successfully completed	73%	75.3%	

2) Contract Targets

Contract targets are agreed relative to NOMS Commissioning Intentions documentation, and are agreed between NOMS Commissioning, NOMS Contract Managers and Trust Senior Managers.

Key:

Achieved
Not Achieved

	Target	Performance
INT01 – Sex Offender Treatment Programme (SOTP) completions	35	35
INT02 – Domestic Violence Programme completions	45	45
INT03 – General Offending Behaviour Programme completions	33	34
INT05 – Community Payback completions	1280	1007
INT08 – Sustained employment	240	247
OM04 – Licence recall requests reaching NOMS within 24 hours of the decision of the Offender Manager to recall	92%	99%
OM05 – Initiation of breach proceedings within 10 working days of the relevant unacceptable failure to comply	95%	99%
OM27 – Proportion of Indeterminate Sentence prisoner parole assessment reports (PAROM1) completed on time	90%	100%
OM39 – Tier 2, 3, 4 and Priority and Prolific Offender (PPO) final review timeliness	90%	84%
OM40 – Proportion of Pre Sentence Reports (PSRs) completed within timescales set by the court	95%	100%

Staff in post full time equivalent figures by grade, gender and ethnicity

Male

Ethnic origin	Asian/Asian British				Black			Mixed			White		
	Refused	Chinese	Indian	Pakistani	African	Caribbean	Other	Other	White / Asian	WH/BL Caribbean	British	Irish	Other
Chief Executive											1		
Director											2.61		
Assistant Director											1		
Admin 1											1.5		
Admin 2											4.62		
Admin 3											3.5		
Admin 4											5		
Manager											2		
Assistant Warden					1						9		
Community Payback Supervisor					0.61						6.83		
Probation Officer					1				1		24.87		
Probation Service's Officer		1			1.81	1					13.03	0.61	1
Practice Tutor Assessor													
Senior Probation Officer					1						7.81		
Support Worker											3		
Total WTE	0	1	0	0	5.42	1	0	0	1	0	85.77	0.61	1

Female

Ethnic origin	Asian/Asian British				Black			Mixed			White		
	Refused	Chinese	Indian	Pakistani	African	Caribbean	Other	Other	White / Asian	WH/BL Caribbean	British	Irish	Other
Ethnic region													
Director											1		
Assistant Director											2.61		
Admin 1											3		
Admin 2			1			0.5			0.76		28.37		
Admin 3						1					32.28		1
Admin 4											9.85		
Manager											6.61		
Assistant Warden											3		
Community Payback Supervisor											1.01		
Probation Officer						1			1		76.62		0.81
Probation Service's Officer									1		62.44		
Practice Tutor Assessor											1.5		
Senior Probation Officer											16.11		
Support Worker											1		
Total WTE	0	0	1	0	0	2.5	0	0	2.76	0	245.4	0	1.81

Workload and Activity Statistics

Key:

CRO – Community Rehabilitation Order
 CPO – Community Punishment Order
 CPRO – Community Punishment and Rehabilitation Order
 R – Resettlement/Licence
 CO – Community Order
 SDR – Standard Delivery Report
 FDR – Fast Delivery Report

Commencements by type of order/licence

Humberside – Annual Commencement Figures

Annual Totals	CRO	CPO	CPRO	R	CO
08/09	5	146	7	1,107	3,593
09/10	1	100	10	973	3,618
10/11	0	11	2	955	3,775
11/12	0	81	0	1,065	3,741
12/13	0	0	0	856	3,599
13/14	0	0	0	767	3,201

CO Requirements:

Supervision	1,845
Unpaid Work	1,351
Accredited Programmes	306
Drug Rehabilitation Requirement	353
Curfew	478
Alcohol Treatment	260
Specified Activity	602
Residence	66
Additional Hours Unpaid Work	254
Attendance Centre	167
Prohibited Activity	14
Suspended Custody	n/a
Exclusion	17
Mental Health Treatment	9
Basic Skills	34
Additional Sentence	2,870

Average caseload by type of order/licence

Humberside – Annual Caseload Figures

Annual Average	CRO	CPO	CPRO	R	CO
07/08	32	58	3	1,948	2,364
08/09	7	65	7	2,072	2,484
09/10	3	39	5	1,966	2,252
10/11	0	4	0	1,932	2,416
11/12	1	42	0	2,062	2,331
12/13	1	0	0	1,971	2,062
13/14	0	0	0	1,976	1,956

CO Requirements:

Supervision	1,576
Unpaid Work	768
Accredited Programmes	334
Drug Rehabilitation Requirement	151
Curfew	88
Alcohol Treatment	153
Specified Activity	328
Residence	29
Additional Hours Unpaid Work	118
Attendance Centre	66
Prohibited Activity	13
Suspended Custody	n/a
Exclusion	11
Mental Health Treatment	8
Basic Skills	22
Additional Sentence	1,997

Court Reports produced by type

Humberside SDRs and FDRs Written – Annual Figures

	SDR		FDR		All Reports
	Magistrates	Crown	Magistrates	Crown	
07/08	1,715	1,225	1,113	44	4,097
08/09	1,480	1,378	1,212	56	4,126
09/10	1,031	1,355	1,407	216	4,009
10/11	1,103	834	1,595	470	4,002
11/12	570	651	1,825	849	3,895
12/13	211	277	2,176	945	3,609
13/14	20	9	2,527	668	3,224

Community Payback hours ordered/worked (CPO and CPRO)

Humberside Unpaid Work hours ordered/worked

	08/09	09/10	10/11	11/12	12/13	13/14
Hours ordered	218,145	233,583	240,321	243,240	204,817	168,279
Hours worked	170,512	174,823	179,194	184,441	165,525	136,220
Ratio	1:0.78	1:0.75	1:0.75	1:0.76	1:0.80	1:0.81

Victims – the total number contacted within eight weeks of sentence

	08/09	09/10	10/11	11/12	12/13	13/14
	299	488	462	441	396	593

Peter Wright
Chief Executive
27 June 2014

2. Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2008 (following transition from Humberside 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 59, issued by the Secretary of State under the OM Act.

Principal activities

The principal activity of the Trust is the delivery of an offender management contract commissioned by the Secretary of State which aims to:

- Provide a service to the Court
- Manages risk of harm
- Reduces re-offending
- Reduce victimisation

Principal risks and uncertainties

The process for identification and monitoring of risk is well established both strategically and operationally. Risks relate directly to the delivery of the Business Plan objectives. The risk position is subject to quarterly review by the senior managers and Audit Committee, and the overall risk management process is subject to review by MoJ Internal Audit. The Board reviews the Top 10 risks at each Board meeting. This ensures that key internal controls are regularly reviewed and remain effective.

Risks have been well managed during 2013–14, and the majority of Business Plan objectives were achieved. The Trust achieved a Band 3 'good performance' rating within the Probation Trust Rating Scheme (PTRS).

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 15.

Results for the year

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

Operating costs

The net operating cost before tax for 2013–14 stands at £1,058,000 compared to £487,000 for 2012–13. The reason for the increase is due to changes in the actuarial position of the pension scheme. The deficit in 2013–14 reflects a difference in the pension scheme actuarial cost of operating the pension fund of £198,000 (actual cost to the Trust of £2,417,000 compared to an actuarial cost of £2,219,000), together with a deficit on expected returns on pension scheme assets over interest on pension fund liabilities of £1,222,000. Once adjusting for these items the Trust had a small non-material deficit of £32,000.

