

# **Dorset Probation Trust**

## **Annual Report and Accounts 2013–2014**

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**2013–2014**

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# Vision, Mission & Values

## **Our Vision is:**

'to be recognized for excellence as a leader in providing offender services by consistently delivering high quality, cost effective services which protect the public, reduce re-offending and make the people of Dorset safer'.

## **Our Mission is:**

'to commission or provide a range of high quality offender services which are responsive to local concerns and needs and which provide best public value. These will be developed and delivered in partnership with key stakeholders and other community based partners/providers of services and will make a significant contribution to a reduction in the number of victims of crime, the protection of the public and a reduction in re-offending, thus making the people of Dorset safer'.

## **In delivering this vision and mission the Dorset Probation Trust (DPT) will uphold and promote the following Values in everything we do:**

1. A belief that our staff are our most valuable asset and must be supported and developed to fulfil their potential
2. A belief in the capacity of offenders to change
3. A commitment to providing best public value in everything we do
4. A commitment to placing the protection of the public and victims at the heart of our service
5. Integrity and respect for the individual
6. A belief that we are all responsible and accountable for our actions and behaviour
7. A commitment to collaborating with partners to achieve the best possible results
8. A commitment to the achievement of the highest possible quality in all that we do
9. A commitment to developing the best local solutions to meet the diverse needs of our communities
10. A commitment to ensure that all aspects of the service we deliver are provided equitably and with respect for diversity
11. A commitment to honesty, openness and transparency in all that we do

## Foreword

This will be the last Annual Report 2013–14 for Dorset Probation Trust (DPT). For some the year will be one of regret that such a successful organisation will no longer exist. For others, it heralds the advent of opportunities, further change and innovation. Whatever your viewpoint, 2013–14 has been a year of significant achievement and great success.

Despite a background of comprehensive organisational change, the Trust has competently delivered “business as usual”. The demanding performance targets relating to service delivery have all been met. The financial performance of the Trust has once again been managed in an efficient way ensuring that all of the services have been provided within the allocated resources. The Trust has maintained the trend of reducing re-offending when compared with the predicted expectation for the population of Dorset. During the year, there has been a greater focus on improving the quality of the front line services. A comprehensive Quality Assurance System and quality development plan was developed. Many of the agreed actions have either been implemented or continue to represent work in progress. The theme throughout the year has been to continue to learn from best practice, both in the Trust and nationally, ensuring systems are in place to share and adopt quality improvements.

The Trust has also worked closely with key stakeholders, particularly the Police and Crime Commissioner, Dorset Police, Criminal Justice Services, our local authorities and a wide range of local voluntary organisations. For a small organisation, the Trust has been very influential in facilitating effective working with partners to further reduce reoffending.

Whilst all of this “business as usual” has been happening, staff have been engaged in a fundamental reorganisation, “Transforming Rehabilitation”. Every part of the Trust and all staff have been affected. At an early stage the Trust took the view that despite some reservations about certain aspects of the change programme, it was in the interests of local services and our staff to embrace the new agenda. It is to the credit of all members of staff that everyone has worked tirelessly to meet the transformation implementation plans and timescales. This involved everybody experiencing significant increases of workload at a time when individuals were facing uncertainty about their own role in the new structures.

Although going forward, there is still much change to be achieved, most staff now have a clearer picture of their role and position within the new structures. As a result of the very positive approach taken by the Trust in implementing “Transforming Rehabilitation”, the reputation and standing of the Trust and its dedicated staff has been greatly enhanced. It is particularly pleasing to see all our leaders within the Trust taking on new roles, many with significant development potential in either the Community Rehabilitation Company (CRC) or the National Probation Service (NPS).

Finally, the Board would like to pay tribute to all the staff for what they have achieved, often with limited resources, against a backdrop of continual organisational upheaval. In particular, the Board would like to recognise John Wiseman’s outstanding leadership over several years which has enabled the Trust to grow and develop resulting in the Trust being so well regarded by its partners.

**Tim Skelton**  
**Trust Board Chair**

# 1. Operational & Performance Review 2013–14

## Introduction

2013–2014 has been a very challenging year for the Trust as we have managed a further reduction in the budget and the inevitable reduction in staff which this necessitated. This has been compounded by a higher than acceptable level of sickness absence.

All of the above have been further exacerbated as a result of the additional and very significant demands that have been placed on the Trust as a result of the Government's "Transforming Rehabilitation" Programme (TRP) which has not only resulted in a number of key staff departing altogether, but has had a major impact on staff morale and motivation.

It is a measure of the hard work, commitment and dedication of the staff that, despite all of the pressures that this combination of factors has undoubtedly put them under, performance generally, as measured by the Probation Trust Rating System (PTRS) and the delivery of the targets and measures agreed within the Probation Trust Contract with National Offender Management Service (NOMS), has remained strong throughout the year and at the end of Quarter 4 all of the targets had been met or exceeded. Furthermore, DPT was rated Level 3 (Good Performance) overall and Level 4 (Exceptional Performance) on the Sentence Delivery (and Public Protection) domains on the PTRS.

2013–2014 also saw continuous improvements in the quality of the work, especially within the Offender Management function, with a primary focus on the quality of the risk assessments and sentence planning undertaken by Offender Managers and on the nature and extent of the active engagement and involvement of the offenders in these processes.

Further measures of the improved quality of the work were Victim Satisfaction (100%), Sentencer Satisfaction (100%) and Offender Satisfaction (78%), a remarkable achievement by anyone's standards and especially so in the context of the resource constraints and other demands as mentioned above.

The internal restructuring of Community Payback has also continued during 2013–2014, resulting in a substantial, planned reduction in staffing levels and, by virtue of the uncertainties and demands arising from the Government's TRP, the senior management team has also been subject to some major unplanned restructure as follows:

In May 2013 the Human Resources (HR) and Learning & Development Manager left to go on secondment to NOMS as part of the TRP.

The Director of Corporate Services and Infrastructure subsequently resigned and left the Trust in September 2013 to take up an external post.

It was decided not to replace the Director of Corporate Services and Infrastructure in the short to medium term given the uncertainties created by the TRP and the various strategic lead roles and responsibilities incumbent in that post were subsequently distributed between the Chief Executive (HR and Finance), the Director of Business Development and Offender Services (ICT and Information) and the Director of Offender Management (Infrastructure, including Estates, and Training).

The gaps created by the departure of the other individuals were filled by a variety of means, either by the recruitment of agency or other interim staff in specialist HR and finance roles, or by the temporary promotion of existing staff to assume higher level responsibility for different aspects of the business.



Whilst this created its own pressures and challenges, it was felt that this was the most effective means of managing the situation given the particular challenges created by the TRP.

All of the above have created a very challenging environment within which to work and it is a tribute to the staff at all levels and across all functions within the organisation that we have achieved such a strong level of performance overall and all of this within a challenging budget.

## Policy and Strategy

A revised Board Strategy and a new set of key strategic objectives was developed and formally approved by the Board in June 2013 to reflect the changing environment in the context of the Government's TRP and the key strategic objectives have been subject to ongoing review during the year to ensure that they continued to be relevant and appropriate.

In addition, the other key plans (see below) developed as part of the transition to Trust status have all been subject to implementation and ongoing development during 2013–14:

- Organisational Development Plan
- Business Development Plan
- Workforce Development Plan

This provided a solid platform for the Trust (and its successors) as a cost effective, well managed, lean and efficient organisation.

Otherwise the Trust has continued to build on a number of developments which were begun in 2012/13, including the review and/or development of a number of new policies, strategies and procedures as follows:

- Implementation and further review of the Trust Training Strategy to reflect the changing needs of staff in the new environment of Probation Trusts and overseen by the Training Co-ordination Group chaired by the HR Manager;
- Implementation and ongoing development of the Sentencer Engagement Strategy to ensure effective working relationships with sentencers and to seek to manage demand appropriately and effectively; and
- Full implementation of the Business Development Strategy, including the development of a Partnership Framework, coupled with the development and implementation of a programme of business skills workshops with a focus on the core skills of commissioning, bid writing and contract management.

In addition, the Trust has continued to engage positively and constructively with the Regional Community Lead (NOMS) to ensure delivery of the Trust Contract and with the other South West Probation Trusts to ensure effective collaboration where appropriate.

## People Management

During the year there was a further structural review in Community Payback (CP) as the final stage of a 3 year programme to restructure this area of the business in order to reduce costs. This resulted in the closure of the Wareham Community Payback base and the move of all the CP staff to the Poole Probation Centre, coupled with a review of the structure of CP work groups resulting in a reduction of 4 full-time equivalent (FTE) staff within the CP unit. These actions resulted in greater efficiencies and significant savings. All the staff reductions were managed by way of voluntary redundancy, thus enabling the Trust to avoid the need for compulsory redundancies in a climate of diminishing resources and increasing workloads.

The other major issue in relation to People Management has been the planned transition to the new structures as part of the TRP, as a result of which, all staff within the Trust have now been assigned to either the new NPS or The Dorset, Devon and Cornwall Community Rehabilitation Company Limited (DDCCRC) effective from 1 June 2014.

Whilst this was managed very effectively by the Senior Management Team (SMT) working closely with HR colleagues, this caused a significant amount of anxiety amongst staff and this undoubtedly contributed to a significant increase in staff absence during the Autumn and Winter months over and above the usual seasonal increase in staff sickness. What is remarkable is that the transition process was completed with only two staff grievances which is testament in itself to the way in which the process was managed.

Having said that, the uncertainty created by the TRP more generally did have a significant impact on staff, particularly those employed in the various Corporate Services functions (HR, ICT and Finance) and during the course of 2013/14 a number of senior and middle managers, as well as some practitioners in these functions, opted to leave the Trust having secured alternative employment.

All said, it has been a very difficult year from a People Management perspective and all the more remarkable, therefore, that the Trust has continued to perform so well in terms of our core business.

## Leadership

Strong and effective Leadership and Management remain key to the success of the organisation and this has never been more so than in the context of the major transformational change programme which the Trust has been engaged in during 2013–2014 as part of the Government's TRP.

There has been a continuing focus on the working relationship between the Board and the Trust Executive and on the further and ongoing development of the Trust Executive (comprising the Chief Executive and three Directors) and the Senior Management Group (comprising the three Directors, two Heads of Service and the HR and Learning & Development Manager).

This has been achieved through a combination of development days, individual mentoring and involvement in a range of other learning and development forums. The Chief Executive, both operational Directors and the two Heads of Service have all been actively engaged in Action Learning Sets.

Further to the Recognised for Excellence (R4E) assessment findings of November 2012, which identified a need for the further and ongoing development of the Middle Managers within the organisation, we have also had a renewed focus on the development needs of this group and have supported a range of leadership development activities accordingly. Thus, all middle managers have now completed the Institute of Leadership and Management (ILM) 5 in management, in addition to which we also commissioned a three day programme with an Action Learning component for this group.

Skills for Effective Engagement and Development (SEEDS) training, including a model of reflective supervision, has also now been delivered to all managers from the Chief Executive down and is in the process of being cascaded to all staff and implemented throughout the organisation.

In addition to the above, we have identified a further group of potential future leaders during 2013–14, many of whom are now involved in a range of development activities designed to support them in fulfilling their potential. Of these a significant number have had the opportunity over the last 12 months to act up in management roles, thus enhancing their leadership potential.

