Merseyside Probation Trust

Merseyside Probation Trust

Annual Report and Accounts
2013–2014

HC 78

Merseyside Probation Trust

Merseyside Probation Trust

Annual Report and Accounts

2013–2014

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

Ordered by the House of Commons to be printed 15 July 2014

HC 78

Any enquiries regarding this publication should be sent to us at
Merseyside Probation Trust HQ
Burlington House
Crosby Road North
Waterloo
L22 0PJ

This publication is available at **www.gov.uk/government/organisations/national-probation-service**

Print ISBN 9781474104036
Web ISBN 9781474104043

Printed in the UK by the Williams Lea Group on behalf of
the Controller of Her Majesty's Stationery Office

ID 14051440   07/14

Printed on paper containing 75% recycled fibre content minimum.

Contents

Vision, Mission & Values

Our Vision
Merseyside Probation Trust will be an excellent, innovative provider and commissioner of probation services and an influential voice in Merseyside and on the national scene.

Our Mission
Our purpose is to transform the lives of offenders, deliver the sentences of the courts and to protect the public and the interests of victims. In so doing we contribute to the prevention of offending, the reduction of reoffending, the confidence of people as they go about their everyday lives and to increased community confidence in the criminal justice system.

Our Values
Underpinning all our actions are our beliefs and values:
- in the capacity of people to change for the better;
- that people should be held responsible for their actions;
- in the individual rights of citizens;
- that it is the joint responsibility of all members of the community to combat crime and social breakdown;
- that legal intervention in the lives of individuals should be guided by what works and be the minimum necessary to protect the public, manage risk and reduce reoffending;
- that improper discrimination against individuals and groups takes place and we have a responsibility to do all we can to prevent it ; and
- in openness and integrity in all that we do.

In developing our organisation we also recognise that the Trust:
- must work in partnership with other agencies to achieve its objectives;
- can always improve its performance; and
- can achieve nothing without its staff and we are committed to nurturing their development and potential

Living these values will translate into doing what is best for Merseyside in our work with offenders, victims and the community, and living them in our work with staff will enable us to build an inclusive organisation where people can work with pride. We believe that these values will enable us to create trust and confidence and achieve positive results, retaining our resolve throughout and persevering through challenging times.

Foreword

It has been a real pleasure for me to serve Merseyside Probation Trust as the Chief Executive Officer in the past twelve months. Looking back on the year I would like to reflect on progress we have made as a Trust in delivering a service, whilst preparing ourselves for future provision of offender services through the Merseyside Community Rehabilitation Company (CRC) and the National Probation Service (NPS).

Some of the highlights from the year were:

- "Green" performance on the Probation Trust Rating System, achieved by all staff;
- The Trust spending within its means;
- The sense that through working with User Voice we are all making a "hearts and minds" commitment to the views of service users;
- Our organisational voice being heard and acted upon by strategic partners such as the Police & Crime Commissioner (PCC);
- Continued progress on the development of women's services, this year most notably through the opening of the ISIS Centre in North Liverpool;
- The way everyone has pitched in to ensure that as well as achieving all key Transforming Rehabilitation deadlines, we have done so in a way that has never lost sight of front line operations or the need to ensure that all of us come through the process safely;
- I am proud of the way that in such a period of such change the communication machine has kept pace and has improved to meet the significant demands of the programme; and finally
- We had a brilliant Awards Ceremony in March that celebrated all that is best about the "Merseyside way" and heralded four members of staff being finalists for the National Probation Awards later in the year.

As I look ahead, the Trust Board will continue in April and May 2014 and will have to continue to grapple with its legacy activities at the same time as our eyes turn more and more to the period from June onwards when the CRC and NPS will come fully into existence. The task throughout these changes has been to ensure that the best parts of the Trust legacy are preserved. In addition by working together with our partners and taking proper account of the views of service users that we continue to endeavour to provide the best opportunities to desist from offending. We will do this by having a focus on effective partnership working that removes, rather than builds barriers, and never forget the reasons why we do this work in the first place – this is to bring about positive change in the lives of our service users, communities, and continue to protect the public and rehabilitate offenders.

Annette Hennessy
Chief Executive Officer
18th June 2014

1. Operational & Performance Review 2013–14

Operational Review

The 2013–14 year had been defined for Merseyside Probation Trust by organisational development and change. These changes centred on activities to prepare for the Transforming Rehabilitation requirements. Activity has focused on preparing staff and the business to be split into two organisations, the National Probation Service (NPS) and the Merseyside Community Rehabilitation Company (CRC).

The Trust took a slightly different approach to business planning for this financial year. Rather than agreeing a business plan for the whole of the Trust centrally within the Senior Management Team, the Trust took a more iterative and developmental approach, encouraging all staff at all levels to contribute to the development of their own plans and objectives. These objectives were locally set, and centred on achieving the main aims of the organisation as defined in the new business development model. To encourage staff to think about all the activities needed to achieve these outcomes, discussions were centred on a model adapted from the European Foundation for Quality Management (EFQM) approach that we had successfully used previously to achieve the Excellence Award. These business plans formed the basis of the overall Trust strategy, and were reviewed regularly for progress throughout the year. Feedback from staff on this approach was overwhelmingly positive, with many people saying that they now better understood how the work we do is linked to our objectives, and recognising their contribution to achieving these.

As part of Merseyside Trust's commitment to service users a large scale project was initiated within the Wirral Local Development Unit to implement desistance theory in day to day practice. Although projects such as this have taken place previously, they have never been undertaken on this scale or to this extent, making the work on Merseyside ground-breaking and innovative. The Wirral project has not only applied desistance theory on a wider scale, but has employed distinct methodologies of doing so. Service users were invited to contribute to the project and remain on the steering group as work progresses. The project also took the approach of involving all staff in the Local Delivery Unit, not just offender managers, with training or briefings being given to all staff, from administrative to managerial. This project has received national and international interest, and has been covered in both academic journals and conferences.

In the latter half of the year, and continuing, a great deal of work was begun to prepare to split the organisation under the Transforming Rehabilitation agenda. Significant effort was made to ensure that all staff had the opportunity to attend briefings and workshops, and that time was dedicated to answering questions and discussing activities. Complex activities have taken place to achieve the people and caseload changes required by the programme while maintaining service delivery standards and staff morale. The volume and complexity of work required across the Trust has proved challenging, but Merseyside Trust have achieved all timescales set and in doing so have made significant progress against necessary objectives.

Throughout these changes the Trust has been a key element in essential work to reduce reoffending within the region, being the leading partner in a consortium of organisations including the Police, PCCs and Criminal Justice Board, who are working together to formulate a joined up way of reducing reoffending. The Trust continues to work with the Resettle project, working with personality disordered offenders, and remains involved in work around Restorative Justice.

The Trust's work with women offenders has seen significant positive developments, with the official opening of the ISIS Women's Centre in Liverpool and the continued success of the Women's Centre in the Wirral.

Merseyside Probation Trust continues to maintain its reputation as an innovative and excellent organisation, and is striving to ensure that this work continues through the next year, and through the changes being imposed on Probation Trusts. Work to facilitate this change focuses on delivering an excellent quality of service to all stakeholders, and recognised that this can only be achieved through the staff working for the Trust and for the future organisations forming from the Trust. To recognise this work, Merseyside Trust ended the 2013–14 year by hosting its own staff awards ceremony, in which colleagues were nominated by their managers and peers across arrange of categories. This highly successful and enjoyable event saw staff across the Trust recognised for their lifelong service, their contribution to development, their excellent support services and their work with different groups of offenders as well as many more categories of excellence. Most gratifying were those service users nominated by offender managers for their efforts in managing positive change, and equally, those offender managers nominated by their service users for helping them do so. As well as this local celebration of Merseyside staff, the Trust also has four colleagues with accepted nominations for the National Probation awards.

Operational Performance 2013–14

Merseyside Probation Trust works to a range of performance measures focusing on our processes and outcomes. These measures are determined nationally by NOMS, who set national targets for all Trusts and determine the measurement methodology. In addition, the Trust negotiates further targets, particularly around volumes for achievement and delivery with the Regional Commissioners. These targets are based on local profiles, previously achieved targets and other information that may indicate levels of demand for various services.