Statement of Financial Position and Statement of Cash Flows

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

The net liabilities position has decreased from £27,881,000 at 31 March 2013 to £23,217,000 at 31 March 2014. The largest single movement in net liabilities is £4,696,000 due to a decrease in the overall pension fund liability.

Payment of creditors

In the year to 31 March 2014, the Trust paid 2,532 trade invoices. The percentage of undisputed invoices paid within 30 days by the Trust was 99.96% compared to 99.43% in 2012–13.

Treatment of Pension Liabilities

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

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

The Trust will continue to pay pension contributions for the Chief Executive until their departure on 31st July 2014.

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 8.8 days across the Trust (2012–13 9.4 days).

Personal data related incidents

There were no personal data related incidents in 2013–14 which were formally reported to the Information Commissioner's Office (ICO). All staff have undertaken government security classification training by March 214.

Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. Refer to **Note 19** of the Accounts for further details.

The proportion of staff transferring to the CRC/NPS is approximately 57% to the NPS, 43% to the CRC.

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 61 to 66.

Mutuals

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

Equality and Diversity

Humberside Probation Trust is committed to creating an organisation which ensures that the services we provide are appropriate to local need, valued and respected by all and delivered by staff who reflect the diverse communities in which we work. Throughout our work we are fully committed to:

- Reflecting the full diversity of the communities in which we work
- Promoting equality by ensuring equal access to our Service by all on the basis of need
- Providing services in a manner that is fair and sensitive to the individual, whatever their background.

We will ensure that the needs of our diverse communities are fully represented within our work with key partner agencies, ensuring that equality and diversity are key guiding principles in all our partnership work.

Going Concern

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

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

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

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

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

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

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

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

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FRoM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 31.

Total audit fees reported in the Accounts are £34,728. The audit fees for 2013–14 are made up of:

- External Audit £23,928 and
- Internal Audit £10,800

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 Humberside Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014, complied with the following:

- Trust Governance Handbook
- Letter of Financial Authority
- Approved Scheme of Delegation
- Trust Contract with the Secretary of State

The Chair and other members of the Board were all appointed by the Secretary of State. The Chief Executive appointment is also subject to ratification by the Secretary of State

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 21 to 23.

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

Position	Name	Gender	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Peter Wright	Male	
Chair	Philip Jackson	Male	
Member	Ian Williamson	Male	
Member	Neil Anthony	Male	
Member	Michael Huntley	Male	
Member	Tony Douglas	Male	
Member	Gill Shaw	Female	Ended 25 April 2013

A full register of Board Members interests is maintained. There are no conflicting interests to disclose.

The Board's official contact address is:

Humberside Probation Trust
1st Floor
Liberty House West
Liberty Lane
Hull
HU1 1RS

The Trust's website is **www.humberside-probation.org.uk**

My thanks and appreciation is extended to all past and present members of the Board for their hard work and effort during this reporting year.

Peter Wright
Accountable Officer
27 June 2014

3. Remuneration Report

Appointments

The Chair, the Chief Executive and other members of the Trust Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments' "Guidance on Appointments to Public Bodies" [OCPA]. The emoluments of these persons are paid for through Ministry of Justice funds.

The appointment for board members will run for a period of up to three years, as determined by the Secretary of State at the conclusion of which there will be a formal, but local, re-appointment process. It is the intention to follow OCPA guidance and individuals may hold office within the Trust for a maximum of ten years. The first period of appointment commenced with effect from 1 April 2008.

As a condition of his appointment, the Chair is subject to an annual appraisal by a nominee of the Secretary of State. The Chief Executive of the National Offender Management Service will designate a senior member of his staff to act as the appraiser. If he receives an unsatisfactory appraisal, the Secretary of State may remove the Chair from office, against which there is no appeal.

The Trust Chief Executive is a member of the Trust Board. The terms and conditions of appointment are in accordance with collective agreements negotiated from time to time, as set out in the Chief Officers' salary and Conditions of Service handbook, until such time as a Code for Chief Executives is finalised.

All Ministry of Justice appointed board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Executive. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred. The remuneration for Board members is set by the Secretary of State, in the case of Chief Executives remuneration is determined by the Ministry of Justice through annual pay negotiation. Chief Executives' performance pay is determined by the Board in line with National Offender Management Service guidelines. There is no performance element for other Board members.

The Treasury Paper PES2012/17 requires the Trust to disclose all off payroll engagements. Humberside Probation Trust had no off payroll engagements during 2012/13.

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

A) REMUNERATION – AUDITED

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Those board members whose remuneration is paid out of Ministry of Justice funds are shown below, in bands of £5,000.

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
Chief Executive	70–75	70–75	-	-	-	-	31	34	101–106	104–109
Peter Wright										
Chair	15–20	10–15	-	-	100	-	-	-	15–20	10–15
Philip Jackson										
Member	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Neil Anthony										
Member	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Tony Douglas										
Member	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Michael Huntley										
Member	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Ian Williamson										
Member	-	0–5	-	-	-	-	-	-	-	0–5
Gill Shaw										

The Chief Executive elected to take voluntary redundancy and is due to leave the Trust on 31 July 2014. The cost to the Trust was £98,000.

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Executive and the Chair. The Trust at its discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band)	£70,000–£75,000	£70,000–£75,000
Median for other staff	£27,373	£27,102
Pay multiple ratio	2.65:1	2.68:1

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 gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties. Bonus includes performance related pay.

Benefits in kind

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

Mutuals

No member of the Trust Board was involved with the staff mutual.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Peter Wright	Pension 25–30	Pension 0–2.5	635	599	36
	Lump Sum 65–70	Lump Sum 0–2.5			

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.

Peter Wright
Accountable Officer
27 June 2014

4. Statement of Accountable Officer's Responsibilities

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

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

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

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

5. Governance Statement

Scope of responsibility

The Humberside Probation Trust Board (HPT) is responsible for ensuring that it conducts business in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

HPT has a contract from the Secretary of State for the provision of Probation Services in the Humberside region, which is its core business. The Board is responsible for putting in place proper arrangements for the governance of its affairs, facilitate the exercise of its functions and in particular manage risk.

As Accountable Officer, the Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of Ministry of Justice policies, aims and objectives set by the Department's Ministers, whilst safeguarding the public funds and departmental assets for which he is responsible, in accordance with the responsibilities assigned to him through the Governance Handbook and Managing Public Money.

Purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a continual process of review designed to:

- Assess and prioritise risks to the achievement of the policies, aims and objectives of the Trust.
- Evaluate the likelihood of those risks being realised.
- Assess the likely impact should they be realised.
- Develop mitigating strategies to minimise the risk efficiently, effectively and economically.

This process is now well embedded having been fully in place since 31 March 2005 and, up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The Governance Framework

The Board has established the following processes which underpin governance:

- The Board met ten times in the year to consider the plans and strategic direction within the financial parameters made available to it through the National funding formula. The Board also routinely receives financial monitoring reports from the Treasurer.
- The Board receives reports from the Chair of the Audit Committee, concerning both internal control and the risk management position following each Audit Committee. The Chair of the Audit Committee is also a member of the Board.
- Regular reports are received from the MoJ Internal Audit and Assurance Unit, to standards defined in the Government Internal Audit Manual (which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Board's system of internal control) together with recommendations for improvement. Follow-up action is then undertaken to ensure that recommendations are implemented within agreed timescales. A further control is the regular assurance provided to the Board/Audit Committee that agreed audit recommendations have been implemented, and any delays closely monitored.
- A comprehensive performance management system is in place based upon publication of monthly local performance reports and quarterly national Probation Trust Rating System (PTRS) reports. All staff have access to performance information via the local intranet.
- The Board receive assurance statements in respect of the delivery of NOMS service specifications on a rotating basis.
- The Trust has developed a bespoke quality assurance model (IQAM) which gives the Board assurance in respect of the quality of case management work undertaken.