All of the above work has been progressed during 2013–2014 as part of the Leadership strand (Optimising the Potential) of the Organisational Development Plan, which is personally led by the Chief

Executive, and this was refreshed to reflect the areas for development and improvement identified as a result of the R4E assessment undertaken towards the end of the 2012–2013 year.

## Training

Five staff have undertaken their Probation Officer training under the new Probation Qualifying Framework (PQF) and two of these have now completed both gaining first class honours degrees. One further trainee will complete training in June 2014. The two remaining trainees begin year 2 in September 2014 and are due to complete this time next year.

In addition, five Probation Service Officers (PSOs) have completed their Vocational Qualification 3 (VQ3) qualification. A further 15 staff are making progress with their VQ3, with newly appointed PSOs being registered for the qualification after they have completed the Gateway to Practice. A further 16 staff have recently been registered to undertake the qualification in the next two years. Two part-time Training Coordinators are now established alongside other assessors to continue to expedite progress with practitioner development.

The Trust has also committed to the Case Administration Vocational Qualification 2 (VQ2) which is has a cohort of three administrators and to the ILM3 Award in Management and Leadership one candidate. There is one assessor for each cohort.

The Trust continues its commitment to developing potential leaders and two potential managers have been able to backfill middle management positions as part of their development during this year with two Middle Managers acting into temporary senior management. The Trust Executive has also committed itself to funding the Institute of Leadership and Management (ILM) level 5 qualification to new and potential managers. In total 11 managers have now completed the award with seven of them working for the higher level certificate.

The Trust has also funded Corporate Services staff to undertake the Chartered Institute of Personnel and Development (CIPD) qualification (three candidates completed); Association of Accounting Technicians (AAT) (one candidate completed); National Vocational Qualification (NVQ) and Diploma in Training (1 candidate completed) .

The Trust also supports staff to deliver high quality training with seven staff already established having passed Preparing to Teach in the Lifelong Learning Sector (PTLLS) level 3 and one this year to level 4.

## Health and Safety

In 2013, DPT's annual Health and Safety plan was produced by the newly formed Infrastructure Group and agreed by the Board. This is stored on PAM, the Trust's project management database, and is reviewed at the quarterly Infrastructure Group Meeting. The Board receives regular updates on health and safety matters, including progress against the plan.

This plan has been subject to further review and ongoing development so as to embed health and safety practices and procedures throughout the organisation, with ongoing Board Member representation on the Infrastructure Group to ensure that issues of health and safety are given due priority.

Following the departure of the Director of Corporate Services and Infrastructure, the Infrastructure Group meeting has been chaired by a member of the middle manager group who has taken on additional responsibilities for infrastructure and health and safety and its membership includes staff representatives and site representatives.

Site meetings are held regularly at each of the main Probation offices enabling representatives from the site to discuss health and safety issues.

DPT's Health and Safety advisor capacity received a boost when a member of the Community Payback team successfully completed training and attained the NEBOSH Qualification.

Throughout the year work has been undertaken to implement SAFEWORK, an IT based system that will provide better access for staff to health and safety information and improve our ability to audit the use of health and safety procedures. This is on course to be rolled out in 2014 for CRC and NPS staff across Dorset, Devon and Cornwall.

The Trust maintains statistics on health and safety accidents and incidents during the year. The information below states the number of recorded incidents during 2013–14, classified using the severity levels issued by the NOMS.

#### **DPT Health & Safety Accidents/Incidents By Severity Level 2013–2014:**

• Severity 1	Total 0	
• Severity 2	Total 0	
• Severity 3	Total 1	1 in Qtr 3
• Severity 4	Total 2	2 in Qtr 4
• Severity 5	Total 9	3 in Qtr 1 / 2 in Qtr 2 / 3 in Qtr 3 / 1 in Qtr 4
• Severity 6	Total 25	5 in Qtr 1 / 6 in Qtr 2 / 10 in Qtr 3 / 4 in Qtr 4
• Not Recorded	Total 0	

## Partnerships

DPT believes that partnership working is particularly crucial in an environment which is seeing significant shift from public sector delivery to one of open competition, commissioning and Payment By Results (PBR). For this reason, DPT has invested in a partnership and business development function which remains focused on ensuring partnership development activity and supported the priorities of the Business Development Implementation plan, the Commercial Strategy and the development of a Partnership Framework delivery model. Dorset Probation has a strong tradition of partnership working with a range of third party Voluntary and Community Sector (VCS) partners with examples of some very effective joint working. The work with the VCS in particular has been enhanced through the Partnership Development Officer roles, resulting in a number of new initiatives. These have focused in particular on the needs of women and low risk offenders who might otherwise receive short custodial sentences. We have also worked with our local Community Volunteer Bureaux to develop a group of volunteers who can provide additional support to offenders to enhance the successful completion of the sentences imposed by the Court.

Plans to further develop our partnership activity are set out within the Trust's Organisational Development plan. This plan links to the strategies that are in place to broaden Dorset Probation's activities with partner organisations. This culminated, in 2012–13, in the development and establishment of a Partnership Framework. The framework builds on the established partnerships that are already in place and looks to develop new partnerships in a way that continues to provide high quality, effective and innovative services, tailored to the needs of offenders as identified within the LDUs. The Partnership Framework ensures that DPT is able to maximise the use of the resources available to it while working closely with partners to achieve common goals and outcomes. Risk is shared with partner organisations and resilience, flexibility and reach have been significantly improved.

Whilst the framework provides DPT with the ability to procure services from organisations on the framework, its main purpose is to develop services in partnership through joint funding bids and/or

shared resources in order to build capacity and capability to deliver effective offender services in the current competitive commissioning environment.

DPT commits resources to ensure excellent representation on key external strategic, operational and developmental groups across all sectors enabling it to influence decision makers.

**Key aspects of our wider Partnership work are as follows:**

- DPT has continued to take an active lead in the development and implementation of a pan-Dorset Reducing Reoffending Strategy and this has been rolled out across all three Local Authorities
- The Director of OM and Public Protection has chaired the Community Safety Partnerships for Poole and Bournemouth. Both she and the CEO have worked in collaboration with the Community Safety partnerships to develop the cross county Crime and Criminal Justice Group, which has become firmly established during 2013–14 and includes representation from all three Local Authorities, the Criminal Justice Board and the Office of the Police and Crime Commissioner.
- The CEO is a member of the Dorset Criminal Justice Board and chairs the Reducing Reoffending Strategy Board which oversees the delivery of the Pan Dorset Reducing Reoffending Strategy and the delivery of Integrated Offender Management across Dorset
- The CEO is a member of the Public Service Forum which brings together the CEOs of the three Local Authorities with the CEOs of the Police, Probation, Fire & Rescue and Crown Prosecution Services
- The development of closer working relations between Dorset's prisons and DPT has been reflected in work to develop a range of collaborative business models
- DPT is a strategic partner in the Health and Wellbeing Boards and the Safeguarding adults and children arrangements. These partnerships are key to our core business of public protection and reducing re-offending
- DPT is a co-commissioner with the Drug and Alcohol Action Teams (DAAT). Partnerships with the Police and other key agencies co-ordinate Integrated Offender Management (IOM) and Multi-Agency Public Protection Arrangements (MAPPA), key to effective public protection
- The relationship of DPT with the Supporting People arrangements in each of the local authorities has enabled us to ensure that the needs of offenders are addressed. We have staff placed in the Bournemouth Supporting people hub and act as commissioners for offender accommodation services in Poole
- The business tool kit for contracts and Service Delivery Agreements (SDAs) and Information Sharing has been revised to reflect changes in legislation and policy. This ensures effective contract management with sub-contractors and suppliers

Community Payback have further developed their links with local communities and councils significantly increasing our profile at a local level and promoting DPT as a public body who are committed to engaging with and supporting local communities and initiatives.

## Processes

The Trust has continued to make steady progress in terms of the improvement of a range of business processes, products and services as a means of achieving improved efficiency and quality of services and there have been a number of significant developments in this regard. This was acknowledged through the EFQM assessment that was conducted towards the end of 2012 and a number of key strengths were identified as follows:

- Offender Management is conducted highly systematically in line with visible process maps and instructions
- Each offender has a 'product' mix that is explicitly tailored to their personal needs identified through the offender assessment process
- Opportunities to develop new services are identified from analysis of offender needs, and these are developed by DPT or with one or more of their partners



- There is some evidence of working via partners to design and deliver programmes that might prevent potential customers becoming actual offenders, i.e. using expertise preventatively to reduce burden on the wider criminal justice sector
- DPT clearly identifies its current markets and the customer groups for their existing services
- Efforts are being continually directed at identifying new target customer groups who might benefit from DPT and/or their partners services, e.g. vulnerable adults
- DPT has full access to a range of accredited programmes to deliver to offenders
- Every effort is made to deliver OM and services locally to the benefit of the offender, and use is made of partner premises for this if necessary, e.g. Bridport Police Office
- The OM service is clearly one of relationship building to secure the optimum outcome for the offender
- Offender induction covers the 'rules of engagement' and also includes information about how they can make complaints if they need to
- Whilst the engagement with victims is (statutorily) limited to those who suffered more serious crimes, there are clear approaches to supporting them and involving them where possible in decisions regarding offenders being released from prison
- A Womens' safety worker service has been provided for victims of domestic violence and during 2013–14 DPT has been piloting a Restorative Justice scheme

In addition to the above, the Trust has:

- Continued with the development of devolved budgets across the organisation, resulting in more streamlined and efficient budget management processes including the provision of monthly budget reports and routine budget monitoring meetings with all budget holders
- Ensured forward planning of agendas for all Trust Board meetings and the inclusion of all Directors in those meetings
- Continued the implementation of Best Value Review processes in accordance with the requirements of the SBC Programme
- Further developed and implemented the Performance Management processes and procedures across all functions
- Refreshed the Workload measurement tool to underpin the Workload Strategy
- Made improvements to the external website in order to better convey information and promote services and encourage new business and partnerships

For all of these acknowledged improvements and aspects of identified good practice, the area of Processes remains a challenge for the business of DPT with a number of areas for improvement having been identified:

- There is less evidence of a systematic approach to process management in other areas, including the use of internal process measures, process owners etc
- DPT does not always make full use of the breadth and depth of staff knowledge and their creativity in developing new customer services, although this has improved in some areas by getting staff inputs to new services/processes
- There may be opportunities to improve the promotion and marketing of Community Payback to generate further business

## Achievements by the Trust in 2013–14

DPT has continued to achieve strong performance across all measures during 2013–2014, achieving level 3 (green) status overall on the PTRS by the end of quarter four and level 4 on the Sentence Delivery and Public Protection domain.

It is to the credit of all staff that they have delivered this level of performance whilst also being actively engaged in the process of transition to a whole new organisational structure in the context of the TRP and at a time of continuing financial restraint.