These targets are monitored monthly locally and nationally quarterly to ensure that the Trust is on track to meet its goals.

Contract Measures

Measure	Driver (Objective)	Target	Performance
Offender Management			
Reduce Reoffending	Minimise the Seriousness of Reoffending; Reduce the Frequency of Reoffending	Less than predicted rate 9.16%	**8.10%**
Proportion of orders and licences successfully completed	Offender Compliance; Influencing Sentences and Sentencing Patterns	80%	**79.45%**
Proportion of PSRs completed within timescales set by the court (inc RICs)	Influencing Sentencers and Sentencing Patterns; Quality and Timeliness of Court Reports	95%	**97.51%**
Proportion of offenders surveyed that have engaged positively with the offender management process	Offender Engagement; Offender Needs Addressed	67%	**79.19%**
Proportion of OASys final reviews (terminations) completed or updated within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 offenders and PPOs	Quality and Timeliness of Offender Assessment/Review	90%	**85.47.%**
Proportion of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	Offender Compliance (Enforcement)	92%	**85.88%**
Proportion of licence recall requests to reach NOMS Post Release Section within 24 hrs of the decision of the Offender Manager	Offender Compliance (Enforcement)	95%	**95.42%**
Proportion of OASys assessments assessed as either “Satisfactory” or “Good” on the OASys QA	Quality and Timeliness of Offender Assessment/Review; Quality and Effectiveness of Sentence Plans	95%	**97.77%**

Measure	Driver (Objective)	Target	Performance
Proportion of Indeterminate Sentence Prisoner (IPP and Lifer) assessment reports completed on time	Quality and Timeliness of Offender Assessment/ Review	90%	89.21%
MAPPA EFFECTIVENESS Creation of appropriate records on VISOR and attendance at meetings	Effectively manage MAPPA process in order to minimise the seriousness of reoffending	90%	97.50%
Interventions			
Volume of Sex offender programme completions	Offender Needs Addressed	38	38
Volume of Domestic Violence Programme completions	Offender Needs Addressed	135	138
Volume of Accredited OBP (exc SOTP and DV) completions	Offender Needs Addressed	274	271
Volume of Community Payback completions	Offender Needs Addressed	1,160	1160
Volume of DRR completions	Offender Needs Addressed	340	231
Volume of ATR completions	Offender Needs Addressed	270	217
Resettlement			
Proportion of offenders in employment at termination of their order or licence	Offender Needs Addressed; Effective Partnership Working	42%	44.32%
Proportion of offenders in settled and suitable accommodation at the end of their order or licence	Offender Needs Addressed; Effective Partnership Working	80%	89.43%
The number of offenders under supervision who find and sustain employment	Offender Needs Addressed	275	382
Bail, Court and Victim Work			
Proportion of victims responding to survey that are satisfied or very satisfied with service received	Victims risk, need and rights addressed	85%	100%

Operational Performance 2013–14

Management Information Measures 2013/14

Measure	Driver (Objective)	Benchmark	Performance
Offender Management			
Proportion of breaches of community orders resolved within 25 working days of relevant failure to comply (end to end enforcement)	Offender Compliance; Effective Partnership Working	65%	66.00%
The proportion of Unpaid Work offender days which are lost because of stand-downs on the day	Value for Money	1%	0.18%
Interventions			
Proportion of OASys assessments completed within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders	Quality and Timeliness of Offender Assessment – NOW ONLY MEASURES INITIAL ASSESSMENT (LOCAL MEASURE ONLY)	90% (see note below)	69.53%

Measure	Driver (Objective)	Benchmark	Performance
Proportion of OASys assessments completed within the appropriate timescales for all Tier 4 and PPO offenders	Quality and Timeliness of Offender Assessment – NOW ONLY MEASURES INITIAL ASSESSMENT (LOCAL MEASURE ONLY)	90%	**67%**
General OBP's successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	60%	**61.31%**
SOTP successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	70%	**84.21%**
DV successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	63%	**70.28%**
Community Payback successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	80%	**76.77%**
DRR successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	52%	**59.69%**
ATR successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	70%	**85.10%**
Resettlement			
The number of referrals to Education provision	Offender Needs Addressed – NOT MEASURED NATIONALLY – MANAGEMENT INFO. ONLY	442	**N/A**
The number of starts in Education provision	Offender Needs Addressed	150	**N/A**
Bail, Court and Victim Work			
Proportion of victims are contacted within 8 weeks of an offender receiving 12 months or more for a serious sexual or violent offences	Victims risk, need and rights addressed	92%	**99.74%**
General			
Staff sickness levels not to exceed an average number of days per annum	Corporate	9 days	**12.77**

In 2011 National Standards were introduced which removed the requirement for OASys assessments for Tier 2 and Tier 3 cases to be completed within a particular time scale.

Workload and Activity Statistics

Activity	2013–14	2012–13	2011–12	2010–11	2009–10	2008–09
Offender Management						
No Tier Recorded Cases Commencing	341	298	311	639	448	1,709
Tier 1 Cases Commencing	921	1,364	1,506	1,645	1,884	2,067
Tier 2 Cases Commencing	1,082	995	1,086	1,472	1,737	1,475
Tier 3 Cases Commencing	1,958	3,703	3,728	4,088	2,720	3,232
Tier 4 Cases Commencing	1,308	1,167	965	1,118	1,094	1,066
Total	**5,610**	**7,527**	**7,596**	**8,962**	**7,883**	**9,549**
No Tier Cases on year end Caseload	223	1	3	2	3	276
Tier 1 Cases on year end Caseload	675	793	869	982	1,113	1,150
Tier 2 Cases on year end Caseload	1,677	1,619	1,633	1,708	1,876	1,413
Tier 3 Cases on year end Caseload	2,974	2,920	3,108	3,355	3,473	3,922
Tier 4 Cases on year end Caseload	2,752	2,441	2,216	2,172	1,985	1,746
Total	**8,301**	**7,774**	**7,829**	**8,219**	**8,450**	**8,507**
Pre-Sentence Reports (Standard) Delivered	851	1,254	2,122	3,968	3,061	4,212
Pre-Sentence Reports (Fast) Delivered	3,522	5,432	5,002	3,611	3,093	2,663
Victims Contacted	759	462	406	444	343	411
Interventions						
Unpaid Work Hours Delivered	163,932	187,098	224,000	262,580	278,580	281,869
Approved Premises Bed Spaces Provided	69	69	69	69	69	69
ASRO (Addressing Substance Related Offending) Completions and BSR (Building Skills for Recovery)	73	35	72	117	155	136
CALM (Controlling Anger & Learning to Manage) Completions	25	32	36	47	40	22
CDVP (Community Domestic Abuse Programme) Completions	138	142	170	209	197	114
N-SOGP (Northumbria SOGP) (Completions	38	46	43	30	22	13
Drink Impaired Drivers Programme Completions	63	63	73	98	140	179
TF (Think First) / TSP (Thinking Skills Programme) Completions	110	125	145	148	135	177

Chief Executive Officer
18th 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). The Merseyside Probation Trust (MPT) came into existence on 1 April 2008 (following transition from the Merseyside Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 53, issued by the Secretary of State under the OM Act.

Principal activities
MPT covers the Merseyside police area as defined in Schedule 1 of the Police Act 1996, serving a population of approximately 1.4 million. During the year the Trust employed approximately 612 full time equivalent staff who worked from 28 buildings, 3 hostels and 3 prisons across the area.

Each Trust is to initially provide assistance to the courts in determining the appropriate sentences to pass, and making other decisions in respect of persons charged with or convicted of offences, and to assist in the supervision and rehabilitation of such persons.

The discharge of policies as established by NOMS are designed to ensure:
- The protection of the public;
- The reduction of re-offending;
- The proper punishment of offenders;
- The offenders awareness of the effects of crime on the victims of crime and the public; and
- The rehabilitation of offenders.