- Budget control is delegated to a range of subordinate budget holders and this is managed by the Director of Corporate Services on behalf of the Chief Executive. Budget reports are reviewed monthly by the Senior Management Team and a report is also received by the Board.
- The board has adopted the HM Treasury Risk Management Framework (Abridged Version), and conducted the appropriate Self Assessment. Risk management was assessed as embedded and improving.
- Procedures for identifying and reviewing the Service's annual objectives and associated risks.
- The development of control mechanisms and corporate risk management policy.
- The allocation of risk ownership and monitoring responsibility to senior managers.
- Procedures for ensuring that aspects of risk management and internal control are regularly reviewed and reported on.
- Systems and procedures used to ensure compliance with specific regulations laid down by the National Offender Management Service or other regulatory bodies.
- Monitoring of progress with current initiatives and compliance with external requirements.
- The Trust deploys the European Excellence Model to identify strengths and areas for improvement in its processes and the results they deliver. The Trust achieved a Band 5 British Quality Foundation rating in March 2011, which was re-confirmed in March 2013.
- A staff survey is conducted on an annual basis to ascertain the views of staff based on their experience of working for Humberside Probation Trust. Outcomes from this are reflected in the Trust Business Plan.
- More generally, the Trust is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice.

Risk Management Assessment Framework

The Governance Framework is underpinned by the Risk Management Assessment Framework, which is reviewed by the Audit Committee on an annual basis. The Trust Assurance Strategy is the means by which the Governance Framework is enacted, and details all of the underpinning assurance instruments available to the Audit Committee in the conduct of its oversight of governance.

The Assurance Strategy covers:

- General Governance
- Risk Management
- Value for Money
- Financial Control & Reporting
- Operational Performance
- Anti Fraud and Corruption
- Audit

The risk position is subject to quarterly review by the senior managers and Audit Committee, and the overall Risk Management process is subject to review by Internal Audit, who attend the Audit Committee. The Trust risk register informs the annual internal audit plan. This ensures that key internal controls are regularly reviewed and remain effective. The top risks as currently perceived are reflected in the Service's Strategic Business Plan. All members of staff have access to the business plan and middle and senior managers are briefed on its contents at Operational Management Meetings, allowing them to comment on risk movement as appropriate.

As Accountable Officer, the Chief Executive also has responsibility for reviewing the effectiveness of the governance. He is advised on the implications of the result of his review of the effectiveness of the governance by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement is in place. Letters of assurance are provided by senior managers to attest to the adequacy of the internal controls within their areas of responsibility. The Board also participates in the Audit Commission sponsored National Fraud Initiative which seeks to tackle a broad range of fraud risks faced by public sector bodies. Trust staff have recently undertaken mandatory information assurance and anti-fraud training.

Information Security

Controls have been further enhanced to improve information security through the publication of local procedures, policies and codes of practice to ensure compliance with specific Government Secure Intranet connection requirements and to incorporate requirements for the processing of confidential data. The Information Security Forum, chaired by a Director, meets on a regular basis to review security incidents, manage data security arrangements with partners and address Ministry of Justice requirements in respect of information security. Information security is a standing item on the Audit Committee agenda, ensuring that Board Members are kept apprised of any issues of concern and on progress in the implementation of relevant instructions, including the Information Security Policy, the Archiving, Retention and Disposal Policy and Security Risk Management Overview. The Trust also engaged in a consensual voluntary audit by the Information Commissioner's Office to identify areas of weakness. The resulting Action Plan has been implemented. All Staff undertook Information Assurance training in March 2014 in respect of the new Government Information Classifications.

Review of Effectiveness of Governance

The Assurance Strategy requires that underpinning assurance be provided in the following areas. Compliance is confirmed as follows:

- a) General Governance
 - Directors letters of assurance have been received from all Directors identifying no issues.
 - The major Business Plan objectives have been met.
- b) Risk Management
 - The Risk Register has been reviewed on a continuous basis and risks adequately assessed.
 - The overall Risk Management process is subject to review by Internal Audit and was assessed as Green, defined as a sound system of risk management and control, in July 2011.
 - The Risk Management Assessment Framework assessment was completed in February 2014, and rated as embedded and improving.
 - Internal Audit reports received in the year reflected Risk Register items and were Amber / Green or better.
- c) Value for Money
 - National PREview cost reporting shows the Trust as being about average in respect of the cost of service delivery. It should be noted that HPT has higher costs of pensions than many Trusts which increases its cost across all service areas.
 - Corporate Services costs for "back office" functions were found to be materially lower than the national average.
- d) Financial Control & Reporting
 - The Trust showed a small non-material deficit in its operating result. This is after a contract variation which reduced the Trust income for the year by £280k.
 - In their Annual Report, MoJ Internal Audit awarded a Green rating (sound system of risk management and control likely to achieve system objectives. Controls are operating as intended and are proportionate to risk).
 - The Trust base budget was unchanged in the year, whilst it sustained wage cost increases of 2%, and increases in pension costs amounting to 1.3%.
 - The Board has received a monthly Statement of Accounts and the Executive Group received monthly budget reporting.
 - The Annual MoJ Internal Audit opinion is based primarily on the work conducted during the year, but also takes into account observations during attendance at Audit Committee meetings and their review of the Trust's preparation for Transforming Rehabilitation. It also takes into account their confidence in the extent to which agreed actions to remedy weaknesses are implemented by due dates. It is in this context that the Trust was given reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

e) Operational Performance

- We have achieved a Band 3 rating in the Probation Trust Rating System (PTRS) for 2013/14.
- The Trust was subject to an Offender Management Inspection by HM Inspector of Probation in April 2012, achieving what the Inspector described as a “credible set of findings”.
- HMIP inspected the delivery of interventions programmes in January 2013 and the relevant improvement actions have been undertaken.
- The Trust participated in a national thematic inspection into learning disability provision, and the national report is awaited. It is not anticipated that the findings will give any material concern.

f) Anti Fraud and Corruption

- There were no reported instances of fraud in the year.
- The Trust maintained its involvement in the National Fraud Initiative work of the Audit Commission.
- Internal Trust Finance Department based audits were continued this year into cash and near cash based systems. These systems were validated by MoJ Internal audit.
- Staff undertook mandatory Anti fraud training in 2013.

g) Audit

- The overall Annual Internal Audit Report has been received which concluded that the Trust’s overall risk, control and governance framework is generally adequate to enable the achievement of the Trust’s objectives and that the key risks to the Trust are being effectively managed.
- An unqualified external audit opinion has been received in successive years.