The Trust met all of the targets within the PTRS. Areas of particular strength, where targets were significantly exceeded, included:

- Orders or licences successfully completed (85% against a target of 73.0%)
- Offender feedback (78% against a target of 67%)
- Accommodation at termination (83% against a target of 75%)
- Employment at termination (49% against a target of 41%)
- Victim feedback (100% against a target of 90%)
- MAPPA effectiveness (100% against a target of 90%)

### **Performance against Contract targets**

In addition to targets in the PTRS, DPT has delivered sound performance against contract targets. Performance has exceeded targets as follows:

- Licence recall requests (timeliness) (95% against a target of 90%)
- Court report timeliness (95% against a target of 90%)
- Sustained employment (103 against a target of 93)
- Offending behaviour programme completions (79 against a target of 69)
- OASys QA (99% against a target of 90%)
- CP completions (407 against a target of 385)

## Victims

100% of victims of Serious Sexual or Violent offences were contacted by the Victim Liaison Officer within 8 weeks of sentence being passed. Dorset staff exceeded the NOMS target for the 11<sup>th</sup> year running. An analysis of victim feedback showed 82% satisfaction with the service. This is a reduction of overall satisfaction from last year's 100% and relates to a small number of victims. A number of factors were raised including, the scope of an exclusion zone on release from prison and a more general concern about the wider Criminal Justice sentence outcome being seen as too lenient.

Feedback received from victims of domestic violence who receive a service from Women Safety Workers, when perpetrators are sentenced to the Integrated Domestic Abuse Programme (IDAP), has been consistently positive. This service has supported 193 women and 256 children throughout the year – an increase of service delivery of 15% against the previous year.

## Education and Training support accessed by Offenders

The ETE unit accepts both mandatory and voluntary referrals for all offenders with an identified ETE need, undertaking an initial interview and/or skills assessment in each case.

During 2013–14, over 100 offenders received an ETE specified activity requirement as part of their sentence, with the length of requirement between 10 and 60 days.

During the year, over 200 offenders received bespoke case management support through the NOMS European Social Fund (ESF) Phase two Offender Employability programme in the South West ("New Futures"). This is intended to address their education and/or employment needs. In addition to the CSCS card and Employability Skills award, the ETE support available to offenders includes catering qualifications, literacy and/or numeracy, IT, disclosure advice, information, advice and guidance, volunteering opportunities and referral to a range of partnership agencies and education providers to achieve vocational qualifications, other accredited qualifications and entry into employment.

In 2013–14, on the NOMS ESF New Futures project alone, over 50 DPT ETE offenders went into employment and 100 into further learning.

DPT are also currently delivering a bespoke education and employment support project for young offenders aged 16 to 19, funded by NOMS ESF, which includes all the above alongside intensive case management support to assist young people and divert them from a life of crime. Any offender sentenced to Community Payback as part of a Youth Rehabilitation Order will have access to this support.

During January 2013, the Trust successfully achieved accreditation against the Matrix standard, which recognises the quality of advice and guidance offered to individuals in relation to their education and employability needs. This accreditation has been maintained following a Continuous Improvement Quality Check in February 2014.

## Sentencers

DPT undertakes a regular survey which is distributed to Crown Court Judges and all Dorset Magistrates to ascertain levels of sentencer satisfaction with the work of the DPT. The last survey undertaken in 2013–2014 demonstrated a high level of satisfaction with the work of the Trust giving an overall satisfaction level of 97%. The delivery of reports to timescale was 100% and successful completion of orders or licence was 89%.

## People Results

The number of days sickness absence recorded was above the 10 day target, at 13.1 days per staff member. This is an increase from the previous year (12.3 days). The Trust has actively monitored sickness during the year and offers support to managers to address this issue.

The staff survey was further developed on previous years to gain a more detailed feedback from staff, however this was not circulated to teams due to the previous poor return. To reflect the changing environment and the specific need to focus on staff moral, support and effective communication during the transition to NPS and CRC, a shortened, specific version of the survey was developed.

The survey aimed to gather information to support improvement as to how TR information was disseminated, how staff were updated on key activities and changes and to identify the most effective way to support them through the change process.

The return was still disappointing with a return of under 50%, however the support the communication staff are receiving was scored to be generally good, but the level of support and the commitment to providing that support only scored an average rating.

## Key Performance Results

### Review of Performance & Quality

Performance continues to be given a very high priority across DPT and overall performance during 2013–14 has been good, if not excellent across, all elements of the performance framework such that at the end of the business year, DPT has achieved an overall rating of level 3 (Good Performance) on the PTRS with a level 4 (Exceptional Performance) rating on the Sentence Delivery and Public Protection domain.



Consistent with the high priority which is given to this aspect of the business, performance is the subject of regular oversight and review through a number of processes as follows:

- The CEO meets on a quarterly basis with the NOMS Community Lead to review progress against the Probation Contract, including a review of performance against all elements of the PTRS
- The Trust Executive receives and reviews monthly reports on performance at its regular meetings
- Performance is also a standing item on the Trust Leadership Group (TLG) agenda every six to eight weeks
- A system of quarterly accountability meetings has been maintained during the year to monitor and review performance, with a particular focus on any areas of underperformance or where performance may be slipping. This involves members of the Senior Management Group and relevant middle managers who are accountable for performance at unit level and the Board Chair or his representative also attends these meetings
- A Performance Report is then presented to the Board on a quarterly basis, setting out both the areas of good performance and those areas of under-performance together with a commentary in relation to the actions planned or taken to address this

The Quality Agenda has assumed even greater importance and prominence during 2013–2014 and this has resulted in the development of a Quality Assurance Framework, setting out all those aspects of the business where Quality can be measured, together with actions where necessary and appropriate to improve quality.

The Trust has also established a Quality Assurance Group, chaired by a member of the Board and led by the Director of Public Protection and Offender Management, in order to provide assurance to the Board in relation to this aspect of the business. The following are examples of the particular aspects of the work that are subject to this form of scrutiny:

- The quality of the Risk of Harm Assessments completed by OMs
- The quality of the sentence plans developed by OMs to deliver the sentence of the Court
- The nature and extent of the active involvement and engagement of offenders in the processes as at mentioned above
- Victim Satisfaction – 100% at the end of 2013–2014 as measured on the PTRS
- Offender Satisfaction – 78% as measured using a nationally developed and endorsed survey tool
- Sentencer Satisfaction – 100% based on a locally developed survey of sentencers

John Wiseman  
Chief Executive Officer  
23 June 2014

## 2. Management Commentary (incorporating the Strategic Report)

### 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 NOMS. This Trust came into existence on 1 February 2010 (following transition from Dorset Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government's Financial Reporting Manual (FRM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 67, issued by the Secretary of State under the OM Act.

### Principal activities

Dorset Probation Trust covers the Dorset police area, as defined in Schedule 1 of the Police Act 1996, serving a population of approximately 715,000. During the year, the Trust employed over 200 full-time staff that worked from three buildings, two hostels and two prisons across the County.

Each Trust is to initially provide assistance to the courts in determining the appropriate sentences to pass, 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 the NOMS of the Ministry of Justice (MoJ) are designed to ensure:

- The protection of the public
- The reduction of re-offending
- The proper punishment of offenders
- Ensuring offenders' awareness of the effects of crime on the victims of crime and the public
- The rehabilitation of offenders

The Chief Executive Officer (CEO) is a statutory office holder appointed by the Secretary of State. The CEO is the Accountable Officer for the Board and is accountable to the CEO of the NOMS in his position as the Principal Accountable Officer (PAO) for the Probation Service.

The PAO in turn, is accountable to the Accounting Officer of the MoJ, 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 5 to 14.

### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 35. The Statement of Changes in Taxpayers' Equity is shown on page 38.

### Operating costs

The net operating cost before tax for 2013–14 stands at £978,000 compared to £1,325,000 for 2012–13. The reason for the change is largely due to a rationalisation of office space around the county and one-off refurbishment costs incurred in 2012–13, all of which contributed to lower overheads in the current year.

## Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 36 and 37.

The net liability position has increased from £18,335,000 at March 2013 to £22,890,000 at March 2014. The largest single movement within this position is £4,783,000 which relates to increase in the Trust's pension liability.

## Payment of creditors

In the year to 31 March 2014, the Trust paid 2,054 trade invoices. The percentage of undisputed invoices paid within 30 days by the Trust was 83.0% compared to 88.8% in 2012–13.

## Treatment of Pension Liabilities

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

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 from this date.

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

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

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.

## Sickness absence data

The average levels of absence due to staff sickness were 13.1 days across the Trust against a target of 10 days (2012–13: 12.3 days).

## Personal data related incidents

During the year the Trust was subject to one incident of a breach of information security when a postal sack containing some offender information amongst other items was stolen from a courier delivery van. The matter was thoroughly investigated both internally and with the courier service and was reported through the normal channels within NOMS and the MoJ. No adverse impact resulted either for the individual offender whose information was lost or for the organisation and the outcome of the internal investigation concluded that all reasonable actions had been taken by Trust staff both in the lead up to and following the incident.

All staff undertake a compulsory Information Assurance training course when joining the department and an annual refresher course. Staff briefings are issued to staff.

Dorset Probation has retained its Government Secure Intranet (GSI) accreditation providing evidence of the robustness of its processes around Information Assurance.

### 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 Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the NPS and DDCCRC, 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. Staff transferred to DDCCRC/NPS on approximately 50%:50% basis. Refer to **Note 27** of the Accounts for further details.

### Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate Sustainability Report showing performance against sustainability targets for greenhouse gas (GHG) emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 69 to 71.

### Future developments

As the Trust has ceased to trade, the Trust is in the process of transferring all its operations to DDCCRC and NPS.

### Mutuals

During the year management and staff members have contributed, through a not-for-profit limited company, Innovation Wessex, to the development of a bid for the DDCCRC by the Shaw Trust. DPT, in facilitating the provision of support, is doing so as development work relating to the future delivery of probation services and therefore in accordance with their delegated powers under current arrangements with the Secretary of State and in accordance with Managing Public Money.

Adequate safeguards have been put in place by DPT to ensure that the integrity of the competition is maintained.

### 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, The National Probation Service was created to protect the public from the most dangerous offenders and manage the provision of probation services across England and Wales. The NPS remains part of the public sector.

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

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

MoJ/NOMS has committed to fund and ensure all current services will continue under the new structure, including the DDCCRC 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**

Successful staff engagement has been critical to any successes that the Trust has enjoyed over the last few years. Effective communication has been a challenge for the Trust in the past and considerable efforts have been made in 2013–14 to build on the communication strengths and address the areas for improvement. Specific developments have included:

- a further refreshed and re-launched Staff Suggestion Scheme
- continued use of the 'Ask the Chief' and 'Tell Us' email accounts to streamline communications between the staff and the management group
- the continuation of staff focus groups and additional staff briefings around TRP
- involvement of the CEO and the Directors in the informal and formal Joint Negotiating Consultative Committee (JNCC) meetings

### **Staff Diversity**

DPT fully embraces diversity and are working hard to create a truly inclusive organisation. The Trust supports groups such as Lesbians and Gays in Probation, the Association of Black Probation Officers, the National Association of Probation Officers and the National Association for Asian Probation Staff. We also value and support the work of Race Equality Councils and other Criminal Justice diversity organisations.

The Trust's work is about transforming lives, and this starts with our staff. Our aim is to value everyone regardless of who they are; their origin, ethnicity, gender, sexuality and background. DPT sees beyond any 'labels' recognising that each individual has a unique contribution to make. There are extensive development opportunities including Positive Action for individuals in under-represented parts of the organisation and there are local and national support groups available for staff to join.

DPT is required to comply with the specific 'Public Sector Equality Scheme' applying to Public Bodies and publish information on how we meet our general Equality Duty with regard to equality information relating to our workforce.