The Chief Executive (CE) is a statutory office holder appointed by the Trust. The CE is the Accountable Officer for the Board and is accountable to the Director General in his position as the Principal Accounting Officer (PAO) for NOMS. The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice who is directly accountable to Parliament for safeguarding public funds.

Operational Performance during 2013–14
An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 8.

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

Operating costs
The net operating cost before tax for 2013–14 stands at £3,759,000 compared to £2,201,000 for 2012–13. The reason for the increase is due costs arising from the actuarial cost of operating the pension scheme.

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

The net liabilities position has increased from £40,678,000 at 31 March 2013 to £44,883,000 at 31 March 2014. The largest single movement in net liabilities is £4,242,000 due to an increase in the overall Pension Fund liability.

In the year to 31 March 2014, the Trust paid 8,528 trade invoices with a value of £17,708,200. The percentage of undisputed invoices paid within 30 days by the Trust was 93.8% compared to 90.9% in 2012–13.

Treatment of Pension Liabilities

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

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

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

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 12.77 days across the Trust (2012–13 13.87 days).

Personal data related incidents

There were no significant personal data related incidents in 2013–14, that were formally reported to the Information Commissioner's Office (ICO).

Events after the reporting period

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

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

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

The proportion of staff transferring to the CRC/NPS is approximately 44%/56%.

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 55 to 58.

Future developments

The Merseyside Trust Board agreed the Trust's Strategic Plan (2013–14 to 2014–15) which included:

- Service Review and Delivery Plan;
- Business Development Plan;
- Audit and Assurance Plan;
- Staff Development Plan;
- Infrastructure (ICT and Property); and
- Strategic Financial Plan and Budget.

The review of the CRC element of the 2014–15 Plan will be available for June 2014.

Mutuals

Management and staff members have contributed to the development of a bid for the CRC, as a mutual staff venture. The partners in the consortium are Lancashire Probation Trust, Cumbria Probation Trust and Manchester College.

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

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

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

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

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

Communications and employee involvement

The Trust provides the following:

- Staff Conference;
- Middle Managers Conference;
- Awards Ceremony;
- Monthly Team briefing publication;
- Quarterly Partnership and Sentencer briefing documents;
- Consultation events regarding 'Transforming Rehabilitation' Agenda;
- Consultation events regarding Strategic Plan 2013–14 to 2014–15; and
- Regular updates on MPT intranet.

Staff diversity

The Trust laid the foundations for implementation of general duties in the Equality Act 2010 in the development of its Single Equality Scheme. Since that time the Trust has developed processes to monitor protected characteristics (Sex, Race, Disability & Age) for both service delivery and employment practice. The Trust has policies and structures in place to ensure raised awareness and fair treatment within the organisation. The Trust has a Diversity Manager and an HR and Diversity Committee is held on a quarterly basis. The Trust is working with the EW Group to ensure that diversity is rooted in the business planning process at all stages.

Audit

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

Total external audit fees reported in the Accounts are £29,362. The audit fees for 2013–14 are made up of:

- £29,362 to the National Audit Office.

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

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

The Merseyside Probation Trust Management Board

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

- Probation Standing Orders;
- Governance Handbook; and
- Finance Manual.

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 14 and 15.

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

Position	**Name**	**Date appointment commenced / ended (during 2013–14) where appropriate**
Chief Executive	Ms Annette Hennessy	
Chair	Mrs Liz Barnett	
Board Member	HH Judge Robert Warnock	
Board Member	Mr Bill Gaywood	
Board Member	Mrs Lesley Kay	
Board Member	Mr Peter Pattenden	
Board Member	Mr Paul Patterson	Resigned July 2013
Board Member	Ms Dominique Webb	

The management team comprised of Annette Hennessy (Chief Executive), John Quick (Director of Rehabilitation and Reducing Re-Offending), David Metherell (Director of Public Protection and Offender Management) and Paul Gotts (Treasurer). These officers have no conflicting interests in their positions.

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.

Annette Hennessy, Accountable Officer
18th June 2014

3. Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State in line with NOMS guidance.

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

A) REMUNERATION – AUDITED

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)[1]		Total (£000)	
Officials	**2013–14**	**2012–13**	**2013–14**	**2012–13**	**2013–14**	**2012–13**	**2013–14**	**2012–13**	**2013–14**	**2012–13**
Ms Annette Hennessy	80–85	80–85	0	0	0	0	31	* 0	110–115	80–85
Mrs Liz Barnett	20–25	20–25	0	0	0	0	0	0	20–25	20–25
HH Judge Robert Warnock	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Mr Bill Gaywood	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Mrs Lesley Kay	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Mr Paul Patterson	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Ms Dominique Webb	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Mr Peter Pattenden	0–5	0–5	0	0	0	0	0	0	0–5	0–5

* Note that Annette Hennessy entered the pension fund on 16th April 2012, transferring her pension from the Cumbria Probation Trust pension fund. Consequently this figure is not available.
All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2013, 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)	£80,000–£85,000	£80,000–£85,000
Median for other staff	£24,800	£27,400
Pay multiple ratio	3:1	3:1

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

Salary

'Salary' includes the gross salary before 'on costs' or enhancements.

[1] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 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
Annette Hennessy	127	5	789	720	57

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.

Annette Hennessy. Accountable Officer
18th 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 Merseyside 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

Introduction

The Governance Statement has the following structure and incorporates the requirements set out in Annex 3.1 of Managing Public Money:

- Governance Framework;
- Internal Control;
- The risk and control framework;
- Corporate Governance;
- Managing the Transforming Rehabilitation (TR) Agenda;
- Review of economy, efficiency and effectiveness of the resources; and
- Review of effectiveness.

Governance Framework

During 2013–14 the work of the Board was supported by 5 Committees, most of which met on a quarterly basis. There was in addition to the statutory Health & Safety Committee:

- Audit;
- Business Development & Commissioning (BDC);
- Human Resources and Diversity (HR&D);
- Joint Negotiating Consultative (JCN); and
- Local Accountability & Community Engagement (LACE).

The attendance records for 2013–14 are shown below. The percentage is calculated on the number of meetings members were scheduled to attend rather than the total number of meetings:

	Board		Audit		BDC		HR&D		JCN		LACE		TOTAL	
Total in 2013–14	6		4		4		3		4		3		28	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Mrs Liz Barnett	5/6	83	4/4	100			3/3	100	3/4	75	3/3	100	**18**	**90**
Mr Bill Gaywood	6/6	100	4/4	100	3/4	75	3/3	100	4/4	100			**20**	**95**
Mrs Lesley Kay	6/6	100	4/4	100			3/3	100	4/4	100	3/3	100	**20**	**100**
Mr Tony Pate	6/6	100	4/4	100	4/4	100					3/3	100	**17**	**100**
Mr Peter Pattenden	5/6	83			3/4	75	2/3	67	3/4	75	3/3	100	**16**	**80**
Mr Paul Patterson*	0/1	0											**0**	**0**
Ms Dominique Webb	5/6	83	2/4	50	3/4	75	1/1	100	3/4	75	3/3	100	**17**	**77**
HH Judge Robert Warnock	0/6	0											**0**	**0**

* Resigned July 2013

With the exception of the Audit and the Joint Consultative Negotiating Committees, the work of the Committees was identified in the 2013–14 Business Plan.

As planned, the Board met on six occasions during 2013–14. The Board meetings were well attended and considered major reports on performance, financial planning, service operations and unqualified reports for 2013–14 in respect of the closure of the accounts and governance. Strategic and detailed reports regarding updates on the TR Programme were brought to each Board meeting.

It is clear from the above table that in a time of significant change the ongoing commitment of Members to the Trust has been unquestionable.

The Board's performance, including its assessment of its own effectiveness is reviewed annually. In moving towards a legacy position each of the Committees considered ongoing issues and whether they would lie with the Merseyside Community Rehabilitation Company (CRC) or National Probation Service (NPS) in the future. The 2014 review concludes that the Trust Board "has risen to the ongoing challenges of steering the organisation, has more than met the required standard and is operating to a good level.