h) Effectiveness of Board and Audit Committee

- As a medium sized Trust the membership of the Board and Audit Committee are identical, although the Chair is different.
- The Board undertook a review of Board effectiveness in March 2014 using the National Audit Office board evaluation questionnaire. There were no significant issues identified.
- A review of the effectiveness of the Audit Committee arrangements utilising the NAO Self Assessment Checklist was completed. Arrangements were found to be satisfactory.
- Attendances of Board Members at meetings is monitored, and each Board Member receives an annual appraisal from the Board Chair.
- The Board Chair is subject to an annual appraisal by the Director, Probation and Contracted Services at NOMS.
- In addition to official Board meetings, Board Members engage in site and stakeholder visits and attend Strategy, Public Protection and Local Joint Negotiating and Consultative Committee (LJNCC) meetings. As such Board Members are able to form an independent assessment of Trust performance.

i) Transforming Rehabilitation

- The Trust has actively participated in the shaping of the Transforming Rehabilitation proposals, making a written submission as part of the consultation and attending consultation and briefing events involving both management and staff members. The Board has sought to identify and minimise risks resulting from the implementation, and has created an action plan for the orderly wind down of the Trust.

j) Staff Mutual

- Following consultation with staff the Board noted an interest in the collective staff group to pursue the creation of the Staff Mutual to bid for the relevant contract package area as part of the Transforming Rehabilitation competition.
- The Board adopted and fully enforced the MoJ guidelines in relation to the creation of the mutual, and ensured that staff involved signed relevant declarations outlining their obligations in respect of ethical walls. The Trust submitted an appropriate document outlining its ethical walls strategy which was accepted by MoJ as being compliant with the rules of competition. This strategy ensured that

access to competition sensitive information was appropriately protected, and that staff involved in the mutual were denied access to it.

Attendance of the Board and Sub-committee meetings were as follows:

Name	Attendance			
	Board Meetings	Audit Committee	Public Protection Committee	LJNCC
Peter Wright (Chief Executive)	10/10	3/4	4/4	9/9
Philip Jackson (Chair)	10/10	4/4	3/4	6/9
Ian Williamson	7/10	3/4	3/4	5/9
Neil Anthony	8/10	3/4	4/4	9/9
Tony Douglas	8/10	4/4	4/4	2/9
Michael Huntley	10/10	4/4	4/4	9/9
Gill Shaw (Resigned 25/04/2013)	0/1		0/1	

Compliance with the UK Corporate Governance Code

The Trust has adopted the Governance Handbook for Probation Trusts which placed a requirement on the Trust to comply with the UK Corporate Governance Code. We have complied throughout the accounting period with the Governance Handbook, which has in turn secured substantial compliance with the provisions of the UK Corporate Governance Code where relevant, given the context of the size and complexity of the Trust.

The Code recognises that alternatives to following its provisions may be justified in particular circumstances if good governance can be achieved by other means. There are three areas of the Code that are either not appropriate or where compliance with NOMS or MoJ instructions overrides compliance with the code.

The Trust has not complied with part of the Code provision B.2.1, which provides that ‘There should be a nomination committee which should lead the process for board appointments and make recommendations to the board’, Code provision D.2., ‘The board should establish a remuneration committee...’, and Code Principle E.1 ‘Dialogue with shareholders’.

Trust Chairs and Members are “public appointments” regulated by the Commissioner for Public Appointments. These appointments must be made in accordance with the Commissioner’s Code. The appointment process is undertaken with clearly defined and rigorous processes prescribed by NOMS. The recruitment panel is as diverse as possible, and for Trust Chairs the panel is made up of a senior NOMS representative, a Public Appointments Assessor (PAA), and a representative from the Probation Association. For Trust Members, the panel must consist of a senior NOMS representative, a senior member of the Trust (usually the Trust Chair), and a third panel member, to be agreed by NOMS and the Trust Chair. All appointments are confirmed by the Secretary of State.

The Trust has not established a remuneration committee. The remuneration for Board members is set by the Secretary of State, in the case of Chief Executives remuneration is determined by the Ministry of Justice through annual pay negotiation. Chief Executives’ performance pay is determined by the Board in line with NOMS guidelines. All other trust staff’s remuneration is subject to national negotiation.

The Trust is not a profit-orientated company with shareholders, so provisions relating to interaction with shareholders do clearly not apply.

The Trust believes that these areas do not compromise the quality of the governance arrangements in place nor the execution of the Board's responsibilities and that its practices in this respect are both consistent with the relevant main principles of the Code, to which these provision relates, and are consistent with good governance.

My review of the effectiveness of the system of internal control is informed by the work of Her Majesty's Inspection of Probation, MoJ Internal Audit and Assurance Unit and the executive managers within the Service who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in the Annual Management Letter and other reports. There have been no significant findings regarding the control mechanisms. A process is in place to address any weakness and ensure continuous improvement of the system.

Peter Wright
Accountable Officer
27 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 Humberside 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 Humberside 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

02 July 2014

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a)	12,407	11,875
Other expenditure	6	3,388	3,505
Total Expenditure		15,795	15,380
Income	7	(15,959)	(15,944)
Net operating costs		(164)	(564)
Net interest cost on pension scheme	4(c)	1,222	1,051
Net operating costs before taxation		1,058	487
Taxation	5	0	0
Net operating costs after taxation		1,058	487

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	0	8
Remeasurement of post employment benefits	15	(5,720)	4,709
Total comprehensive expenditure for 31 March 2014		(4,662)	5,204

The notes on pages 37 to 58 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	2	4
Trade and other receivables	9(a)	0	3
Total non-current assets		2	7
Current assets			
Trade and other receivables	9(a)	798	1,161
Cash and cash equivalents	10	148	414
Total current assets		946	1,575
Total assets		948	1,582
Current liabilities			
Trade and other payables	11(a)	(718)	(1,156)
Provisions	12	(22)	(70)
Taxation payables	11(a)	(844)	(960)
Total current liabilities		(1,584)	(2,186)
Non-current assets plus/less net current assets/(liabilities)		(636)	(604)
Non-current liabilities			
Pension liability	4(c)	(22,581)	(27,277)
Total non-current liabilities		(22,581)	(27,277)
Assets less liabilities		(23,217)	(27,881)
Taxpayers' equity			
General fund	15	(23,218)	(27,882)
Revaluation reserve – property, plant and equipment	16	1	1
		(23,217)	(27,881)

The financial statements on pages 33 to 36 were approved by the Board on 27 June 2014 and were signed on its behalf by

Peter Wright
Accountable Officer
27 June 2014

The notes on pages 37 to 58 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	15	(1,058)	(487)
Adjustments for non-cash transactions	6	(23)	75
Adjustments for pension cost	4(c)	1,024	473
(Increase)/decrease in receivables	9(a)	366	0
Increase/(decrease) in payables	11(a)	(554)	(53)
Utilisation of provisions	12	(22)	0
Net cash outflow from operating activities		(267)	8
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	8	1	0
Net cash outflow from investing activities		1	0
Net increase/(decrease) in cash and cash equivalents in the period			
		(266)	8
Cash and cash equivalents at the beginning of the period	10	414	406
Cash and cash equivalents at the end of the period	10	148	414
Increase/(decrease) in cash		(266)	8

The notes on pages 37 to 58 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		(22,695)	9	(22,686)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(487)	0	(487)
Net gain/(loss) on revaluation of property, plant and equipment	16	0	1	1
Transferred to General Fund from property, plant and equipment revaluation reserve	16	0	(9)	(9)
Transferred from revaluation reserve	15	9	0	9
Remeasurement of post employment benefits	15	(4,709)	0	(4,709)
Balance as at 31 March 2013		(27,882)	1	(27,881)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(1,058)		(1,058)
Net gain/(loss) on revaluation of property, plant and equipment	16	0	2	2
Transferred to General Fund from property, plant and equipment revaluation reserve	16	0	(2)	(2)
Transferred from revaluation reserve	15	2	0	2
Remeasurement of post employment benefits	15	5,720	0	5,720
Balance as at 31 March 2014		(23,218)	1	(23,217)

The notes on pages 37 to 58 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 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 20**.