Information is produced that is available on the Trust's website that contains information on six of the protected characteristics namely age, gender, disability, race (ethnicity), sex (gender) and sexual orientation. Information held on the other protected characteristics are either incomplete, only held in paper records or the numbers are so low that publication risks identification.

## 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 report 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 pages 33 and 34.

- Total audit fees reported in the Accounts are £13,000. The audit fees for 2013–14 are all for work on the statutory accounts, as no consultancy services were commissioned.

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 Dorset Probation Trust Management Board

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

- continuation of Trust Board and Audit Committee meeting structures.
- existence of a Governance Handbook, Standing Orders, Financial Manual and Scheme of Delegation
- existence of Anti-Fraud, Anti-Corruption and Whistleblowing policies
- approved audit plan with both External and Internal Audit

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 20 to 22.

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

<b>Position</b>	<b>Name</b>	<b>Date appointment commenced / ended (during 2013–14) where appropriate</b>
CEO	John Wiseman	
Chair	Tim Skelton	
Board Member	Mike Ashley	
Board Member	Paul Bompas	
Board Member	Marcia Headon	
Board Member	Lesley-Anne Randell-Turner	

All members served for the whole of the year.

None of the management team had any conflicting interests with the Trust's business.

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.

John Wiseman  
Accountable Officer  
23 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 the Offender Management Act 2007, section 5(1). Each Probation Trust is a body corporate and has signed a contract with the Secretary of State in accordance with section 3(2) of the Offender Management Act 2007.

The salary and pension entitlements of the senior managers and non-executive directors of the Dorset 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.

Officials	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
John Wiseman – Chief Executive Officer	75–80	75–80	3	7	5,800	5,100	36	26	120–125	110–125
Tim Skelton – Chair	15–20	15–20	None	None	None	None	None	None	15–20	15–20
Mike Ashley – Board Member	0–5	0–5	None	None	None	None	None	None	0–5	0–5
Paul Bompas – Board Member	0–5	0–5	None	None	None	None	None	None	0–5	0–5
Marcia Headon – Board Member	0–5	0–5	None	None	None	None	None	None	0–5	0–5
Lesley-Anne Randell-Turner – Board Member	0–5	0–5	None	None	None	None	None	None	0–5	0–5

During the year the Chief Executive was awarded a 3% Performance Related Pay bonus and a £1,000 honorarium (shown within the bonus payment). These payments relate to performance against objectives and the additional leadership requirements of implementing “Transforming Rehabilitation”.

All MoJ appointed Trust Board members may receive non-pensionable remuneration of £15.40 per hour from 1 April 2013, with the exception of the Chief Executive and the Chair. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band) (£000)	75–80	75–80
Median for other staff (£)	23,841	24,181
Pay multiple ratio	3.4:1	3.2:1



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

### Salary

“Salary” includes the gross salary, overtime etc. as applicable to Trusts.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty’s Revenue and Customs (HMRC) 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 Pay As You Earn (PAYE) settlement agreement with HMRC.

## 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
John Wiseman – Chief Executive Officer	35–40 plus lump sum of 55–60	0–5 plus lump sum of 0–5	659	607	52

LGPS 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.

John Wiseman  
Accountable Officer

23 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 Dorset 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 accruals 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 (FReM) 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 FReM have been followed, and disclose and explain material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

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

## 5. Governance Statement

### Scope and Responsibility

Probation Services are contracted by the Secretary of State for Justice to local Probation Trusts pursuant to the OM Act. DPT has a three year contract which commenced in April 2010 and was extended by a further year at the end of the 2012–13 year.

The Trust, as part of its contractual obligations must have regard to the protection of the public, the reduction of re-offending, the proper punishment of offenders, ensuring offenders' awareness of the effect of crime on the victims of crimes and the public and the rehabilitation of offenders.

It is also required to adopt and comply with the Standing Orders and Standing Financial Instructions mandated by the Secretary of State.

The Standing Orders and Standing Financial Instructions require the Trust Board to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including the management of risk.

The Trust Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically and efficiently.

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The CEO is a member of the Trust Board and the appointed Accountable Officer and has the responsibility for maintaining a sound system of internal control that supports the achievement of DPT's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he is personally responsible, in accordance with the responsibilities assigned by Managing Public Money requirements.

The CEO is directly accountable to the Chair of the Trust Board. The Board is corporately accountable to the NOMS through the Director of Probation and other Contracted Services.

### The Governance Framework

#### The purpose of the Framework

The Governance Framework comprises the behaviours, values, systems and processes, by which the Trust is directed and controlled and through which it accounts to the Secretary of State and engages with, and discharges, its responsibilities to other elements of the criminal justice system, the public, stakeholders and partners. It enables the Trust to monitor the achievement of its strategic objectives.

A framework for the implementation of good governance allows the Trust to be clear about its approach to discharging its responsibilities and to promote this internally, to officers and members and externally to partners, stakeholders and residents. The governance framework 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 governance framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

## The Trust Board and Committees

The Trust Board comprises six members including the Chair and CEO.

The Trust operates Audit, Quality Assurance, Infrastructure Group (incorporating Health & Safety) and Remuneration Committees.

The Board membership on each of these committees and on the Board itself along with Board member attendance during 2013–14, is shown in the table below:

### Board Attendance

Name	Role	Meetings Held / Meetings Attended
Tim Skelton	Board Chair	Trust Board / 6 of 7 (86%) Quality Assurance Committee / 2 of 2 (100%) Remuneration Committee / 3 of 3 (100%)
John Wiseman	CEO	Trust Board / 7 of 7 (100%) Audit Committee / 4 of 4 (100%)
Paul Bompas	Board Member	Trust Board / 7 of 7 (100%) Audit Committee (Chair) / 4 of 4 (100%) Remuneration Committee / 3 of 3 (100%)
Marcia Headon	Board Member	Trust Board / 6 of 7 (86%) Audit Committee / 3 of 4 (75%) Quality Assurance Committee (Chair) / 2 of 2 (100%) Remuneration Committee (Chair) / 3 of 3 (100%)
Mike Ashley	Board Member	Trust Board / 5 of 7 (71%) Audit Committee / 1 of 4 (25%)
Lesley-Anne Randell-Turner	Board Member	Trust Board / 7 of 7 (100%) Audit Committee / 4 of 4 (100%) Infrastructure Group / 3 of 3 (100%)

The Audit Committee operates in accordance with the Cabinet Office guidance on Codes of Practice for Public Bodies, HMT Standards and Audit Committee's Policy principles and its Terms of Reference.

The Trust Board met on seven occasions during 2013–14 to consider governance and strategy matters. Three of these meetings were considered 'extra-ordinary' meetings.

The Audit Committee meets to review internal and external audit reports and action plans and also to review the organisation's risk register. The Committee has established a rolling programme of scrutiny of action plans that focus on recommendations from all Audit and Inspection reports. Members of the Board receive minutes from the Audit Committee meetings and an annual report from the Chair of the Audit Committee.

Members of the Audit Committee have discussed in detail the internal control framework and advised the CEO as to its adequacy.

Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis. The Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and CEO are separate. Full minutes of all Board meetings, except those deemed to be confidential by the Board, are available on request.

The Trust Secretary maintains a register of financial and personal interests of the Board members. The register is available for inspection at the HQ of the Trust on request.

### **Highlights from Trust Board and Audit Committee Meetings**

The Board is provided with regular and timely information on the overall financial performance of the Trust together with other information such as performance against targets and the PTRS, quality matters and matters regarding health and safety estates.

The Trust Board and the Trust Executive team contributed to the development of the three year business plan. This is reviewed each year. The 2013–14 business plan was endorsed by the Trust Board on 4 June 2013. The plan sets out how the Trust proposed to deliver services during 2013–14 and identified specific steps to prepare for the outcomes of the “Transforming Rehabilitation” consultation.

As anticipated, 2013–4 presented the Trust with many challenges as a result of reductions in public spending combined with the Government’s plans to reform the Criminal Justice System as embodied in the TRP. Consequently, considerable time was dedicated by the Board during the year to overseeing the implementation of the Trust’s strategy and to monitoring critical aspects of the implementation of the TRP to ensure that the Trust was able to deliver both the business as usual in relation to the Contract with NOMS and the changes inherent within the TRP.

The Trust Board received verbal updates from the Chair, CEO and the three Directors at each of its meetings. In addition to this, the Board received and considered reports at each of its meetings regarding:

- Finance – reviewing performance against budget, considering future funding scenarios and savings options and setting the annual budget
- Performance – monitoring performance against contract and in the context of the PTRS, identifying corrective action where necessary
- Key Performance Indicators (KPIs) – setting KPIs for the year and monitoring progress and performance against targets and discussing corrective action where necessary
- Organisational Development Plan – reviewing the plan for the year and monitoring progress and performance against agreed actions and discussing corrective action and amendments to plan as necessary

During the year and as part of the business planning cycle the Board considered amongst other things:

- The approval of the Annual Report and Final Accounts
- Consideration of an annual report on complaints received by the Trust, monitoring volume, nature and outcomes of complaints
- The refreshed Financial Regulations, Standing Orders and Scheme of Delegation
- Presentation of the annual Health and Safety plan with update on progress against previous plan
- Updated policies (environmental and sustainability) and revised terms of reference (Remuneration Committee, Infrastructure Group, Quality Assurance Subgroup)

In pursuit of the Trust’s strategy to prepare and position itself following the outcomes from the “Transforming Rehabilitation” consultation, the Board considered the following in the year:

**Management and staff members have contributed, through a not-for-profit limited company, Innovation Wessex, to the development of a bid for the DDCCRC by the Shaw Trust. DPT, in facilitating the provision of support, is doing so as development work relating to the future delivery of probation services and therefore in accordance with their delegated powers under current arrangements with the Secretary of State and in accordance with Managing Public Money.**

**Adequate safeguards have been put in place by DPT to ensure that the integrity of the competition is maintained.**

The Trust's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

The Audit Committee approves the programme of internal audits for the year recommended to it by the Executive and Internal Audit team. In 2013–14 internal audits approved related to Business Risk Management, Health & Safety, Staff Supervision and Financial Controls. During the year the Committee received regular updates from the Director of Corporate Services and Infrastructure (up to the point of his departure and thereafter from the Chief Executive) and considered matters affecting finance, HR and estates.

The Committee continued to receive updates regarding SFOs and monitored progress regarding the Trust's continued scheduled review of policies, procedures and processes.

During the year the Trust was subject to one incident of a breach of information security when a postal sack containing some offender information amongst other items was stolen from a courier delivery van. The matter was thoroughly investigated both internally and with the courier service and was reported through the normal channels within NOMS and the MoJ. No adverse impact resulted either for the individual offender whose information was lost or for the organisation and the outcome of the internal investigation concluded that all reasonable actions had been taken by Trust staff both in the lead up to and following the incident.

The Audit Committee has regularly reviewed the Trust's approach to risk management and approved any changes or improvements to key elements of its processes and procedures. It reports issues of internal control to the Board as necessary and alerts the Board to any emerging issues. It has also reviewed the effectiveness of the internal control system, including the Trust's system for the management of risk and any identified weaknesses.

### **Review of effectiveness of Trust Board**

Dorset Probation became a Trust on the 1<sup>st</sup> April 2010. Since becoming a Trust, DPT has consistently delivered good performance in a climate of reducing resources.

The Trust Board held one development day during the 2013–14 year and focused primarily on the Trust strategy and any specific changes required in the context of the TRP.