Internal Control

As Accountable Officer it is my responsibility to complete these accounts for the MPT. I have responsibility for maintaining a sound system of internal control that supports the achievement of the MPT's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. Support for these accountability arrangements chiefly surround the employment of a full time Treasurer who also acts as the Corporate Risk Manager.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This system of internal control has been in place for the year ended 31st March 2014 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The 2013–14 Annual Report on Internal Audit Activity summarised that "Consequently we can give reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control".

Leadership is given to the risk management process by an Audit Committee; the direct involvement of the Chief Executive; the Corporate Risk Manager; and relevant levels of employee. Staff are trained/equipped to manage risk through divisional management team meetings and opportunities to discuss key issues with the Board & Audit Committee. This process is subject to internal audit review. The Trust Board seeks to learn from and contribute to good practice eg the ongoing assessment of business risk. Information posted on the local intranet facility includes a summary statement from the Executive Management Team.

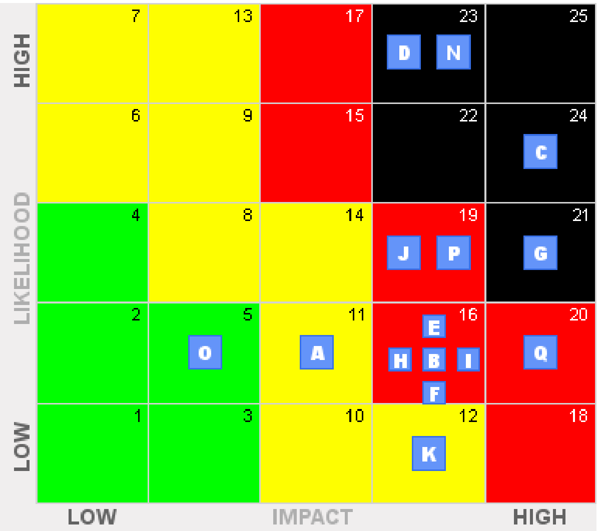
The risk and control framework

The Audit Committee is responsible for the risk and control framework of MPT, as defined in its terms of reference. The Committee meets on a quarterly basis with the current Chair in post since September 2012. The Audit Committee publishes an Annual Report that highlights key matters in the previous year; compares coverage and timings of strategic items with HM Treasury guidelines; and measures itself against a National Audit Office Self Assessment checklist. The Committee receives regular reports to ensure that Internal and External Audit action plans are followed up. Key information is prepared and forwarded for the consideration of the Trust Board as background assurance for this report.

In line with other areas of MPT business, the Business Risk Register is hosted in an information support package (Alliantist PAM). The Business Risk Register is reviewed at quarterly intervals, timed to coincide with Audit Committee meetings. Risks are categorised according to likelihood and impact, with this being used as a basis for their priority ranking. Individual risks are allocated to named officers, linked to Divisional Plans and mitigating actions are time based.

Risk management is embedded in the activity of the organisation through Trust Board involvement, a proactive Audit Committee and a rigorous review process. The Chief Executive and Corporate Risk Manager engage senior officers through a variety of means which link risk to business plans and performance targets. Public stakeholders are recognised in the Register. All Board matters including the Business Register have been made available to Internal and External Audit via the information support package.

The Risk Register, last revised on the 19th March 2014 was as follows:



A – Business Development;
B – Managing relationships with External Partners;
C – Workload Management and Workforce Planning (Rank 1);
D – Information Systems (Rank 2=);
E – Financial Planning;
F – PTRS and Probation Trust Contract performance targets;
G – Public Protection (Rank 4);
H – Business Continuity Planning (BCP);
I – Providing Courts with quality and timely information;
J – Assessment of Offenders OASys (Rank 5=);
K – Equality Issues;
N – Sickness Absence – this reflects the Board's growing concern that despite significant levels of intervention the levels of sickness have remained stubbornly high (Rank 2=);
O – Transforming Rehabilitation – Process;
P – Transforming Rehabilitation – Timescales (Rank 5=);
Q – Property / Facilities Management.

(NB – L and M are Risks that have been removed)

Risk management capability was considered against the MoJ assessment framework in 2013. This framework considers leadership, risk strategy and policies, people, partnerships, processes, risk handling and outcomes. The 2013 analysis concluded that there is continued evidence to suggest that "Level 4" has been sustained. This means that "…senior management are proactive in driving and maintaining the embedding and integration of risk management; in setting criteria and arrangements for risk management and in providing top down commitment to well managed risk taking to support and encourage innovation and the seizing of opportunities".

No ministerial directions were given in 2013–14.

The Trust Board has adopted the suite of 13 information assurance policies designed by NOMS to assure compliance with GSi protocols. Though these are designed for systems holding offender data, MPT applies them equally and proportionally to all of its information. Compliance is assured using a variety of tools, including a comprehensive programme of site audits, monitoring of staff use of e-mail, centralisation of the management of data protection with specialist staff and formal risk assessment when required. Lack of compliance has in the past resulted in staff being disciplined and dismissed. HQ ICT systems are subject to penetration testing and the preparation of a full RMADS risk assessment and are currently subject to a full MoJ accreditation process. Governance is provided by the Information Assurance Forum, chaired by the Head of Operations on behalf of the SIRO (Senior Information Risk

Owner), who is designated as the CEO. Work on preparing MPT and staff for the revised Government Secure Classification effective from April 2014 began as far back as January 2014.

Corporate Governance

The Code of Good Practice (Corporate Governance in Central Government Departments – HM Treasury, July 2011) covers six key areas on which accountable officers need to be in a position where they can either confirm compliance or explain alternative governance measures as being in place ie the “comply or explain mechanism”. The checklist developed by the National Audit Office offers a template with which to measure compliance.

It is my view that although some of the principles in the Code are not directly applicable to Probation Trusts the checklist does give the opportunity to demonstrate where assurances of compliance are in place:

Principle	Assessment
Parliamentary accountability	Not currently applicable but as far as possible the role of Accountable Officer in Section 2 (Internal Control) would suggest compliance
The role of the Board	**Complied** Section 1 – Governance Framework, which with the type of reports considered – positive assessment Section 5 – Managing the Transforming Rehabilitation (TR) Agenda deals with the involvement of the Board and the nature of the reports that they considered – positive assessment Section 6 – Review of Effectiveness deals with the summary information provided to the Board and their role in making policy e.g. financial under-spend sent back to NOMS – positive assessment
Board composition	**Complied** Section 1 – Governance Framework, which deals with the structure of the Board, its Committees, members and their attendance – positive assessment Section 7 – Review of Effectiveness, specifically Appendices 2 – positive assessment
Board effectiveness	**Complied** Section 1 – Governance Framework, deals with the Boards performance in 2013/14 including each Committee having a final report about legacy issues, handover and business risk – positive assessment Section 5 – Managing the Transforming Rehabilitation (TR) Agenda summarises the Board’s effect in formal and informal meetings, telephone conferences and the mutual bid process – positive assessment Section 7 – Review of Effectiveness, specifically Appendix 2 – positive assessment
Risk Management	**Complied** Section 3 – Risk & Control Framework deals with all aspects of business risk management and the frequency of review – positive assessment Control and review of the Business Risk Register via PAM and at Audit Committee – positive assessment
Arm’s Length Bodies	Not currently applicable

Managing the Transforming Rehabilitation (TR) Agenda

Trust Board – the Board has been proactive in understanding all aspects of the TR Agenda as they emerge, the effect on the Trust and the resource implications. They have received regular formal reports from the Chief Executive and the Senior Responsible Officer (SRO) and have had continued informal contact thorough weekly telephone conversations. They have made themselves available in briefing sessions, staff assignment appeals, middle managers meetings and have been confident in this role talking directly to staff. The Board and senior management have ensured that TR matters are included within joint union meetings. Within the confines of ethical walls the Board has supported the development of a staff-led mutual.

Workstreams – all work has been coordinated along workstreams devised and revised by NOMS to ensure all work is considered and that progress reports to the Board / NOMS can be produced at short notice. The SRO is an existing Assistant Chief Officer with widespread experience of Probation, systems and the change management process. Workstream leaders are all senior managers. Otherwise detailed work has normally been undertaken by small working groups.