1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

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 & 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.

1.8 Inventories

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

1.9 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.

1.10 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. There was no programme income or expenditure in 2012–13 and therefore no re-classification is required. 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.

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

1.11 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.

1.12 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.

1.13 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.

1.14 Deferred Tax

The Trust has no deferred tax to disclose.

1.15 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS and the Ministry of Justice, and as a result, HMRC has confirmed that it is subject to corporation tax. The Trust is therefore subject to Corporation Tax (CT) on its profits and ‘profit’ for this purpose means income and chargeable gains. The Trust has no tax liability to disclose.

1.16 Cash and Cash Equivalents

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

1.17 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.

1.18 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 Trust provides Probation Services under a single contract with the Secretary of State for Justice throughout the Humberside Police area, as defined in the Police Act 1996. The Trust, therefore, has one operating segment for reporting purposes. This is in accordance with IFRS 8 Segmental Reporting. Further detail is shown in **Note 2**.

1.19 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 18**.

2. Statement of Operating Costs by Operating Segment

Humberside Probation Trust provides Probation Services under a single contract with the Secretary of State for Justice throughout the Humberside Police area, as defined in the Police Act 1996. The contract discharges the policies of the Ministry of Justice that are designed to ensure the interchangeable objectives of reducing reoffending and protecting the public. The Trust, therefore, has one operating segment for reporting purposes.

	2013-14	2012-13
	Net Expenditure	Net Expenditure
	£000	£000
Provision of Probation Services	£1,058	£487

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	10,338	10,126	212	10,326
Social security costs	754	754	0	769
Other pension costs	2,219	2,219	0	1,830
Sub-total	13,311	13,099	212	12,925
Less recoveries in respect of outward secondments	(904)	(904)	0	(1,050)
Total staff costs	12,407	12,195	212	11,875

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**.

There were no early retirements on ill-health grounds in 2013–14 (2012–13: nil).

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
334	324	10	334
334	324	10	334

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0	0	2	2
£10,000–£25,000	0	0	0	0	6	6
£25,000–£50,000	0	0	0	0	4	4
£50,000–£100,000	0	1	1	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	1	1	0	12	12
Total resource cost £000	0	98	98	0	278	278

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.

These headcount reductions will produce full year savings of £101,000 per annum. Decisions in respect of redundancies are made based on full year savings, organisational needs and individual personal circumstances.

4. Pensions costs

The provisions of the Local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and fully funded. The Trust participates in the Local Government Pension Scheme, administered by East Riding of Yorkshire Council.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2013 for the year to 31 March 2014). The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

4a. Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hymans Robertson. For 2013–14, employers' contributions of £2,356,808 were paid to the LGPS (2012–13 £2,151,853) at the rate of 25.4%. The scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The latest valuation was as at 31 March 2014 with the revised rates effective from 2014–15. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under IAS19.

The Trust will pay pension contributions to the East Riding Local Government Pension Scheme for the two months April and May. Employer contributions from 1 June 2014 will not be required to be paid by the Probation Trust as it will have ceased trading, except for pension contributions for the Chief Executive which will be paid to the Greater Manchester Pension Fund up until their departure on 31st July 2014.

Future contributions are referred to in **Note 19** Events occurring after the reporting period.

The approximate employer's pension contributions are as follows:

- Employer's contributions for 2013–14 were 25.4% of salaries; and,
- Employer's contributions for 2014–15 will be 28.8% of salaries for April and May 2014; and
- Employer's contributions for 2014–15 will be 14.0% of salaries for June and July 2014.

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

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

Mortality Assumptions

Vita Curves with improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a., improvements will decline for the over 90's.

	Males	Females
Current Pensioners	21.9 years	24.1 years
Future Pensioners*	24.2 years	26.7 years

* Figures assume members aged 45 as at the last formal valuation date.

Historic mortality

Life expectancies for the prior period ended 31 March 2013 are based on the SAPS tables.

The allowance for future life expectancies are shown below:

- Prospective Pensioners – year of birth, medium cohort and 1% p.a. minimum improvements from 2007
- Pensioners – year of birth, medium cohort and 1% p.a. minimum improvements from 2007

Mortality loadings were applied to the SAPS tables based on membership class.

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

	2013–14		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	54,740	54,740
Funded liabilities	(80,911)	0	(80,911)
Unfunded liabilities	(1,106)	0	(1,106)
Opening balance at 1 April (restated)	(82,017)	54,740	(27,277)
Current service costs	(2,219)	0	(2,219)
	(2,219)	0	(2,219)
Net Interest (cost)/income	(3,704)	2,482	(1,222)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	935	935
Gain/(loss) from change in demographic assumptions	1,675	0	1,675
Gain/(loss) from change in financial assumptions	1,239	0	1,239
Experience gains/(losses)	1,871	0	1,934
	4,785	935	5,783
Employers	0	2,354	2,354
Plan participants	(582)	582	0
Unfunded benefits	0	63	63
Payments from plans			
Benefit payments	2,040	(2,040)	0
Unfunded benefit payments	63	(63)	0
Closing balance at 31 March	(81,634)	59,053	(22,581)
Plan assets	0	59,053	59,053
Funded liabilities	(80,604)	0	(80,604)
Unfunded liabilities	(1,030)	0	(1,030)
Closing balance at 31 March	(81,634)	59,053	(22,581)

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	47,256	47,256
Funded liabilities	(68,267)	0	(68,267)
Unfunded liabilities	(1,084)	0	(1,084)
Opening balance at 1 April	(69,351)	47,256	(22,095)
Current service costs	(1,778)	0	(1,778)
Past service costs (including curtailments)	(52)	0	(52)
	(1,830)	0	(1,830)
Net interest (cost)/income	(3,337)	2,286	(1,051)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	4,435	4,435
Gain/(loss) from change in financial assumptions	(9,062)	0	(9,062)
Experience gains/(losses)	97	(179)	(82)
	(8,965)	4,256	(4,709)
Employers	0	2,408	2,408
Plan participants	(579)	579	0
Payments from plans			
Benefit payments	1,981	(1,981)	0
Unfunded benefit payments	64	(64)	0
Closing balance at 31 March	(82,017)	54,740	(27,277)
Plan assets	0	54,740	54,740
Funded liabilities	(80,911)	0	(80,911)
Unfunded liabilities	(1,106)	0	(1,106)
Closing balance at 31 March	(82,017)	54,740	(27,277)