The outcome from the day identified a number of areas for development that the Board would focus on during the year including an ongoing focus on Quality Assurance to address some of the issues that were identified in the OMI report. In this context it was decided to create a new subcommittee of the Board with a specific focus on Quality Assurance. A proposal to commit the Trust to the development of a mutual together with the Devon and Cornwall Probation Trust was also agreed and this has been progressed during the year to the point where the mutual is now a legal entity and working in alliance with The Shaw Trust to develop a bid for the Dorset, Devon and Cornwall Contract Package Area as part of the TRP.

The Board has assessed its compliance with the Corporate Governance in central Government departments: Code of Good Practice and is satisfied that the Trust's Governance arrangements are satisfactorily compliant and that there are no significant departures from the code.

### **Members and Officers – purpose, roles and responsibilities**

In April 2013, the Trust Board reviewed the Scheme of Delegation in the context of the TRP. This defines and documents the roles and responsibilities of the Trust Board, Board Chair, CEO, Directors, Heads of Service and Budget Managers.

The Scheme of Delegation provides clear delegation arrangements and protocols for decision making.

A code of conduct defining the standards of behaviour for members and staff is in place along with an Anti-Fraud and Anti-Corruption and Whistleblowing policies.

The Chair and CEO meet regularly to discuss strategic and operational matters. Board members have lead role responsibilities for aspects of the Trust business together with committee and panel membership.

The senior management of the organisation is structured to provide clear responsibility and accountability at both strategic and operational levels. The Trust Executive group comprises the CEO and the three Directors. This group considers the progress toward the delivery of the Trust's strategy and Business Plan and meets every six weeks.

The Senior Management group meets every four weeks and is attended by the three Directors, the three Heads of Service and the HR and Learning & Development Manager. The group looks at staffing issues and policies and procedures that affect the staff group.

During the course of the year and as a direct consequence of the Government's TRP, there have been a number of significant changes in the Trust Executive and Senior Management Groups as follows:

In March 2013 the Head of Offender Services left to go on secondment to NOMS as part of the TRP.

In May of 2013 the HR and Learning & Development Manager left to go on secondment to NOMS as part of the TRP.

The Director of Corporate Services and Infrastructure subsequently resigned and left the Trust in September 2013 to take up a new external post.

It was decided not to replace the Director of Corporate Services and Infrastructure in the short to medium term given the uncertainties created by the TRP and the various strategic lead roles and responsibilities incumbent in that post were subsequently distributed between the Chief Executive (HR and Finance), the Director of Business Development and Offender Services (ICT and Information) and the Director of Offender Management (Infrastructure, including Estates, and Training).

The gaps created by the departure of the other individuals were filled by a variety of means, either by the recruitment of agency or other interim staff in specialist HR and Finance roles, or by the temporary promotion of existing staff to assume higher level responsibility for different aspects of the business.

Whilst this created its own pressures and challenges, it was felt that this was the most effective means of managing the situation given the particular challenges created by the TRP.

## **The Risk and Control Framework**

### **Values of good Governance and standards of behaviour**

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures devised by the MoJ based on Cabinet Office requirements.

Control is maintained through regular management information, management supervision, and a structure of delegation and accountability. An Anti-fraud and Anti-corruption policy and a Whistle blowing policy are maintained on the Trust's intranet.

There are clear and fully documented staff disciplinary processes to deal with breaches in any code, policy or protocol and staff are made aware, through induction and as required of the Trust's expectations in terms of standards of behaviour and compliance with agreed policies and codes of conduct.



### Capacity to handle Risk

A decision was taken centrally at the beginning of 2010–11 that there would be no further centrally-led audits of Business Risk Management. However, this has remained a key focus locally to ensure that the Trust's ability to manage business and financial risks is maintained if not further improved and to provide external assurance that this was indeed the case it was agreed to have an internal audit of Business Risk Management during the 2013–14 year.

In preparation for this audit and as part of the ongoing commitment to this area of the work, during 2013–14:

- All units have undertaken a further self-assessment of their Business Risk Management processes and practice to ensure that these are properly embedded at all levels throughout the organisation
- The membership and terms of reference of the Information Assurance Forum (IAF) have been reviewed and refreshed to ensure representation across all areas of the business with a view to embedding the understanding and awareness of Information Assurance issues throughout the Trust
- The process for developing new and reviewing existing policies and procedures has been further reviewed and refreshed to ensure that this is as lean and efficient as possible and that such policies and processes are readily accessible to staff.

### Approach to the Management of Risk

The Trust uses a four year rolling corporate risk register and this is subject to regular review by the Audit Committee on a quarterly basis, with input from the Trust Executive (comprising the CEO and three Directors), the TLG comprising all Senior and Middle Managers, and the Trust Board. This includes a review of the existing risks and the identification of any new risks to delivery of the Business Plan, an assessment of the level of risk which can be tolerated and the controls in place or required to manage and/or mitigate the risks.

The following process ensures that the risks identified are regularly reviewed and that any new risks are captured:

- Each of the identified risks contained in the Risk Register has an assigned owner from within the Trust Executive and the owner is responsible for reviewing the risks and the controls in place or required to manage the risk on a quarterly basis
- The overall Risk Register is then reviewed by the collective Trust Executive to ensure consistency of approach and a sharing of responsibility for all risks identified
- The outcomes of the review are then reported to the Audit Committee for approval of any suggested amendments to the risk levels or the actions planned to manage the risks. The revised Risk Register then goes to the full Board for noting
- Directives, including Probation Instructions, from the NOMS are implemented properly and promptly with responsibility for any implementation issues arising from such directives being assigned to a member of the Trust Executive as appropriate. A central register of all such directives, their action owners and timeframe for implementation of any actions required is maintained by the Personal Assistant to the CEO

Through these arrangements the Board and Audit Committee exercise robust governance and strategic oversight and thereby provided effective leadership on the risk management process.

In addition to the above, there are a wide range of processes that have been developed or maintained as part of the internal control framework. These include:

- As part of the annual business planning processes Team Plans are set to support the achievement of Trust business objectives and are approved by the relevant Director
- The Trust Business Plan is reviewed quarterly, within the planning cycle, by the Trust Executive and Board
- The Trust Executive receives and reviews monthly reports on performance and finance. The Probation Board receives and considers reports on performance and finance at each of its meetings



- The Trust has a series of handbooks, available to staff electronically and manually, which cover the main functions in respect of professional Probation practice, health and safety, HR, finance and administration. The handbooks incorporate policies in respect of anti-fraud and key HR policies which support the achievement and review of objectives, i.e. staff appraisal, staff supervision, sickness management, selection and recruitment and induction. The Trust has a well developed intranet function which has also been used to alert staff to key organisational priorities and changes in policies
- The CEO and Board Secretary jointly manage the complaints, appeals and disciplinary procedures and a report is presented to the Board on an annual basis advising of the number and type of complaints received and how these have been addressed
- Revised and strengthened policies and processes have been developed to allow for careful assessment by the Trust Executive and the Board of proposed new projects prior to any approval being given
- Controls are also exercised by adherence to recognised standards set in key primary internal control documents, for example the Management Statement and Financial Memorandum, Standing Financial Instructions, Local Probation Board Standing Orders

### Review of the effectiveness of Risk Management and Internal Control

The CEO, as the Accountable Officer, is responsible for reviewing the effectiveness of the system of internal control. The effectiveness of the system of internal control has been informed by the work of the Internal Auditors, the work undertaken by his senior managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their annual audit letter and other reports.

The system of internal control is designed to manage and reduce risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Probation Service, Probation Board and 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. The system of internal control has been in place in Dorset Probation for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

In reviewing the effectiveness of internal control, the CEO has measured the system in Dorset against the standards in the NOMS risk management framework and is confident that progress has been made in the past year in the local implementation of DPT's risk management framework. In particular, improved use of the framework has enabled the Trust to:

- Focus on the key risks associated with the implementation of the Government's TRP and the implications of this for staff, service users and partners locally
- Focus on the key risks associated with a range of financial management processes and procedures
- Focus on key areas of operational delivery to ensure that weaknesses are identified and acted upon e.g. elements of the National Standards basket of measures

The Head of Internal Audit provides an annual opinion concerning the system of internal control, based upon audit work undertaken during the year. The following is an extract from the Annual Report of Internal Audit and sets out this opinion as follows:

*"This opinion is based primarily on the work conducted during the year but also takes into account our observations during attendance at Audit Committee meetings. It also takes into account our confidence in the extent to which agreed actions to remedy weaknesses are implemented by due dates".*

*“Our work identified a number of moderate and significant rated findings that are isolated to specific systems and processes and when taken in aggregate we believe they are not pervasive to the system of internal control as a whole. Consequently we can give a reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control”.*

The full list of audits undertaken during 2013–2014 and the outcomes of these is as follows:

- Risk Management rating: Amber/Green
- Health & Safety Amber/Green
- Staff Supervision Amber/Green
- Key Financial Controls Amber/Red

Formal management responses have been made in all cases where necessary and an action plan has been developed as part of the Audit Action Plan Improvement Project and managed through our project management tool (PAM) to ensure the implementation of all the recommendations arising from the Audits. Progress in relation to the actions has been monitored and reviewed by the Audit Committee throughout the year.

One follow-up audit was also completed during the year, focussing on the extent to which critical and significant recommendations had been implemented and the outcome of this was also very positive with all outstanding actions now deemed to have been fully implemented.

A number of specific control issues were identified by internal audit during the year as requiring work to strengthen internal control and the following is a brief summary of the issues and the actions already taken or planned to address these. Four internal audits were completed. Overall 16 risk priority three (moderate), six risk priority 2 (significant) and one risk priority 1 (critical) recommendations were made.

Of these, seven of the priority 3 (moderate), five of the priority 2 (significant) and the single priority 1 (critical) recommendations related to the Audit of Financial Controls and this was undoubtedly a reflection of the disruption which has arisen within the Finance department resulting from the departure of senior staff.

Saying that, we are grateful to the Treasurer and Finance Manager from the Devon and Cornwall Probation Trust who have since taken an active role in providing oversight and support to the finance function.

### **Serious Further Offences (SFOs) and Serious Case Reviews (SCRs)**

There have been two SFOs and one MAPPA SCR recorded during 2013–14 of which one has resulted in some potential reputational risk to the Trust given that some aspects of practice were found to be below the standard and quality expected and required of staff. The review also acknowledged areas of good practice which included effective liaison to obtain ETE opportunities thus maximising compliance and prompt accommodation referral and advice.

The standards and quality issues have been the subject of a detailed review and an action plan has been developed to address the issues identified both on an individual and organisational basis and to ensure that the lessons learned are applied across the Trust.

The action plan is subject to monitoring and review by the Audit Committee to ensure that it is fully implemented and any issues arising are taken to the full Board on an exceptions basis. The MAPPA SCR action plan is also monitored by the MAPPA Strategic Management Board partnership sub group.

### **Significant Issues**

Beyond the wholesale changes brought about by TRP and the transitional arrangements, there are no significant issues to note.