Phases – the phases of the programme eg staff assignment, mobilisation have been clearly and consistently communicated to all staff

Communication – MPT has invested significant time in improving communication channels in the past 12 months:
- More information on the local intranet;
- Weekly briefings for senior management;
- Specific TR publications;
- Staff briefing documents;
- Managers Conference;
- Team Briefing documents; and
- Partnership and Sentencer briefing documents

Review/Inspection – ongoing scrutiny of mandatory returns and progress via the Senior Community Manager, NOMS (Ernst Young) and others has indicated no cause for concern about the Trusts state of readiness for the new arrangements.

Review of economy, efficiency and effectiveness of the use of resources

My review of economy, efficiency and effectiveness of the use of resources concludes that the Trust offers “value for money” (vfm). This conclusion is supported by the evidence outlined below:
- Financial planning and financial health – the Trust plans its finances effectively to deliver its strategic priorities and secure sound financial health:
  - Detailed, risk assessed budget;
  - Budget set in a two year timeframe (2013–14 to 2014–15);
  - The budget links to, and is included in the Strategic Plan;
  - Budget proposals include workforce implications e.g. secondment pressures; and
  - Property rationalisation.
- Understanding costs and achieving efficiencies – the Trust has a sound understanding of its costs and performance and prioritises its resources with:
  - Budgets split down to Service Delivery Units and teams within these;
  - Budget is produced via ResourceLink (Employees) and input directly to the accounting system so that they are immediately available to responsible officers. Procedure Manual in place;
  - MPT continue to look at benchmarking information e.g. PREview and aim to investigate all unit costs in the top quartile across the North West;
  - Positive involvement in the PREview unit costing model e.g. responses to the “outlier” analysis report produced by NOMS;
  - MPT returned £1,450,000 to NOMS from the 2013–14 budget, with the remaining budget being effectively managed; and
  - MPT has a good track record of achieving efficiencies. PTRS rating in 2013–14 continued to be “Green”.
- Financial reporting – the Trust’s financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people:
  - Monthly monitoring reports are produced for responsible officers with summary information provided to the senior management team and the Board on monthly and bi-monthly frequency;
  - Assistant Chief Officers (ACO’s) receive guidance and support in budget monitoring;
  - Budget monitoring information is reliable, relevant and understandable; and
  - Monitoring reports are run from a comparison of actuals and budgets, both transparent on the accounting system.

- Workforce planning – the Trust plans, organises and develops its workforce effectively to support the achievement of its strategic priorities:
  - The MPT workforce is organised and developed around strategic objectives;
  - Clear links of the financial plan to workforce projections;
  - Resource Link system is increasingly been used as the hub of information on which all staffing analyses are based.
  - Workforce plans include strategic assumptions about a more efficient Support Services operation;
  - Workforce projections and utilisation of staff on the ground is heavily influenced by a capacity model jointly commissioned by metropolitan Trusts; and
  - Robust systems of supervision, appraisal and sickness monitoring.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Audit Committee review their own activities and effectiveness on an annual basis. There were no follow-up actions required from 2012–13. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and consider there are no specific weaknesses which need to be addressed to ensure continuous improvement of the system is in place. My review of the effectiveness of the system of internal control looks at the full range of stakeholders (Trust Board, Audit Committee, Corporate Risk Manager, Internal & External Audit, Managers and staff) and assesses each against criteria such as relationships and communication; business risk and internal control; roles and remit; meetings; financial information & regulatory matters; membership, induction and training.

No significant matters were raised by internal or external audit and management has responded to recommendations for any improvements, including defined and timetabled actions that are reported to, and monitored by, the Audit Committee.

Annette Hennessy
Accountable Officer
18th 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 Merseyside 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 Merseyside 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

1. 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 Manual the financial statements have been prepared on a going concern basis.

Sir Amyas C E Morse **Date: 3 July 2014**
Comptroller and Auditor General

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

	Notes	2013–14 £000	2012–13 *Restated* £000
Expenditure			
Staff costs	3(a)	22,903	22,451
Other expenditure	6	8,283	8,763
Total Expenditure		**31,186**	**31,214**
Income	7	(29,184)	(30,557)
Net operating costs		**2,002**	**657**
Net interest cost on pension scheme	4(c)	1,757	1,544
Net operating costs before taxation		**3,759**	**2,201**
Taxation	5	0	16
Net operating costs after taxation		**3,759**	**2,217**

Other Comprehensive Expenditure

	Notes	2013–14 £000	2012–13 Restated £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	(5)	(15)
Remeasurement of post employment benefits	23	451	7,818
Total comprehensive expenditure for 31 March 2014		**4,205**	**10,020**

The notes on pages 29 to 52 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	224	271
Total non-current assets		**224**	**271**
Current assets			
Trade and other receivables	12(a)	8,174	5,746
Cash and cash equivalents	13	162	1,986
Total current assets		**8,336**	**7,732**
Total assets		**8,560**	**8,003**
Current liabilities			
Trade and other payables	14(a)	(4,450)	(5,461)
Taxation payables	14(a)	(1,888)	(357)
Total current liabilities		**(6,338)**	**(5,818)**
Non-current assets plus/less net current assets/(liabilities)		**2,222**	**2,185**
Non-current liabilities			
Pension liability	4(c)	(47,105)	(42,863)
Total non-current liabilities		**(47,105)**	**(42,863)**
Assets less liabilities		**(44,883)**	**(40,678)**
Taxpayers' equity			
General fund	23	(45,021)	(40,811)
Revaluation reserve – property, plant and equipment	24(a)	138	133
		(44,883)	**(40,678)**

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

…………………………………..…. Accountable Officer

18th June 2014

The notes on pages 29 to 52 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Cash flows from operating activities			
Net operating costs	23	(3,759)	(2,217)
Adjustments for non-cash transactions	6	71	74
Adjustments for pension cost	4(c)	3,791	2,227
(Increase)/decrease in receivables	12(a)	(2,428)	972
Increase/(decrease) in payables	14(a)	520	(1,753)
Net cash outflow from operating activities		**(1,805)**	**(697)**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(20)	0
Proceeds on disposal of property, plant and equipment	8	1	0
Net cash outflow from investing activities		**(19)**	**0**
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		**0**	**0**
Net increase/(decrease) in cash and cash equivalents in the period		**(1,824)**	**(697)**
Cash and cash equivalents at the beginning of the period	13	1,986	2,683
Cash and cash equivalents at the end of the period	13	162	1,986
Increase/(decrease) in cash		**(1,824)**	**(697)**

The notes on pages 29 to 52 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		**(30,776)**	**118**	**(30,658)**
Prior period adjustment	23/24	**0**	**0**	**0**
As restated at 1 April 2012		**(30,776)**	**118**	**(30,658)**
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(2,217)		**(2,217)**
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		15	**15**
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)		0	**0**
Net gain/(loss) on revaluation of intangibles	24(b)		0	**0**
Transferred to General Fund from tangibles revaluation reserve	24(b)		0	**0**
Movement in donated assets	23	0		**0**
Transferred from revaluation reserve	23	0		**0**
Remeasurement of post employment benefits	23	(7,818)		**(7,818)**
Net NOMS financing received in year	23	0		**0**
Balance as at 31 March 2013		**(40,811)**	**133**	**(40,678)**
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(3,759)		**(3,759)**
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		5	**5**
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)		0	**0**
Net gain/(loss) on revaluation of intangibles	24(b)		0	**0**
Transferred to General Fund from tangibles revaluation reserve	24(b)		0	
Movement in donated assets	23	0		**0**
Transferred from revaluation reserve	23	0		**0**
Remeasurement of post employment benefits	23	(451)		**(451)**
Net NOMS financing received in year	23	0		**0**
Balance as at 31 March 2014		**(45,021)**	**138**	**(44,883)**

The notes on pages 29 to 52 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 (FReM) issued by HM Treasury. The accounting policies contained in the FReM 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 FReM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of the Probation Trust for the purpose of giving a true and fair view has been selected. The Probation Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

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

1.2 Accounting convention

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

1.3 Changes in accounting policies and restatement of comparatives

New and amended standards adopted

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

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

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

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

Those that impact on the Trust are:

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

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

1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Revaluation

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Gains on revaluation are credited to the revaluation reserve and shown in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to net operating costs in the SoCNE to the extent of the amount previously expensed, and any excess is credited to the revaluation reverse.