4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	6,327	0	6,327		5,717	0	5,717	
Energy and utilities	4,057	0	4,057		3,699	0	3,699	
Financial institutions	4,447	0	4,447		3,130	0	3,130	
Health and care	3,630	0	3,630		3,162	0	3,162	
Information technology	3,654	0	3,654		2,880	0	2,880	
Manufacturing	3,381	0	3,381		3,269	0	3,269	
Other	11	0	11		0	0	0	
	25,507	0	25,507	43%	21,857	0	21,857	40%
Debt instruments								
UK Government	1,972	0	1,972		2,076	0	2,076	
Corporate bonds (investment grade)	1,392	0	1,392		1,341	0	1,341	
Corporate bonds (non-investment grade)	523	239	762		585	0	585	
Other	1,553	0	1,553		1,785	0	1,785	
	5,440	239	5,679	10%	5,787	0	5,787	11%
Property								
UK	2,264	1,365	3,629		412	2,785	3,197	
	2,264	1,365	3,629	6%	412	2,785	3,197	6%
Cash and cash equivalents	3,307	0	3,307	6%	3,943	0	3,943	7%
Investment funds								
Equities	14,551	0	14,551		14,496	0	14,496	
Infrastructure	416	1,008	1,424		197	789	986	
Other	1,370	879	2,249		1,180	595	1,775	
	16,337	1,887	18,224	31%	15,873	1,384	17,257	32%
Other	1,186	1,521	2,707	5%	1,197	1,502	2,699	5%
Total	54,041	5,012	59,053	100%	49,069	5,671	54,740	100%

4e. Sensitivity analysis

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

Change in assumptions at 31 March 2014	Approximate increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	10%	8,279
1 year increase in member life expectancy	3%	2,449
0.5% increase in the Salary Increase rate	3%	2,804
0.5% increase in the Pension Increase Rate	7%	5,350

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities as at 31 March 2014 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this report.

To quantify the uncertainty around life expectancy, we have calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%.

The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

5. Taxation

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

The Trust did not make a taxable surplus in either 2013/14 or 2012/13 and therefore no Corporation tax is due.

6. Other Expenditure

	2013-14		2012-13	
	£000	£000	£000	£000
Rentals under operating leases	0		13	
Accommodation, maintenance and utilities	1,213		1,201	
Travel, subsistence and hospitality	236		249	
Professional services	136		131	
IT services	587		558	
Communications, office supplies and services	322		338	
Other staff related	182		268	
Offender costs	656		590	
Other expenditure	44		47	
External Auditors' remuneration – statutory accounts	24		24	
Internal Auditors' remuneration	11		11	
		3,411		3,430
Non-cash items				
Depreciation of tangible non-cash assets	2		5	
Profit/(loss) on disposal of tangible non-cash assets	1		0	
Other provisions provided for in year	(26)		70	
		(23)		75
Total		3,388		3,505

7. Income

	2013-14		2012-13	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	15,393		15,582	
		15,393		15,582
Other income received from Probation Trusts		135		116
Other income from NOMS		41		36
Other income from other Government departments		292		119
Miscellaneous income		97		90
		15,958		15,943
Interest received:				
From car loans	1		1	
Total interest received		1		1
Total income		15,959		15,944

8. Property, plant and equipment

	2013–14			
	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2013	71	58	220	349
Disposals	0	(58)	0	(58)
Indexation/revaluation	2	0	3	5
As at 31 March 2014	73	0	223	296
Depreciation				
As at 1 April 2013	70	56	219	345
Charge in year	1	0	1	2
Disposals	0	(56)	0	(56)
Indexation/revaluation	1	0	2	3
As at 31 March 2014	72	0	222	294
Carrying value as at 31 March 2014	1	0	1	2
Carrying value as at 31 March 2013	1	2	1	4
Asset financing				
Owned	1	0	1	2
Carrying value as at 31 March 2014	1	0	1	2

	2012–13			
	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2012	91	54	216	361
Disposals	(22)	0	0	(22)
Indexation/revaluation	2	4	4	10
As at 31 March 2013	71	58	220	349
Depreciation				
As at 1 April 2012	87	52	214	353
Charge in year	3	1	1	5
Disposals	(22)	0	0	(22)
Indexation/revaluation	2	3	4	9
As at 31 March 2013	70	56	219	345
Carrying value as at 31 March 2013	1	2	1	4
Carrying value as at 31 March 2012	4	2	2	8
Asset financing				
Owned	1	2	1	4
Carrying value as at 31 March 2013	1	2	1	4

9. Trade receivables and other current assets

9a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	0	31
Deposits and advances	1	6
Receivables due from Trusts	6	22
Receivables, Accrued Income and Prepayments due from NOMS Agency	718	1,048
Receivables, Accrued Income and Prepayments due from other Government departments	44	12
Other receivables	4	0
Prepayments	25	42
	798	1,161
Amounts falling due after more than one year		
Deposits and advances	0	2
Other receivables	0	1
	0	3
Total	798	1,164

9b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	724	1,073	0	0
Balances with local authorities	41	9	0	0
Balances with NHS bodies	3	0	0	0
	768	1,082	0	0
Balances with bodies external to Government	30	79	0	3
Total	798	1,161	0	3

10. Cash and cash equivalents

	2013–14 £000	2012–13 £000
Balance at 1 April	414	406
Net change in cash and cash equivalents	(266)	8
Balance at 31 March	148	414
The following balances at 31 March are held at:		
Commercial banks and cash in hand	148	414
Balance at 31 March	148	414

11. Trade payables and other current liabilities

11a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	71	171
Accruals	338	485
Deferred income	0	45
Staff payables	57	55
Payables due to Probation Trusts	0	1
Payables, Accruals and Deferred Income due to NOMS Agency	4	153
Payables, Accruals and Deferred Income due to other Government departments	3	17
Unpaid pensions contributions due to the pensions scheme	245	229
	718	1,156
Tax falling due within one year		
VAT	607	725
Other taxation and social security	237	235
	844	960
Total amounts falling due within one year	1,562	2,116

11b. 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)	848	1,121	0	0
Balances with local authorities	3	10	0	0
	851	1,131	0	0
Balances with bodies external to Government	711	985	0	0
Total	1,562	2,116	0	0

12. Provisions for liabilities and charges

	2013–14	2012–13
	Legal Provision £000	Legal Provision £000
Balance at 1 April	70	0
Provided in year	0	70
Provisions not required written back	(26)	0
Provision utilised in the year	(22)	0
Balance as at 31 March	22	70

	2013–14	2012–13
	£000	£000
Analysis of expected timing of discount flows		
Not later than one year	22	70
Current liability	22	70
Balance as at 31 March	22	70

The Trust made a provision for legal costs for ongoing claims made against the Trust.

13. 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.

14. Losses and special payments

14a. Losses statement

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Claims abandoned	0	0	1	2
Total	0	0	1	2

There were no losses in 2013–14 (2012–13 £2k). There were no cases over £300,000 in 2013–14 or 2012–13.

14b. Special payments schedule

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	14	17	0	0
Total	14	17	0	0

There were no special payments in excess of £300k in 2013–14 or 2012–13.

15. General fund

	2013–14 £000	2012–13 £000
Balance at 1 April	(27,882)	(22,695)
Balance at 1 April	(27,882)	(22,695)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,058)	(487)
Transferred from revaluation reserve	2	9
Remeasurement of post employment benefits	5,720	(4,709)
Balance at 31 March	(23,218)	(27,882)

16. Revaluation reserve

Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	1	9
Balance at 1 April	1	9
Arising on revaluations of PPE during the year (net)	2	1
Transferred to General Fund	(2)	(9)
Balance at 31 March	1	1

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

17. Related party transactions

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

The Chairman of Humberside Probation Trust is also an elected Councillor on North East Lincolnshire Council. During the year the Trust has had various transactions with the Council totalling £36,718 (2012–13 £7,000). There was an outstanding liability of £886 with North East Lincolnshire at 31st March 2014.

Two members of staff related to the Chief Executive have been employed by the Trust for the reporting period as follows:

- Jean Wright Full Time Band 6 Head of Learning & Development £40,000–£45,000
- William Wright Part Time Temporary Contract Band 3 User support Office £500–£1,000

Transactions were at arm's length, and they received no preferential treatment.