John Wiseman  
Accountable Officer  
23 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 Dorset 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 Dorset 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



## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
<b>Expenditure</b>			
Staff costs	3(a)	7,163	7,437
Other expenditure	6	2,269	2,515
<b>Total Expenditure</b>		<b>9,432</b>	<b>9,952</b>
Income	7	(9,232)	(9,398)
<b>Net operating costs</b>		<b>200</b>	<b>554</b>
Net interest cost on pension scheme	4(c)	778	771
<b>Net operating costs before taxation</b>		<b>978</b>	<b>1,325</b>
Taxation	5	60	(3)
<b>Net operating costs after taxation</b>		<b>1,038</b>	<b>1,322</b>

### Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
<b>Items that will not be reclassified to net operating costs:</b>			
Net gain on revaluation of property, plant and equipment	8	(1)	(4)
Net gain on revaluation of intangibles	9	0	0
Net gain on revaluation of available for sale financial assets		0	0
Remeasurement of post employment benefits	23	3,518	126
<b>Total comprehensive expenditure for 31 March 2014</b>		<b>4,555</b>	<b>1,444</b>

The notes on pages 39 to 66 form part of these accounts.

## Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	8	69	63
Intangible assets	9	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
<b>Total non-current assets</b>		<b>69</b>	<b>63</b>
<b>Current assets</b>			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	237	390
Cash and cash equivalents	13	1,250	1,002
<b>Total current assets</b>		<b>1,487</b>	<b>1,392</b>
<b>Total assets</b>		<b>1,556</b>	<b>1,455</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(544)	(717)
Provisions	15	0	0
Taxation payables	14(a)	(562)	(526)
<b>Total current liabilities</b>		<b>(1,106)</b>	<b>(1,243)</b>
<b>Non-current assets plus net current assets</b>		<b>450</b>	<b>212</b>
<b>Non-current liabilities</b>			
Trade and other payables	14(a)	0	0
Provisions	15	(18)	(8)
Pension liability	4(c)	(23,322)	(18,539)
<b>Total non-current liabilities</b>		<b>(23,340)</b>	<b>(18,547)</b>
<b>Assets less liabilities</b>		<b>(22,890)</b>	<b>(18,335)</b>
<b>Taxpayers' equity</b>			
General fund	23	(22,924)	(18,368)
Revaluation reserve – property, plant and equipment	24(a)	34	33
Revaluation reserve – intangible assets		0	0
		<b>(22,890)</b>	<b>(18,335)</b>

The financial statements on pages 35 to 38 were approved by the Board on 23 June 2014 and were signed on its behalf by

..... Accountable Officer

23 June 2014

The notes on pages 39 to 66 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13 <i>Restated</i>
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(1,038)	(1,322)
Adjustments for non-cash transactions	6	38	38
Adjustments for pension cost		1,265	1,294
Decrease in receivables		153	857
Decrease in payables		(137)	(222)
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	0	0
<b>Net cash inflow from operating activities</b>		<b>281</b>	<b>645</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(32)	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	(1)	(1)
Proceeds on disposal of intangibles	9	0	0
<b>Net cash outflow from investing activities</b>		<b>(33)</b>	<b>(1)</b>
<b>Cash flows from financing activities</b>			
Net financing received in year	23	0	0
<b>Net financing</b>		<b>0</b>	<b>0</b>
<b>Net increase in cash and cash equivalents in the period</b>			
		<b>248</b>	<b>644</b>
Cash and cash equivalents at the beginning of the period	13	1,002	358
Cash and cash equivalents at the end of the period	13	1,250	1,002
<b>Increase in cash</b>		<b>248</b>	<b>644</b>

The notes on pages 39 to 66 form part of these accounts.



## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund <i>Restated</i> £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2012</b>		<b>(16,920)</b>	<b>29</b>	<b>(16,891)</b>
<b>Changes in taxpayers' equity for 2012–13</b>				
Net operating cost after taxation	SocNE	(1,322)		<b>(1,322)</b>
Net gain on revaluation of property, plant and equipment	24(a)		4	<b>4</b>
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)			
Net gain on revaluation of intangibles	24(b)		0	<b>0</b>
Transferred to General Fund from tangibles revaluation reserve	24(b)			
Movement in donated assets	23	0	0	<b>0</b>
Transferred from revaluation reserve	23	0	0	<b>0</b>
Remeasurement of post employment benefits	23	(126)	0	<b>(126)</b>
Net NOMS financing received in year	23	0	0	<b>0</b>
<b>Balance as at 31 March 2013</b>		<b>(18,368)</b>	<b>33</b>	<b>(18,335)</b>
<b>Changes in taxpayers' equity for 2013–14</b>				
Net operating cost after taxation	SocNE	(1,038)		<b>(1,038)</b>
Net gain on revaluation of property, plant and equipment	24(a)		1	<b>1</b>
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)			
Net gain on revaluation of intangibles	24(b)		0	<b>0</b>
Transferred to General Fund from tangibles revaluation reserve	24(b)			
Movement in donated assets	23	0	0	<b>0</b>
Transferred from revaluation reserve	23	0	0	<b>0</b>
Remeasurement of post employment benefits	23	(3,518)	0	<b>(3,518)</b>
Net NOMS financing received in year	23	0	0	<b>0</b>
<b>Balance as at 31 March 2014</b>		<b>(22,924)</b>	<b>34</b>	<b>(22,890)</b>

The notes on pages 39 to 66 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

#### 1.1 Basis of preparation

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

Where the FRoM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The 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 (to the nearest £1,000, unless otherwise stated).

#### 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 Community Rehabilitation Companies (CRCs), relating to past service, and the future financing of all other liabilities in the National Probation Service (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 MoJ. They are administered by a new NPS and DDCCRC.

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 remain in the Trust to be settled as soon as practically possible.

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.

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 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 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 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. Gains on revaluation are credited to the revaluation reserve and shown in other

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

### 1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

### 1.7 Impairment

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

### 1.8 Intangible non-current assets

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

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

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

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

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

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

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

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

### 1.9 Non-current assets held for sale

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

### 1.10 Inventories

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

### 1.11 Operating income

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

Operating income is income that relates directly to the operating activities of the 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 Pensions

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

The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. (Disclosure of Stakeholder Pensions Schemes is not included in these accounts). The last formal actuarial valuation was as at 31 March 2013.

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

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

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

### 1.13 Leases

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

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

#### Finance leases

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

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

#### Operating leases

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

### 1.14 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.

### 1.15 Value Added Tax

For the 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 costs 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.

### 1.16 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.

### 1.17 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.



### 1.18 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.

### 1.19 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	2012–13
	Net Expenditure £000	Net Expenditure Restated £000
Trust Wide	151	786
Business Development & Offender Services	1,865	1,839
Corporate Services & Infrastructure	1,842	1,806
Executive	408	411
LDU – Bournemouth & Poole	2,145	2,832
LDU – Dorset County	621	1,122
Offender Area Wide	1,055	163
Regional Training Consortium	(21)	0
<b>Total Net Expenditure</b>	<b>8,066</b>	<b>8,959</b>
<b>Contract Income</b>	<b>(8,293)</b>	<b>(8,408)</b>
Other net expenditure	1,265	771
<b>Net Operating Costs</b>	<b>1,038</b>	<b>1,322</b>

### 3. Staff numbers and related costs

#### 3a. Staff costs consist of:

	2013-14			2012-13
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	6,013	5,660	353	6,221
Social security costs	451	436	15	458
Other pension costs	1,454	1,454	0	1,437
<b>Sub-total</b>	<b>7,918</b>	<b>7,550</b>	<b>368</b>	<b>8,116</b>
Less recoveries in respect of outward secondments	(755)	(755)	0	(679)
<b>Total staff costs</b>	<b>7,163</b>	<b>6,795</b>	<b>368</b>	<b>7,437</b>

Other pension costs for 2012-13 has been restated in accordance with IAS 19 to include £27,000 pension current service costs. This was not previously included as part of staff costs and shown below Net Operating Costs. Further details are shown in **Note 4c**.

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

One person (2012-13: 0 persons) retired early on ill-health grounds; there was no additional accrued pension liability in the year (2012-13: £nil).

#### 3b. Average number of persons employed

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

	2013-14			2012-13
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
	182	171	11	192
	<b>182</b>	<b>171</b>	<b>11</b>	<b>192</b>



### 3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	1	1	0	4	4
£10,000–£25,000	0	1	1	0	3	3
£25,000–£50,000	0	2	2	0	2	2
£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
<b>Total number of exit packages by type</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>9</b>	<b>9</b>
<b>Total resource cost £000</b>	<b>0</b>	<b>107</b>	<b>107</b>	<b>0</b>	<b>143</b>	<b>143</b>

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 where the Trust is “demonstrably committed” to the 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.

## 4. Pensions costs

The LGPS is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2007/8 and currently provides benefits based on final salary and length of service on retirement. Changes to the LGPS will come into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect. The Administering Authority for the Fund is Dorset County Council, who after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. Contributions are set every 3 years as a result of the actuarial valuation of the Fund as required by regulation. There are no minimum funding requirements but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. On the Employer's withdrawal from the plan, a cessation valuation will be carried out in accordance with LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

### 4a. Pension costs

A full actuarial valuation was carried out at 31 March 2013 by Barnett Waddingham. For 2013–14, pension contributions of £967,000 were paid to LGPS (2012–13: £914,000). The amount is made up of employer contributions, strain payments and Compensatory Added Years. The employer rate was 18% (2012–13: 17%). The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experiences of the scheme.

- On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to the Greater Manchester Pension Fund (GMPF). The Trust is no longer required to pay employer contributions to the fund.
- Future contributions are referred to in **Note 27**.

The approximate employer's pension contributions are:

- Employer's contributions for 2013–14 were 18% of salaries; and,
- Employer's contributions for 2014–15 were 18% of salaries until cessation.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.5%
Rate of increase in salaries	4.3%	4.5%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.5%
Discount rate	4.4%	4.3%

The assumed life expectations from age 65 are:

- Retiring today: Males 22.7; Females 25.1
- Retiring in 20 years: Males 24.9; Females 27.4

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets		31,057	31,057
Funded liabilities	(49,080)		(49,080)
Unfunded liabilities	(516)		(516)
<b>Opening balance at 1 April (restated)</b>	<b>(49,596)</b>	<b>31,057</b>	<b>(18,539)</b>
Current service costs	(1,395)	(22)	(1,417)
Past service costs (including curtailments)	(37)	0	(37)
Gains and losses on settlements	0	0	0
	<b>(1,432)</b>	<b>(22)</b>	<b>(1,454)</b>
Net Interest (cost)/income	<b>(2,107)</b>	<b>1,329</b>	<b>(778)</b>
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	287	287
Loss from change in demographic assumptions	(628)	0	(628)
Loss from change in financial assumptions	(994)	0	(994)
Experience gains/(losses)	(2,055)	(128)	(2,183)
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	<b>(3,677)</b>	<b>159</b>	<b>(3,518)</b>
Foreign exchange differences	<b>0</b>	<b>0</b>	<b>0</b>
Effect of business combinations on disposals	<b>0</b>	<b>0</b>	<b>0</b>
Contributions			
Employers	0	967	967
Plan participants	(332)	332	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,552	(1,591)	(39)
Unfunded benefit payments	39		39
<b>Closing balance at 31 March</b>	<b>(55,553)</b>	<b>32,231</b>	<b>(23,322)</b>
Plan assets		32,231	32,231
Funded liabilities	(55,000)		(55,000)
Unfunded liabilities	(553)		(553)
<b>Closing balance at 31 March</b>	<b>(55,553)</b>	<b>32,231</b>	<b>(23,322)</b>