1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

1.7 Impairment

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

1.8 Intangible non-current assets

The Trust has no intangible non-current assets.

1.9 Non-current assets held for sale

The Trust has no non-current assets held for sale.

1.10 Inventories

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

1.11 Operating income

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

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

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

1.12 Other Expenditure

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

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

1.13 Pensions

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

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

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

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

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

1.14 Leases

The Trust holds no leased assets.

1.15 Provisions

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

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

1.17 Deferred Tax
The Trust has no deferred tax.

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

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

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

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

2. Statement of Operating Costs by Operating Segment

Operational Unit	2013–14 Net Expenditure £000	2012–13 Net Expenditure £000
Main Probation Activities	30,497	29,350
European Social Fund Project	796	743
Laurus OD Solutions (Regional Training Unit)	650	990
Resettle Project	1,000	754
Total Net Expenditure	**32,943**	**31,837**
Income	**(29,184)**	**(30,557)**
Overspend	**3,759**	**1,280**
Amount of overspend relating to Pension Fund Actuarial data	**3,793**	**1,306**
Underspend in respect to Contract Values	**(34)**	**(26)**

Notes

1. ***European Social Fund (ESF) Project***
   Merseyside Probation Trust acts as the lead area for the regional ESF project. A dedicated management unit for the project is responsible for billing the Ministry of Justice for the funds allocated to the project, on the basis of the performance requirements arising out of the contract. This is overseen by a Board formed of representatives from each Trust in the region. It is also responsible for making payments to other partners to the contract, specifically other Probation Trust's in the North West region. The figures in the trust accounts for expenditure relate only to the Merseyside element of the contract, together with payments to third party organisations across the region, who have separate contracts for delivery of services. Expenditure by other Trusts in the region (together with income received from the regional management team) will be reflected in their local accounts, so are excluded from the income and expenditure figures shown in these accounts.
2. ***Laurus OD Solutions***
   Merseyside Probation Trust, together with other Trusts in the North West Region formed a Jointly Controlled Operation (JCO) to deliver and manage training across the region on the 1st July 2011. The purpose of the JCO was to improve efficiency and deliver economies of scale through the pooling of resources, development of training programmes and management of training staff. Early on in the financial year a decision was taken by the Laurus management Board (consisting of representatives from each Trust) to wind up operations of the Laurus team by the 31st March 2014. This decision was made in the knowledge of the operational changes that would be taking place for the Trusts as a whole from 1st June 2014 with the formation of a new National Probation Service and individual Community Rehabilitation Companies. There are no remaining contingent liabilities in relation to the Trust's role as accountable body.

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013–14			2012–13 *Restated*
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	19,365	18,049	1,316	19,485
Social security costs	1,337	1,337	0	1,398
Other pension costs	4,028	4,028	0	3,033
Sub-total	**24,730**	**23,414**	**1,316**	**23,916**
Less recoveries in respect of outward secondments	(1,827)	(1,827)	0	(1,465)
Total staff costs	**22,903**	**21,587**	**1,316**	**22,451**

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

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**. The change in other pension costs relates to an increase in the actuarial cost of supporting the pension fund.

4 persons (2012–13: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £0).

3b. Average number of persons employed

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

2013–14			2012–13
Total	Permanently-employed staff	Others	Total
638	574	64	612
638	**574**	**64**	**612**

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14 Number of compulsory redundancies	2013–14 Number of other departures agreed	2013–14 Total number of exit packages by cost band	2012–13 Number of compulsory redundancies	2012–13 Number of other departures agreed	2012–13 Total number of exit packages by cost band
<£10,000	0	0	0	0	2	2
£10,000–£25,000	0	0	0	0	2	2
£25,000–£50,000	0	0	0	0	4	4
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	**0**	**0**	**0**	**0**	**8**	**8**
Total resource cost £000	**0**	**0**	**0**	**0**	**183**	**183**

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.

No staff left the Trust in 2014–15 because of redundancy or other exit agreements.

4. Pensions costs

As part of the terms and conditions of employment of its officers and other employees, the Trust offers retirement benefits. Although these are not actually payable until employees retire, the Trust has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlements. The provisions of the Local Government pension Scheme (LGPS) cover present and past employees which is statutory and fully funded. The scheme is administered by Merseyside Pension Fund. This is a defined benefit scheme, where 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.

4a. Pension costs

A full actuarial valuation was carried out at 31 March 2013 by Mercers Ltd. For 2013–14, employers' contributions of £2,012,000 were payable to the LGPS (2012–13 £2,533,000). The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Employer contributions from 1 June 2014 will not be required to be paid by the Probation Trust as they have ceased trading Future contributions are referred to in **Note 27** Events occurring after the reporting period.

Partnership accounts are excluded under IAS19.

The approximate employer's pension contributions for the three years are:
- Employer's contributions for 2013–14 were 11.3% of salaries; and,
- Employer's contributions for 2014–15 will be 11.3% of salaries.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.4%	2.4%
Rate of increase in salaries	3.9%	3.9%
Rate of increase for pensions in payment and deferred pensions	2.4%	2.4%
Discount rate	4.4%	4.2%

Mortality Assumptions
Life expectancy of a future pensioner male (female) aged 65 in 20 years time – 24.7(28) years. Life expectancy of a current pensioner aged 65 male (female) – 22.3 (25.2) years.

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	110,705	110,705
Funded liabilities	(152,743)	0	(152,743)
Unfunded liabilities	(825)	0	(825)
Opening balance at 1 April (restated)	**(153,568)**	**110,705**	**(42,863)**
Current service costs	(3,686)	(81)	(3,767)
Past service costs (including curtailments)	(261)	0	(261)
Gains and losses on settlements	0	0	0
	(3,947)	**(81)**	**(4,028)**
Net Interest (cost)/income	**(6,368)**	**4,611**	**(1,757)**
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	(1,017)	(4,250)
Gain/(loss) from change in demographic assumptions	(870)	0	(870)
Gain/(loss) from change in financial assumptions	5,567	119	5,733
Experience gains/(losses)	(4250)	0	(1,359)
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	447	**(898)**	**(451)**
Foreign exchange differences	**0**	**0**	**0**
Effect of business combinations on disposals	**0**	**0**	**0**
Contributions			
Employers	0	1,937	1,937
Plan participants	(1,062)	1,062	0
Unfunded benefits	0	57	57
Payments from plans			
Benefit payments	4,933	(4,933)	0
Unfunded benefit payments	57	57	0
Closing balance at 31 March	**(159,508)**	**112,403**	**(47,105)**
Plan assets	0	112,403	112,403
Funded liabilities	(158,807)	0	(158,807)
Unfunded liabilities	(701)	0	(701)
Closing balance at 31 March	**(159,508)**	**112,403**	**(47,105)**

	2012–13 (restated)		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	98,838	98,838
Funded liabilities	(130,864)	0	(130,864)
Unfunded liabilities	(792)	0	(792)
Opening balance at 1 April	**(131,656)**	**98,838**	**(32,818)**
Current service costs	(2,966)	(67)	(3,033)
Past service costs (including curtailments)	0	0	0
Gains and losses on settlements	0	0	0
	(2,966)	**(67)**	**(3,033)**
Net interest (cost)/income	**(6,362)**	**4,818**	**(1,544)**
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	0	0
Gain/(loss) from change in demographic assumptions	(1,473)	0	(1,471)
Gain/(loss) from change in financial assumptions	(14,699)	0	(14,699)
Experience gains/(losses)	0	8,352	8,352
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(16,170)	**8,352**	**(7,818)**
Foreign exchange differences	**0**	**0**	**0**
Effect of business combinations on disposals	**0**	**0**	**0**
Contributions			
Employers	0	2,286	2,286
Plan participants	(1,105)	1,105	0
Unfunded benefits	0	64	64
Payments from plans			
Benefit payments	4,627	(4,627)	0
Unfunded benefit payments	64	(64)	0
Closing balance at 31 March	**(153,568)**	**110,705**	**(42,863)**
Plan assets	0	110,705	110,705
Funded liabilities	(152,743)	0	(152,743)
Unfunded liabilities	(825)	0	(825)
Closing balance at 31 March	**(153,568)**	**110,705**	**(42,863)**