No other member of the Management Board, member of key management staff or other related parties, or their related parties has undertaken any material transactions with the Trust.

Details of Trust management compensation are disclosed in the remuneration report.

Mutuals

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

18. Third-party assets

The Trust administers a trust fund, the Hull and East Riding Charitable Trust, whose purpose is to encourage offenders not to reoffend. These are not Trust assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit. 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
Hull & East Riding Charitable Trust	0	(10)	10	0
	0	(10)	10	0

19. Events occurring after the reporting period

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

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

Dissolution of the Trust

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

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

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

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

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

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

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

Pensions

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

The 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**. However, the Trust will continue to pay pension contributions for the Chief Executive until their departure on 31st July 2014.

The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

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

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

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

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

All other balances have been allocated on a practical basis taking 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.

20. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

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

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	11
Other comprehensive expenditure	5,193
Total comprehensive expenditure	5,204
Restatement:	
Increase in programme expenditure (interest costs)	476
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(476)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	487
Other comprehensive expenditure	4,717
Total comprehensive expenditure	5,204

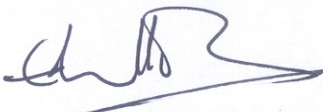
Extract from the Statement of Changes in Taxpayers’ Equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	27,882
Restatement:	
Increase in net operating expenditure	476
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(476)
General fund balance as at 31 March 2013 after restatement	27,882

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

This is the third Sustainability Report for Humberside 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.

For energy and water use, this report covers all locations occupied by the Trust where services are provided by the MoJ. Travel data includes travel by all staff regardless of their location.

This report covers the following buildings:

- Liberty House West, Hull
- Liberty House East, Hull
- St John’s Avenue, Bridlington
- Lord Roberts Road, Beverley
- Queen Street, Grimsby
- Park Square, Scunthorpe
- Victoria House Approved Premises, Scunthorpe
- Queen’s Road Approved Premises, Hull

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. There are gaps in the data supplied, with some data not being available for all office locations. Where gaps exist in the data supplied, estimates have been made where possible.

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/>.

Humberside Probation trust operates from an estate that is owned or leased and managed centrally by the MoJ and as a consequence, efforts to comply with these expectations will require a collaborative approach.

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

Humberside Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate. The Trust will aim to source suppliers that demonstrate sound environmental practices. We will do this by considering environmental commitments and standards in our competitive tender evaluation criteria and seek best value for money.

Social and environmental awareness

Humberside Probation Trust is committed to creating a more environmentally sustainable business, and this year has seen a reduction of 9% in business mileage in particular. The Trust encourages staff to submit suggestions which achieve a social and environmental benefit.

The Trust continues to explore a range of avenues to assist in striving to reduce sickness absence. Health and wellbeing initiatives continue to be driven by Health Champions within the Trust. A corporate scheme was setup with Boots Chemist to offer flu vaccinations to staff, which was taken up by 70 members of staff. The Trust achieved Bronze Healthy Workplace Award's in three office locations, the highest award available in the first year of assessment. The scheme recognises employers who aim to improve health and wellbeing of staff, helping to increase productivity and to reduce sickness absence. It

also encourages staff to be more aware of their health and to make their organisation a better place to work.

Sustainable Construction

All major refurbishments and new builds are required to be BREEAM assessed, to the ‘very good’ standard for refurbishments and ‘excellent’ standard for new builds.

Environmental policy

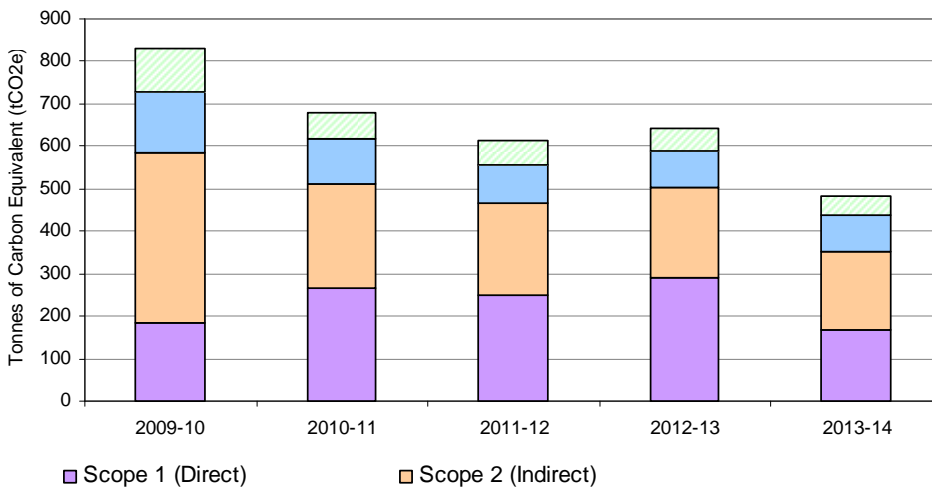
Humberside Probation Trust has its own Environmental Policy which details its strategic approach to meeting these requirements. Environmental issues are discussed as a standing agenda item at the Health and Safety Committee. Committee members are also members of the Trust’s Environmental Task Group. This group is made up of a cross grade of staff and meets four times a year.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO2e)	Scope 1 (direct): Site-based emissions & owned transport	183	266	248	289	166
	Scope 2 (indirect): Supplied energy (electricity and heat)	401	247	218	213	185
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	144	106	92	88	86
	Total gross GHG emissions	729	619	558	589	437
	Electricity: green/renewable	100	62	55	53	46
	Total net GHG emissions	628	557	503	536	391
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	609,740	553,507	489,777	358,654	310,939
	Electricity: renewable	203,247	156,117	139,615	119,554	103,646
	Gas	996,664	1,377,655	1,279,451	1,499,460	871,103
	Other energy sources	0	0	0	0	0
	Total energy	1,809,650	2,087,279	1,908,843	1,977,635	1,285,688
Financial indicators	Expenditure on energy (£)	£114,515	£88,347	£87,079	£99,739	£82,158
	Expenditure on official business travel (£)	£405,340	£330,164	£278,430	£266,313	£255,725

Greenhouse Gas Emission by source



Carbon Emissions: Travel

Mileages	2009–10	2010–11	2011–12	2012–13	2013–14
Cars owned by the Trust	0	0	0	0	0
Vans and HGVs owned by the Trust	Unavailable	48,071	45,179	46,752	14,154
Cars not owned by the Trust	529,897	408,003	329,157	320,944	325,511
Vans and HGVs not owned by the Trust	Unavailable	Unavailable	12,215	13,735	16,040
Rail Travel	237,580	149,474	155,183	103,754	86,232
Total travel mileage	767,477	605,548	541,734	485,185	441,937

Performance commentary (including targets)

From 1st April 2011 Greening Government Commitments required the Trust to reduce greenhouse gas emissions from a 2009/10 baseline from the whole estate and business related transport by 25% by 2014–15.

Total Net GHG emissions have reduced by 38% against the 2009/10 baseline and there has been a reduction of 42% in business mileage. Compared to 2012/13, GHG emissions have fallen by 27%, and business mileage by 9%. This has primarily been driven by a rationalisation programme to reduce the number of buildings the Trust occupies, increased awareness for staff to turn off machines/lights and installations of more energy efficient boilers/thermostatic radiator valves. Restrictions on out of area travel and more fuel efficient pool cars continue to have an impact on emissions. However, uneven billing periods and the small number of reported buildings make detailed analysis more difficult. The milder winter may have contributed to a reduction in gas usage.