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets		27,596	27,596
Funded liabilities	(44,195)		(44,195)
Unfunded liabilities	(520)		(520)
<b>Opening balance at 1 April</b>	<b>(44,715)</b>	27,596	<b>(17,119)</b>
Current service costs	(1,274)	(27)	(1,301)
Past service costs (including curtailments)	(136)	0	(136)
Gains and losses on settlements	0	0	0
	<b>(1,410)</b>	<b>(27)</b>	<b>(1,437)</b>
Net interest (cost)/income	<b>(2,029)</b>	<b>1,258</b>	<b>(771)</b>
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	2,741	2,741
Gain/(loss) from change in demographic assumptions	0	0	0
Loss from change in financial assumptions	(2,867)	0	(2,867)
Experience gains/(losses)	0	0	0
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	<b>(2,867)</b>	<b>2,741</b>	<b>(126)</b>
Foreign exchange differences	<b>0</b>	<b>0</b>	<b>0</b>
Effect of business combinations on disposals	<b>0</b>	<b>0</b>	<b>0</b>
Contributions			
Employers	0	914	914
Plan participants	(339)	339	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,725	(1,725)	0
Unfunded benefit payments	39	(39)	0
<b>Closing balance at 31 March</b>	<b>(49,596)</b>	<b>31,057</b>	<b>(18,539)</b>
Plan assets		31,057	31,057
Funded liabilities	(49,080)		(49,080)
Unfunded liabilities	(516)		(516)
<b>Closing balance at 31 March</b>	<b>(49,596)</b>	<b>31,057</b>	<b>(18,539)</b>

## 4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Equity instruments	15,249	3,123	18,372	57%	15,466	3,168	18,634	60%
Debt instruments								
– UK Government	2,901	0	2,901	9%	6,522	0	6,522	21%
– Other	0	3,223	3,223	10%	0	1,553	1,553	5%
Property – UK	2,901	0	2,901	9%	2,795	0	2,795	9%
Cash and cash equivalents	0	2,256	2,256	7%	0	1,553	1,553	5%
Investment funds								
– Equities	1,289	0	1,289	4%	0	0	0	0%
– Other	0	1,289	1,289	4%	0	0	0	0%
<b>Total</b>	<b>22,340</b>	<b>9,891</b>	<b>32,231</b>	<b>100%</b>	<b>24,783</b>	<b>6,274</b>	<b>31,057</b>	<b>100%</b>

#### 4e. Sensitivity analysis

	<b>+0.1%</b> <b>£000</b>	<b>0%</b> <b>£000</b>	<b>-0.1%</b> <b>£000</b>
<b>Adjustment to discount rate</b>			
Present value of total obligation	54,610	55,553	56,513
Projected service cost	1,349	1,381	1,413
	<b>+1yr</b> <b>£000</b>	<b>none</b> <b>£000</b>	<b>-1yr</b> <b>£000</b>
<b>Adjustment to mortality age rate assumption</b>			
Present value of total obligation	53,601	55,553	57,522
Projected service cost	1,334	1,381	1,428

To comply with IAS1: Presentation of Financial Statements and IAS19: Accounting for Pension Costs, sensitivity figures are detailed in this note. Sensitivity information for each of the principal assumptions underlying the defined benefit obligation has been included to show the impact of changing the key assumptions as at 31 March 2014 and projected service costs for the year ending 31 March 2015. The note shows the impact of changing each assumption individually, with all other assumptions remaining unaltered, Figures are shown from the base obligation of £55,553,000 as at 31 March 2014.

## 5. Taxation

	<b>2013–14</b> <b>£000</b>	<b>2012–13</b> <b>£000</b>
UK corporation tax	60	(3)
<b>Total</b>	<b>60</b>	<b>(3)</b>

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

## 6. Other Expenditure

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	32		40	
Interest charges	0		0	
Accommodation, maintenance and utilities	707		766	
Travel, subsistence and hospitality	187		195	
Professional services	100		69	
IT services	320		330	
Communications, office supplies and services	198		297	
Other staff related	343		331	
Offender costs	86		75	
Other expenditure	232		349	
External Auditor's remuneration – statutory accounts	13		20	
External Auditor's remuneration – other	0		0	
Internal Auditor's remuneration	13		5	
		<b>2,231</b>		<b>2,477</b>
<b>Non-cash items</b>				
Depreciation of tangible non-cash assets	27		32	
Amortisation of intangible non-cash assets	0		0	
Impairment of non-current assets	0		0	
Loss on disposal of tangible non-cash assets	1		6	
Loss on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	10		0	
Early retirement provisions not required	0		0	
		<b>38</b>		<b>38</b>
<b>Total</b>		<b>2,269</b>		<b>2,515</b>

Some of the prior year expenditure has been reclassified to show a more consistent and true reflection of the nature of their costs. There is no impact on the overall position.

## 7. Income

Income receivable from the sponsoring department – NOMS  
 Rent receivable from minor occupiers of Probation estate property:  
     From within the departmental boundary  
     From other Government departments  
     From external tenants

EU income from NOMS  
 EU income from other Government departments  
 Other EU income  
 Other income received from Probation Trusts  
 Other income from NOMS  
 Other income from rest of MoJ Group  
 Other income from other Government departments  
 Miscellaneous income

Interest received:

    From bank  
     From car loans  
     From other sources

**Total interest received**

**Total income**

	2013-14		2012-13	
	£000	£000	£000	£000
	8,293		8,408	
	0		0	
	0		0	
	0		0	
		<b>8,293</b>		<b>8,408</b>
		0		0
		0		0
		0		0
		320		329
		95		60
		0		0
		236		257
		287		344
		<b>9,231</b>		<b>9,398</b>
	1		0	
	0		0	
	0		0	
		<b>1</b>		<b>0</b>
		<b>9,232</b>		<b>9,398</b>



## 8. Property, plant and equipment

	2013–14					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>As at 1 April 2013</b>	15	139	97	0	0	251
Additions	6	0	26	0	0	32
Disposals	0	(18)	(31)	0	0	(49)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	0	0	0	1
<b>As at 31 March 2014</b>	<b>21</b>	<b>122</b>	<b>92</b>	<b>0</b>	<b>0</b>	<b>235</b>
<b>Depreciation</b>						
<b>As at 1 April 2013</b>	13	121	54	0	0	188
Charge in year	1	13	13	0	0	27
Disposals	0	(18)	(31)	0	0	(49)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
<b>As at 31 March 2014</b>	<b>14</b>	<b>116</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>166</b>
<b>Carrying value as at 31 March 2014</b>	<b>7</b>	<b>6</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>69</b>
<b>Carrying value as at 31 March 2013</b>	<b>2</b>	<b>18</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>63</b>
<b>Asset financing</b>						
Owned	7	6	56	0	0	69
Finance leased	0	0	0	0	0	0
<b>Carrying value as at 31 March 2014</b>	<b>7</b>	<b>6</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>69</b>

## 8. (Continued)

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>As at 1 April 2012</b>	13	140	92	0	0	245
Additions	0	0	0	0	0	0
Disposals	0	(6)	0	0	0	(6)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	2	5	5	0	0	12
<b>As at 31 March 2013</b>	<b>15</b>	<b>139</b>	<b>97</b>	<b>0</b>	<b>0</b>	<b>251</b>
<b>Depreciation</b>						
<b>As at 1 April 2012</b>	11	96	42	0	0	149
Charge in year	1	22	9	0	0	32
Disposals	0	(1)	0	0	0	(1)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	1	4	3	0	0	8
<b>As at 31 March 2013</b>	<b>13</b>	<b>121</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>188</b>
<b>Carrying value as at 31 March 2013</b>	<b>2</b>	<b>18</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>63</b>
<b>Carrying value as at 31 March 2012</b>	<b>2</b>	<b>44</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>96</b>
<b>Asset financing</b>						
Owned	2	18	43	0	0	63
Finance leased	0	0	0	0	0	0
<b>Carrying value as at 31 March 2013</b>	<b>2</b>	<b>18</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>63</b>

## 9. Intangible assets

There are no intangible assets held by the Trust (2012–13 – £nil).

## 10. Impairments

There were no impairment charges in the year (2012–13 – £nil).

## 11. Assets held for sale

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

## 12. Trade receivables and other current assets

### 12a. Analysis by type

	2013–14 £000	2012–13 £000
<b>Amounts falling due within one year</b>		
Trade receivables	22	51
VAT	0	0
Deposits and advances	0	0
Receivables due from Trusts	5	49
Receivables, Accrued Income and Prepayments due from NOMS Agency	10	148
Receivables, Accrued Income and Prepayments due from MoJ Group	0	0
Receivables, Accrued Income and Prepayments due from other Government departments	95	84
Other receivables	0	0
Prepayments	75	58
Accrued income	30	0
	<b>237</b>	<b>390</b>
<b>Amounts falling due after more than one year</b>		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>237</b>	<b>390</b>

### 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)	15	199	0	0
Balances with local authorities	94	82	0	0
Balances with NHS bodies	1	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	<b>110</b>	<b>281</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	127	109	0	0
<b>Total</b>	<b>237</b>	<b>390</b>	<b>0</b>	<b>0</b>

## 13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	1,002	358
Net change in cash and cash equivalents	248	644
<b>Balance at 31 March</b>	<b>1,250</b>	<b>1,002</b>
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	1,250	1,002
<b>Balance at 31 March</b>	<b>1,250</b>	<b>1,002</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2013–14	2012–13
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	132	211
Other payables	16	23
Accruals	63	124
Deferred income	0	0
Staff payables	192	114
Bank overdraft	0	0
Payables due to Probation Trusts	1	8
Payables, Accruals and Deferred Income due to NOMS Agency	0	54
Payables, Accruals and Deferred Income due to MoJ Group	0	0
Payables, Accruals and Deferred Income due to other Government departments	36	51
Unpaid pensions contributions due to the pensions scheme	104	132
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	0
	<b>544</b>	<b>717</b>
<b>Tax falling due within one year</b>		
VAT	375	372
Corporation tax	60	1
Other taxation and social security	127	153
	<b>562</b>	<b>526</b>
<b>Total amounts falling due within one year</b>	<b>1,106</b>	<b>1,243</b>
<b>Amounts falling due after more than one year</b>		
Staff payables	0	0
Other payables	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,106</b>	<b>1,243</b>

### 14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	563	604	0	0
Balances with local authorities	36	33	0	0
Balances with NHS bodies	0	2	0	0
Balances with public corporations and trading funds	0	0	0	0
	<b>599</b>	<b>639</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	507	604	0	0
<b>Total</b>	<b>1,106</b>	<b>1,243</b>	<b>0</b>	<b>0</b>

## 15. Provisions for liabilities and charges

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	8	0	8
Provided in year	0	0	10	0	10
Provisions not required written back	0	0	0	0	0
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>18</b>

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
<b>Analysis of expected timing of discount flows</b>					
Not later than one year	0	0	0	0	0
<b>Current liability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Later than one year and not later than five years	0	0	18	0	18
Later than five years	0	0	0	0	0
<b>Non-current liability</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>18</b>
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>18</b>

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	8	0	8
Provided in year	0	0	0	0	0
Provisions not required written back	0	0	0	0	0
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>8</b>

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
<b>Analysis of expected timing of discount flows</b>					
Not later than one year	0	0	0	0	0
<b>Current liability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Later than one year and not later than five years	0	0	8	0	8
Later than five years	0	0	0	0	0
<b>Non-current liability</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>8</b>
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>8</b>

“Other Provisions” provided for in the year represent the estimate of “excess” value of on-going insurance claims still to be concluded as at 31 March 2014 amounting to £17,500. These provisions are expected to be settled later than one year and not later than five years and are shown in the Statement of Financial Position as Non-current liabilities.