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	63,936	0	63,936		63,037	0	63,037	
	63,936	**0**	**63,936**	57%	**63,037**	**0**	**63,037**	57%
Debt instruments								
UK Government	4,742	0	4,742		5,625	0	5,625	
Corporate bonds (investment grade)	2,966	0	2,966		2,712	0	2,712	
Corporate bonds (non-investment grade)	0	0	0		0	0	0	
Other	10,698	0	10,698		12,229	0	12,229	
	18,406	**0**	**18,406**	16%	**20,566**	**0**	**20,566**	19%
Property								
UK	5,488	0	5,488		5,454	0	5,454	
Overseas	1,055	1,779	2,834		966	1,703	2,669	
Property funds	693	0	693		639	0	639	
	7,236	**1,779**	**9,015**	8%	**7,059**	**1,703**	**8,762**	8%
Derivatives	0	0	0		0	0	0	
	0	**0**	**0**	0%	**0**	**0**	**0**	0%
Cash and cash equivalents	2,984	0	2,984	3%	2,179	0	2,179	2%
Investment funds								
Equities	81	5,616	5,697		96	5,705	5,801	
Hedge funds	318	4,770	5,088		298	4,552	4,850	
Infrastructure	340	1,911	2,251		431	1,278	1,709	
Other	2,607	2,419	5,026		2,353	1,448	3,801	
	3,346	**14,716**	**18,062**	16%	**3,178**	**12,983**	**16,161**	15%
Other	**0**	**0**	**0**	0%	**0**	**0**	**0**	%
Total	**95,908**	**16,495**	**112,403**	100%	**96,019**	**14,686**	**110,705**	100%

4e. Sensitivity analysis

Adjustment to discount rate	+0.1% £000	0% £000
Present value of total obligation	156,718	159,508
Projected service cost	3,284	3,365

Adjustment to mortality age rate assumption	+1yr £000	none £000
Present value of total obligation	162,651	159,508
Projected service cost	3,442	3,365

Adjustment to inflation	+0.1% £000	0% £000
Present value of total obligation	162,347	159,508
Projected service cost	3,448	3,365

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

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

5. Taxation

	2013–14 £000	2012–13 £000
UK corporation tax	0	16
Total	**0**	**16**

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

6. Other Expenditure

	2013–14		2012–13 *Restated*	
	£000	**£000**	**£000**	**£000**
Accommodation, maintenance and utilities	3,036		3,057	
Travel, subsistence and hospitality	333		372	
Professional services	48		46	
IT services	1,331		1,480	
Communications, office supplies and services	934		1,228	
Other staff related	786		694	
Offender costs	1,658		1,415	
Other expenditure	43		351	
External Auditors' remuneration – statutory accounts	29		20	
Internal Auditors' remuneration	14		26	
		8,212		**8,689**
Non-cash items				
Depreciation of tangible non-cash assets	63		74	
Profit/(loss) on disposal of tangible non-cash assets	8		0	
		71		74
Total		**8,283**		**8,763**

Restatement of comparatives

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

7. Income

	2013–14		2012–13 *Restated*	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	27,209		28,425	
		27,209		**28,425**
Other EU income		1,073		743
Other income received from Probation Trusts		571		634
Other income from NOMS		34		39
Other income from other Government departments		79		95
Miscellaneous income		211		613
		29,177		**30,549**
Interest received:				
From bank	7		8	
Total interest received		7		8
Total income		**29,184**		**30,557**

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

8. Property, plant and equipment

	2013–14		
	Plant and machinery £000	Transport equipment £000	Total £000
Cost or valuation			
As at 1 April 2013	403	506	909
Additions	0	20	20
Disposals	(274)	0	(274)
Transfers	0	0	0
Reclassifications	0	0	0
Impairments	0	0	0
Indexation/revaluation	7	3	10
As at 31 March 2014	**136**	**529**	**665**
Depreciation			
As at 1 April 2013	383	255	638
Charge in year	13	50	63
Disposals	(265)	0	(265)
Transfers	0	0	0
Reclassifications	0	0	0
Impairments	0	0	0
Indexation/revaluation	4	1	5
As at 31 March 2014	**135**	**306**	**441**
Carrying value as at 31 March 2014	1	223	224
Carrying value as at 31 March 2013	**20**	**251**	**271**
Asset financing			
Owned	1	223	224
Finance leased	0	0	0
Carrying value as at 31 March 2014	**1**	**223**	**224**

8. (Continued)

	2012–13		
	Plant and machinery £000	Transport equipment £000	Total £000
Cost or valuation			
As at 1 April 2012	418	477	895
Additions	0	0	0
Disposals	(27)	0	(27)
Transfers	0	0	0
Reclassifications	0	0	0
Impairments	0	0	0
Indexation/revaluation	12	29	41
As at 31 March 2013	**403**	**506**	**909**
Depreciation			
As at 1 April 2012	373	192	565
Charge in year	26	48	74
Disposals	(27)	0	(27)
Transfers	0	0	0
Reclassifications	0	0	0
Impairments	0	0	0
Indexation/revaluation	11	15	26
As at 31 March 2013	**383**	**255**	**638**
Carrying value as at 31 March 2013	20	251	271
Carrying value as at 31 March 2012	**45**	**285**	**330**
Asset financing			
Owned	20	251	271
Finance leased	0	0	0
Carrying value as at 31 March 2013	**20**	**251**	**271**

9. Intangible assets

The Trust has no intangible assets (2012–13 £0).

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	43	56
Receivables due from Trusts	0	24
Receivables, Accrued Income and Prepayments due from NOMS Agency	7,964	5,600
Receivables, Accrued Income and Prepayments due from other Government departments	64	66
Prepayments	84	0
Accrued income	19	0
	8,174	**5,746**
Amounts falling due after more than one year		
	0	0
Total	**8,174**	**5,746**

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	7,964	5,624	0	0
Balances with local authorities	23	60	0	0
Balances with NHS bodies	21	0	0	0
Balances with public corporations and trading funds	20	6	0	0
	8,028	**5,690**	**0**	**0**
Balances with bodies external to Government	146	56	0	0
Total	**8,174**	**5,746**	**0**	**0**

13. Cash and cash equivalents

	2013–14 £000	2012–13 £000
Balance at 1 April	1,986	2,683
Net change in cash and cash equivalents	(1,824)	(697)
Balance at 31 March	**162**	**1,986**
The following balances at 31 March are held at:		
Commercial banks and cash in hand	162	1,986
Balance at 31 March	**162**	**1,986**

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year (excluding taxation)		
Trade payables	679	446
Accruals	166	418
Deferred income	2,769	4,395
Payables due to Probation Trusts	77	42
Payables, Accruals and Deferred Income due to NOMS Agency	387	125
Payables, Accruals and Deferred Income due to other Government departments	85	35
Unpaid pensions contributions due to the pensions scheme	287	0
	4,450	**5,461**
Tax falling due within one year		
VAT	1,428	305
Corporation tax	52	52
Other taxation and social security	408	0
	1,888	**357**
Total amounts falling due within one year	**6,338**	**5,818**
Amounts falling due after more than one year		
	0	**0**
Total	**6,338**	**5,818**

14b. Intra-Government payables

	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)	2,352	524	0	0
Balances with local authorities	55	9	0	0
Balances with NHS bodies	30	15	0	0
Balances with public corporations and trading funds	0	11	0	0
	2,437	**559**	**0**	**0**
Balances with bodies external to Government	3,901	5,259	0	0
Total	**6,338**	**5,818**	**0**	**0**

15. Provisions for liabilities and charges

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

16. Capital commitments

Commitments for capital expenditure and major maintenance works for which no provision has been made in these accounts were as follows:

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

17. Commitments under leases

17a. Operating leases

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

17b. Finance leases

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

18. Other financial commitments

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

19. Deferred tax asset

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

20. Financial instruments

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

21. Contingent liabilities

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

22. Losses and special payments

22a. Losses statement
There are no losses (2012–13 £0).