Controllable impacts commentary

The Trust's estates and facility management services are provided through a mandatory contract with MoJ, and therefore have limited ability to impact CO2 emissions in these area's.

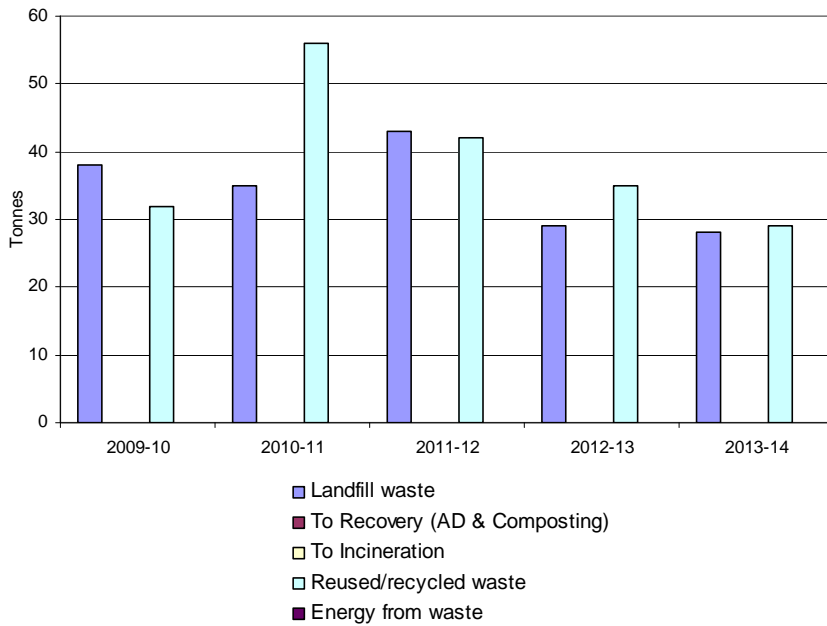
Overview of influenced impacts

Working with the MoJ Estates and Facilities Management providers, the Trust will endeavour to identify and use the most energy efficient technologies when undertaking property developments, such as high efficiency lighting and heating systems.

Waste

			2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	38	35	43	29	28
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	32	56	42	35	29
		Energy from waste	0	0	0	0	0
	Total waste arising		70	91	85	64	57
Financial indicators	Non-hazardous waste	Landfill waste	£3,025	£2,827	£3,445	Unavailable	Unavailable
		To recovery (AD & composting)	0	0	0	Unavailable	Unavailable
		To incineration	0	0	0	Unavailable	Unavailable
		Reused/recycled waste	£4,938	£8,584	£5,517	Unavailable	Unavailable
		Energy from waste	0	0	0	Unavailable	Unavailable
	Total waste costs (£)		£7,963	£11,411	£8,962	Unavailable	Unavailable

Waste by final disposal



Paper

Reams
Cost (excluding VAT)

	2009–10	2010–11	2011–12	2012–13	2013–14
Reams	6,504	3,378	5,081	4,436	4,148
Cost (excluding VAT)	£12,943	£6,738	£10,073	£8,727	£7,860

Performance commentary (including targets)

The Greening Government Commitments target is to reduce the amount of waste we generate by 25% from a 2009/10 baseline, cut paper use by 10%, and ensure redundant ICT equipment is re-used or responsibly recycled.

Total waste has reduced by 19% compared to the 2009/10 baseline and 11% compared to 2012/13. Data quality continues to be an area where improvements can be made. Therefore gaps in data make commentary difficult. Data for 2013/14 has been estimated using 7 months of data supplied by MoJ. Expenditure data for 2012/13 and 2013/14 was unavailable.

Paper use has reduced by 36% against the 2009/10 baseline, and 6% compared to 2012/13. Expenditure on paper continues to reduce as we review our processes using LEAN methodology.

Controllable impacts commentary

The Trust has introduced ‘Greener’ Printer Toners which use 66% less toner. Multifunction devices have been implemented which facility scanning documents and two sided copying reducing the amount of paper used. All offices have re-cycling bins so that only un-recyclable material goes to landfill.

We recycle:

- Printer Toners
- Batteries
- Dry waste – cans, plastics, cardboard, paper
- Confidential waste
- Office Furniture

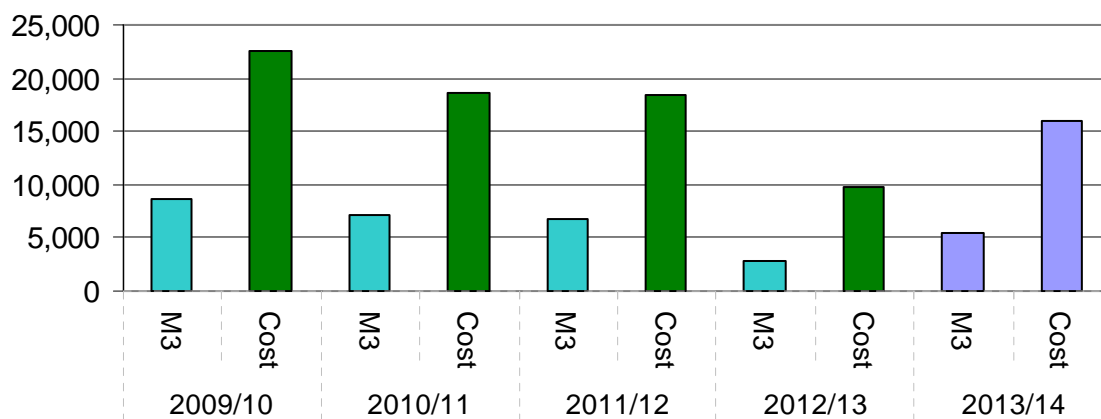
Overview of influenced impacts

The Trust will work with MoJ to obtain more reliable and relevant waste usage data.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres: m³)	8,650	7,161	6,711	2,773	5,380
Financial indicators	Total water supply costs (£)	£22,474	£18,644	£18,334	£9,703	£15,975

Water (consumption and costs).



Performance commentary (including targets)

The Greening Government Commitments target is to reduce water consumption from a 2009/10 baseline and report on office water use against best practice benchmarks.

- $\geq 6 \text{ m}^3$ water consumption per FTE poor practice
- 4 m^3 to 6 m^3 per FTE good practice
- $\leq 4 \text{ m}^3$ per FTE best practice

Improved data makes commentary difficult against 2012/13, however the general direction is a reduction in water use of 38% against the 2009/10 baseline. At 15 m^3 per FTE indicates poor practice. However, this takes no account of the use of buildings and facilities by offenders. In addition, over a weekend in January 2014 the Trust experienced a flood in its main office in Hull, with an estimated 3 tonnes of water flooding the building through a burst water pipe. It is envisaged that this event will have some impact on the water usage data.

Water usage has been estimated using 9 months data supplied by MoJ.

Controllable impacts commentary

Water use is almost exclusively from washrooms and drinking. Some locations have restaurant facilities or similar and use water in heating and ventilation systems. Humberside Probation Trust operates two Approved Premises which are residential and will have a higher level of water usage than the other office environments.

Overview of influenced impacts

The Trust will work with MoJ to obtain more reliable and relevant water usage data.

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