## 16. Capital commitments

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

## 17. Commitments under leases

### 17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
<b>Other</b>		
Not later than one year	24	2
Later than one year and not later than five years	8	99
Later than five years	0	0
<b>Total</b>	<b>32</b>	<b>101</b>

Operating leases entered into cover mainly communication equipment, photocopiers, telephony equipment, water coolers and vending machines.

### 17b. Finance leases

The Trust has no obligations under finance leases (2012–13 – £nil).

## 18. Other financial commitments

The Trust has not entered into any non-cancellable contracts (which are not leases). In addition, the Trust does not have any other financial commitments (2012–13 – £nil).

## 19. Deferred tax asset

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



## 20. Financial instruments

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

## 21. Contingent liabilities

The Trust does not have any contingent liabilities (2012–13 – £nil).

## 22. Losses and special payments

### 22a. Losses statement

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	1	2	0	0
Store losses	0	0	0	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Details of cases over £300,000</b>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Store losses	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 22b. Special payments schedule

There are no Special Payments recorded in the accounts (2012–13 – £nil).

## 23. General fund

	2013–14	2012–13 <i>Restated</i>
	£000	£000
Balance at 1 April	(18,368)	(16,920)
Financing:		
Net transfers from Operating Activities:	(1,038)	(1,322)
Statement of Comprehensive Net Expenditure	0	0
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	(3,518)	(126)
<b>Balance at 31 March</b>	<b>(22,924)</b>	<b>(18,368)</b>

## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	33	29
Arising on revaluations of PPE during the year (net)	1	4
Transferred to General Fund	0	0
<b>Balance at 31 March</b>	<b>34</b>	<b>33</b>

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

## 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 management and staff members have contributed, through a not-for-profit limited company, Innovation Wessex, to the development of a bid for the DDCCRC by the Shaw Trust. DPT, in facilitating the provision of support, is doing so as development work relating to the future delivery of probation services and therefore in accordance with their delegated powers under current arrangements with the Secretary of State and in accordance with Managing Public Money.

Adequate safeguards have been put in place by DPT to ensure that the integrity of the competition is maintained.

## 26. Third-party assets

At the balance sheet date there are no third-party assets held by the Trust (2012–13 – £nil).

## 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 to which each member is transferred.

*All other balances*

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

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

	<b>2012–13</b>
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
Net operating expenditure after taxation	1,140
Other comprehensive expenditure	304
Total comprehensive expenditure	<b>1,444</b>
Restatement:	
Increase in programme expenditure (interest costs)	182
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(182)
	<b>0</b>
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	1,322
Other comprehensive expenditure	122
Total comprehensive expenditure	<b>1,444</b>

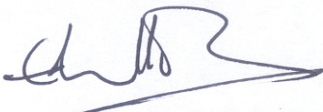
### Extract from the statement of changes in taxpayers' equity

	<b>2012–13</b>
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
General fund balance as at 31 March 2013	
Restatement:	(18,368)
Increase in net operating expenditure	(182)
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	<b>182</b>
General fund balance as at 31 March 2013 after restatement	<b>(18,368)</b>

## Accounts Direction

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

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



Edward Kirby

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

## Appendix 1

35 Probation Trusts (as at 31 March 2014):

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 Dorset Probation Trust, prepared in accordance with guidelines laid down by HM Treasury dated 13 May 2013 in 'Public Sector Annual Reports: Sustainability Reporting' published at:

**[www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://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 our Weymouth, Poole and Bournemouth offices, plus two hostels.

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 and 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.

Waste cost data is not available at this stage.

### 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 the MoJ, who manage day to day estate operations including voluntary and mandated sustainability reporting. There are some limitations to the accuracy of our financial and non-financial sustainability data and we continue to improve the quality of our internal controls, for example through internal audit.

### Greening Government Commitments

The Greening Government Commitments launched on 1 April 2011 require departments, including probation trusts, to take action to significantly reduce environmental impact by 2014–2015 (compared to a 2009–2010 baseline). These commitments can be found at:

**<http://sd.defra.gov.uk/gov/green-government/commitments/>**

### Climate change adaption and mitigation

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

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

### Carbon Reduction Commitment (CRC)

The Carbon Reduction Commitment (CRC) is managed by the 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. The 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)

The 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.

Greenhouse gas (GHS) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO <sub>2</sub> e)	Total gross emissions for scopes 1 & 2	297.0	285.4	219.7	208.1	190.8
	Electricity:green/renewable	53.7	51.1	31.1	29.1	22.6
	<b>Total net emissions for scopes 1 &amp; 2</b>	<b>243.3</b>	<b>234.3</b>	<b>188.6</b>	<b>179.0</b>	<b>168.2</b>
	Travel emissions scope 3	117.1	109.3	94.5	72.8	57.4
	<b>Total gross GHG emissions (all scopes)</b>	<b>414.1</b>	<b>394.7</b>	<b>314.2</b>	<b>280.9</b>	<b>248.1</b>
Non-financial (kWh)	Electricity: Grid,CHP & non-renewable	309.7	294.7	179.1	168.0	152.0
	Electricity: renewable	103.2	98.2	59.7	56.0	50.7
	Gas	443.5	436.9	308.8	409.6	327.8
	Other energy sources	0	0	0	0	0
	<b>Total energy</b>	<b>856.4</b>	<b>829.8</b>	<b>547.6</b>	<b>633.6</b>	<b>530.5</b>
Financial indicators	Expenditure on energy	57.3	50.8	37.1	37.4	37.3
	Expenditure on official business travel	275.9	287.1	226.1	170.7	130.6

## Performance commentary

The Trust are very pleased to report a ongoing reduction in our GHG emissions and the usage of energy and travel, offset against inflationary pressures on energy and travel costs.

## Controllable impacts commentary

During the past two years we have significantly reduced the number of premises from which operate which has reduced the amount of travel between premises and also the energy costs. The Trust is now operating at the optimum number of premises and further reductions are unlikely to materialise.

## Overview of influenced impacts

We have no contracts where we would seek to influence the environmental impacts of third parties.

## Waste

			2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tonnes)	Non-hazardous waste	Hazardous waste	0	0	0	0	0
		Landfill waste	37	41	36	29	32
	Reused/recycled waste		49	46	41	23	11
	Energy from waste		0	0	0	0	0
	<b>Total waste arising</b>		<b>86</b>	<b>87</b>	<b>77</b>	<b>52</b>	<b>43</b>
Financial indicators	Non-hazardous waste	Hazardous waste	0	0	0	0	0
		Landfill waste	2.9	3.3	2.9	2.3	2.6
	Reused/recycled waste		7.2	6.9	5.4	3.1	1.5
	Energy from waste		0	0	0	0	0
	<b>Total waste costs (£)</b>		<b>10.1</b>	<b>10.1</b>	<b>8.4</b>	<b>5.4</b>	<b>4.1</b>

### Performance commentary (including targets)

The Trust are pleased to be able to report a third successive year of declining waste figures.

### Controllable impacts commentary

Staff are well aware of the need to minimise waste, and therefore do not generate unnecessary paper. We have recycling facilities in all offices and these are well used.

### Overview of influenced impacts

We have no contracts where we would seek to influence the environmental impacts of third parties.

## Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	<b>Total water consumption (cubic metres: m<sup>3</sup>)</b>	1,655	1,655	2,011	2,258	1,208
Financial indicators	<b>Total water supply costs (£)</b>	10.7	10.7	10.5	11.8	5.0

### Performance commentary (including targets)

We are pleased to report that our water usage has declined significantly.

### Controllable impacts commentary

We do not anticipate any further significant reductions in water usage as the Trust is now operating at the optimum number of properties.

### Overview of influenced impacts

We have no contracts where we would seek to influence the environmental impacts of third parties.

## Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
<b>Cost (excluding VAT)</b>	0	6,116	7,595	5,485	5,485

## Glossary

AAT	Association of Accounting Technicians
ATR	Alcohol Treatment Requirements
BQF	British Quality Foundation
CAYs	Compensatory Added Years
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CIC	Community Interest Company
CIPD	Chartered Institute of Personnel and Development
CMP	Carbon Management Plan
CP	Community Payback
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CRC	Community Rehabilitation Company
CT	Corporation Tax
DAAT	Drug and Alcohol Action Team
DCPT	Devon and Cornwall Probation Trust
DCLG	Department for Communities and Local Government
DPT	Dorset Probation Trust
DRR	Drug Rehabilitation Requirement
DWP	Department of Work and Pensions
EFQM	European Foundation for Quality Management
EMS	Environmental Management System
ESF	European Social Fund
ETE	Education, Training and Employment
EU	European Union
FDRs	Fast Delivery Reports
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
GHG	Greenhouse Gas
GSI	Government Secure Intranet
HM	Her Majesty
HMCTS	Her Majesty's Courts & Tribunals Service
HMIP	Her Majesty's Inspectorate of Probation
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HQ	Headquarters
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
iCAT	Internal Communications and Technologies
ICO	Information Commissioner's Office
IDAP	Integrated Domestic Abuse Programme
IFRS	International Financial Reporting Standards
ILM	Institute of Leadership and Management
IOM	Integrated Offender Management
IT	Information Technology
JNCC	Joint Negotiating Consultative Committee
kwh	kilowatt hours
IT	Information Technology
LDU	Local Delivery Unit
LGPS	Local Government Pension Scheme

MAPPA	Multi-Agency Public Protection Arrangements
MoJ	Ministry of Justice
MoJ SDT	Ministry of Justice Sustainable Development Team
NHS	National Health Service
NSPCC	National Society for the Prevention of Cruelty to Children
NVQ	National Vocational Qualification
NDPB	Non-Departmental Public Body
NOMS	National Offender Management Service
NPS	National Probation Service
OM	Offender Management
OMs	Offender Managers
OMI	Offender Management Inspection
OMI2	Offender Management Inspection 2
OPG	Office of the Public Guardian
PAM	Platform for Achieving More
PAO	Principal Accountable Officer
PAYE	Pay As You Earn
PBR	Payment By Results
PCTCT	Profit Chargeable to Corporation Tax
PO	Probation Officer
PPCS	Public Protection Casework Section
PPO	Prolific and other Priority Offenders
PQF	Probation Qualifying Framework
PSO	Probation Service Officer
PSRs	Pre-Sentence Reports
PTLLS	Preparing to Teach in the Lifelong Learning Sector
PTRS	Probation Trust Rating System
RPI	Retail Price Index
R4E	Recognised for Excellence
SBC	Specifications, Benchmarking and Costings
SCRs	Serious Case Reviews
SEED	Skills for Effective Engagement and Development
SES	Single Equality Scheme
SFOs	Serious Further Offences
SLAs	Service Level Agreements
SMT	Senior Management Team
SoCNE	Statement of Comprehensive Net Expenditure
SW	South West
TLG	Trust Leadership Group
TOR	Terms of Reference
VAT	Value Added Tax
VCS	Voluntary and Community Sector
VQ2	Vocational Qualification 2
VQ3	Vocational Qualification 3

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