22b. Special payments schedule
There are no special payments (2012–13 £0).

23. General fund

	2013–14 £000	2012–13 £000
Balance at 1 April	(40,811)	(30,776)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(3,759)	(2,217)
Remeasurement of post employment benefits	(451)	(7,818)
Balance at 31 March	**(45,021)**	**(40,811)**

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14 £000	2012–13 £000
Balance at 1 April	133	118
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	**133**	**118**
Arising on revaluations of PPE during the year (net)	5	15
Balance at 31 March	**138**	**133**

24b. Intangibles

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

25. Related party transactions

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

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

Merseyside Probation Trust in partnership with Lancashire and Cumbria Trusts have set-up Innovo CLM Ltd – a staff mutual bidding in partnership with Manchester College to run and operate the 'Cumbria and Lancashire' and the Merseyside Community Rehabilitation Companies within the Government's Transforming Rehabilitation Programme. Pursuant to this Merseyside Trust staff members have contributed to the development of the bid. A middle manager from the Trust has been involved in the governance arrangements for the mutual and the joint venture partnership, whilst another middle manager and two operational staff have been involved in developing the service delivery element of the bid. All of these staff have signed a Declaration B form as required by the NOMS Principles of Competition.

26. Third-party assets

There are no third-party assets (2012–13 £0).

27. Events occurring after the reporting period

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

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

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

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

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

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

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

Basis of allocation of balances after the Trust ceased trading on 1 June 2014
On 1 June 2014, the assets and liabilities of the Probation Trust were allocated between the NPS and CRC as follows:

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

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

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

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

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

Leases and service contracts
Property and IT leases remain within the Ministry of Justice.

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

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

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

Impact on total comprehensive expenditure for the year of application of IAS 19
Extract from the statement of comprehensive net expenditure

	2012–13
Extract from the 2012–13 accounts before restatement:	**£000**
Net operating expenditure after taxation	1,280
Other comprehensive expenditure	8,740
Total comprehensive expenditure	**10,020**
Restatement:	
Increase in programme expenditure (interest costs)	937
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(937)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	2,217
Other comprehensive expenditure	7,803
Total comprehensive expenditure	**10,020**

Extract from the statement of changes in taxpayers' equity

Extract from the 2012–13 accounts before restatement:	2012–13
	£000
General fund balance as at 31 March 2013	
Restatement:	(40,811)
Increase in net operating expenditure	937
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(937)
General fund balance as at 31 March 2013 after restatement	**(40,811)**

Administration and programme income and expenditure

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

Accounts Direction

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

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.

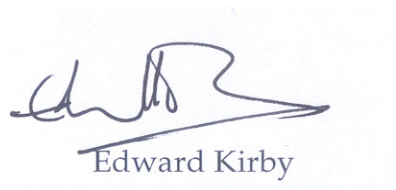
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2014 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM Treasury and which is in force for the relevant financial year.

3. The accounts shall be prepared so as to:
   - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers' equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
   - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.

5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.

6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 6 March 2013.



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

This report covers 18 buildings.

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

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

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

Environmental Management System (EMS)

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

Sustainable procurement

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

Social and environmental awareness

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO_2e)	Scope 1 (direct): Site-based emissions & owned transport	614	597	480	514	389
	Scope 2 (indirect): Supplied energy (electricity and heat)	627	697	560	286	279
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	226	296	151	160	142
	Total gross GHG emissions	**1,467**	**1,590**	**1,191**	**960**	**810**
	Electricity: green/renewable	157	174	140	72	70
	Total net GHG emissions	**1,310**	**1,416**	**1,051**	**888**	**740**
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	952,533	1,173,909	943,445	481,973	468,870
	Electricity: renewable	317,511	391,303	314,482	160,658	156,290
	Gas	2,678,923	2,462,627	1,830,331	1,970,783	1,343,524
	Other energy sources	0	0	0	0	0
	Total energy	**3,948,967**	**4,027,839**	**3,088,257**	**2,613,414**	**1,968,684**
Financial indicators	Expenditure on energy (£)	251,419	198,355	213,611	139,241	139,846
	Expenditure on official business travel (£)	392,200	447,500	391,900	381,700	337,800

Performance commentary (including targets)

Overall there is a downward trend for scopes 1 & 2 compared with previous years emission in this category. Very encouraging progress has been made to further reduce scope 3 (Other indirect) business travel and transmission losses from supplied energy. This trend illustrates the commitment of the Trust's Property rationalisation strategy which has seen the creation of better and improved buildings that are easier to maintain and service. Continued efforts to reduce energy use in buildings, combined with a milder winter has seen reductions. By upgrading to movement and daylight sensitive lighting in refurbishment projects has also provided savings. Water saving measures have been incorporated into property refurbishments e.g. push taps and more economical cisterns in toilets. Upgrades to video conferencing equipment has provided an improved and a more efficient experience. This current year has also seen an increase in the use of telephone conferencing as a tool in reducing staff time and travel commitments. Where travel is necessary staff are still encouraged to shift from road to rail.

Controllable impacts commentary
The Trust continues to encourage Interserve our facilities management provider to follow up and implement energy reduction projects e.g. boiler optimisation and energy housekeeping programme that would see the assessment and setting of building controls to operate in a more energy efficient manner.

Overview of influenced impacts

Waste

			2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	96	123	96	55	67
		Reused/recycled waste	75	4	70	46	21
		Energy from waste	0	0	0	0	0
	Total waste arising		171	127	166	101	88

N.B. No financial data available.

Performance commentary (including targets)
Although there is a slight increase in terms of landfill waste against the 12/13 figure, the trend is still reducing. The figure however for reused/recycled waste has decreased, the data is supplied by the Trust's facilities management provider, Interserve. However, locally initiatives continue in partnership with Interserve and include; a recycling scheme for paper, cans and plastics. The Trust also continues with initiatives for the recycling of toner cartridges, mobile phones, furniture and batteries. Increasingly there is a move from paper-based systems to paperless methods of administration e.g. electronic versions of finance documents (purchase order, invoicing, remittances and salary slips). The Trust is also encouraging the increase use of pin and print initiatives. The Trust has further introduced more I.T. technology e.g. tablet devices that reduce the need for paper copies by utilising Cloud storage technology.

Controllable impacts commentary
We are unable to provide costs for non-hazardous waste. We do not create energy from waste.

Overview of influenced impacts
The Trust continues to works with Interserve (FM provider) in supporting waste management initiatives. E.g. dry mixed recyclables' and recycling of other consumables.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	**Total water consumption (cubic metres: m^3)**	10,644	10,286	7,224	3,339	6,961
Financial indicators	**Total water supply costs (£)**	44,250	66,736	37,539	19,481	28,718

Performance commentary (including targets)
The consumption figure for this year against that of last year suggests that the figures for 12/13 were incomplete or inaccurate as the trend has been steadily reducing since the 2009–10 baseline. Water saving measures have been incorporated into property refurbishments that have included toilets and have included push taps and more economical cisterns.

Controllable impacts commentary
The continued reductions in water consumption has been achieved through the Trust's property rationalisation projects and improvements and, through upgrading w.c. facilities.

Overview of influenced impacts
In conjunction with Interserve (FM provider/MoJ), the Trust continues to help review and assess how water consumption can be reduced.

Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
Cost (excluding VAT)	21,300	29,400	28,600	25,400	14,800

Controllable impacts commentary

There is a significant reduction in the use of paper – partly due to the continued use of previously introduced strategies e.g. double sided printing, the electronic transmission of documents and new strategies e.g. Pin and print, the introduction of recycled paper, the cost of which has come more in line with that of processed material. The introduction of more tablet based I.T. and Cloud storage.

ISBN 978-1-4741-0403-6

9 781474 104036